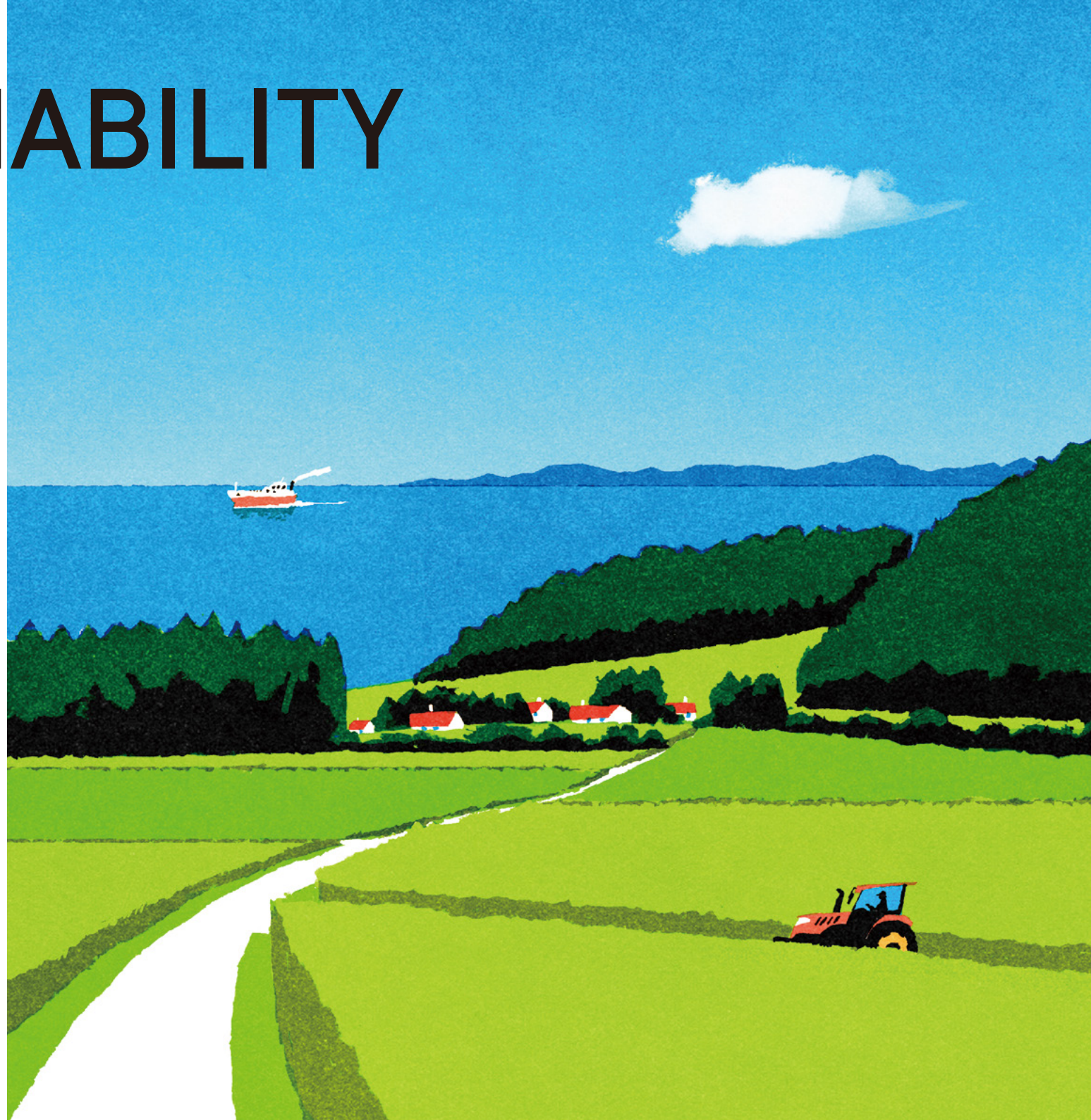


Integrated Report

# SUSTAINABILITY REPORT

2022



NORINCHUKIN

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### Editorial Policy for the Sustainability Report 2022

- The Norinchukin Bank (the Bank) has published the Integrated Report 2022 for the purpose of helping its stakeholders understand the Bank's initiatives for the sustainable value creation. This integrated report has been edited with reference to the International Integrated Reporting Framework publicly announced by the Value Reporting Foundation (VRF)\*.
- The content of this document was verified at the Disclosure Committee regarding the appropriateness of disclosure, reported or proposed to the Supervisory Committee and the Board of Directors, the two statutory bodies under the Norinchukin Bank Act, and finally determined by the Representative Director (in charge of disclosure), in accordance with the disclosure policy of the Bank.
- This document is published on an annual basis for the purpose of reporting sustainability-related information on the Bank. This document has been prepared with reference to the GRI Standards and SASB.

\* The global nonprofit, private organization that offers a comprehensive suite of resources designed to help businesses and investors develop a shared understanding of enterprise value. It was established by several private companies, investors, associations of accountants, administrative bodies and other organizations, with the aim of developing international enterprise reporting frameworks.

Reporting Period	Prior Publication	Report Scope
FY2021 (April 2021 to March 2022) Certain information includes details as of July 2022.	July 2021	The Norinchukin Bank and its group companies

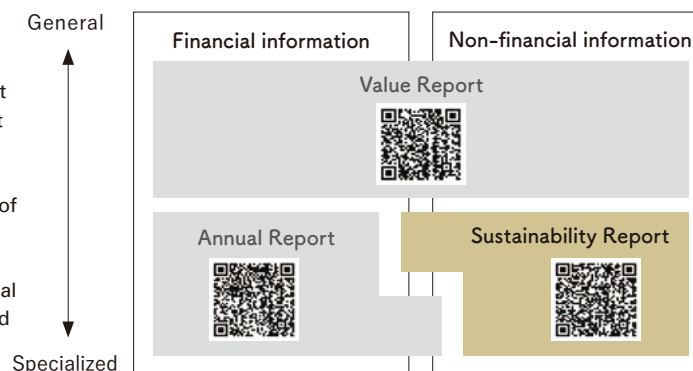
### Related Information

We also publish information related to sustainability on our corporate website. The links provided lead to webpages with supplemental information.

The Norinchukin Bank corporate website: <a href="https://www.nochubank.or.jp/en/">https://www.nochubank.or.jp/en/</a>	The Norinchukin Bank sustainability website: <a href="https://www.nochubank.or.jp/en/sustainability/">https://www.nochubank.or.jp/en/sustainability/</a>
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### Positioning of the Integrated Reports Issued by the Bank

The Bank issues its integrated report as a synthetic document format that comprises three separate volumes to better align with the interests of respective stakeholders. For details of each volume, please see the Bank's website (<https://www.nochubank.or.jp/en/>) or read the two-dimensional barcode to access the PDF-formatted files of your desired report volume.





## Message from the CEO

# Practicing Sustainability Management Unique to Norinchukin



President and Chief Executive Officer,  
The Norinchukin Bank

**OKU Kazuto**

## The Aim of Sustainability Management in Times of Increasing Uncertainty

The Bank is a member of cooperative organizations that support the AFF industries. We provide financial services to members that include Japan Agricultural Cooperatives (JA), Japan Fisheries Cooperatives (JF) and Japan Forest Owners' Cooperatives (JForest). In so doing, we contribute to the development of the agriculture, forestry and fisheries, while also contributing to national economic prosperity. This social duty, which is defined under Article 1 of the Bank Act, is a unique mission that no senior management and employees at the Bank can forget, no matter what role we serve. To fulfill this duty, we engage in various activities along the lines of five specific missions: contribute to the global environment; contribute to the AFF industries and local communities; enhance the members' management base; secure a sustainable financial/profit base; and maximize organizational vitality.

Issues on sustainability are becoming increasingly severe and uncertain year by year on a global basis.

As the average temperature has risen 1.2°C since before the Industrial Revolution, it was resolved at COP26, which was held in the fall of 2021, toward the 1.5°C Goal set in the Paris Agreement, to ask the parties to achieve carbon neutrality in 2050 and take ambitious measures to address climate change toward 2030. Therefore, moves toward decarbonization are advancing globally. Addressing the issue of biodiversity loss is also demanded on a global basis.

Meanwhile, COVID-19 amplified a disruptive change in approaches to lifestyles and values, causing rapid changes in society and altering the environment. Taking these changes as an opportunity to learn, we recognize that to develop new ways of doing business by adapting to the post-pandemic new normal is another challenge.

These and other rapidly advancing global-scale issues threaten to rattle the very foundations of our business: food shortages due to global population growth; labor shortages due to declining birthrates and aging populations in advanced

nations; and human rights issues. As society's expectations for corporate entities to solve these social issues are growing year by year, we recognize that our stakeholders require us to conduct our businesses in ways that reflect such expectations and demands.

At the same time, the domestic AFF industries, which form the foundation of our business, are irreplaceable industries that produce life-nurturing food. These industries also offer the potential for regional revitalization, land conservation and more. From an alternative perspective, these industries could be the most susceptible to climate change and other issues related to the natural environment. Also, the AFF industries themselves burden the environment through greenhouse gas (GHG) emissions and other factors. In Japan, these industries contribute significantly to the environment through eco-friendly agricultural initiatives, resource-managed fisheries and multifunction forests, accomplished through thinning and reforestation. Recognizing the present situation and issues clearly, we believe it is necessary for us to be proactive in leveraging our businesses to take on GHG emission reduction and other global-level issues. I feel strongly that we must work together with our stakeholders and conduct our business activities in a way to create a sustainable society.

Message from the CEO

Engaging from a Medium/Long-Term Perspective to Achieve Our Purpose

The environment surrounding the Bank and the AFF industries that serve as our foundation continues to change rapidly. These changes include deepening environmental and social issues such as climate change; transformed work styles, lifestyles and values in the wake of the COVID-19 pandemic; and more. It is precisely at times like these that we have decided to take a fresh look at what the Bank should be doing for society in the future.

Aiming to be the leading bank that supports the AFF industries, food production and consumption, and the daily lives of local communities, we have defined our corporate brand statement as “Dedicated to sustaining all life”. We further distilled the concept of sustainable management and our brand statement into the message, *The Chain of Life*.

Human life food (animals), and the earth (our planet) are all interconnected, We require food to live. The AFF industries are what bring us this food, or in other terms, the animals and plants that become our food. These animals and plants are nourished by the air and water that are the pure blessings of nature. These blessings of nature are only available because of a sustainable global environment. The following statement is the purpose that we have defined for the Bank.

**Dedicated to sustaining all life.**  
 - Work together with our stakeholders to foster the AFF industries and to create a prosperous future for food and lifestyles, and thereby contribute to a sustainable global environment. -

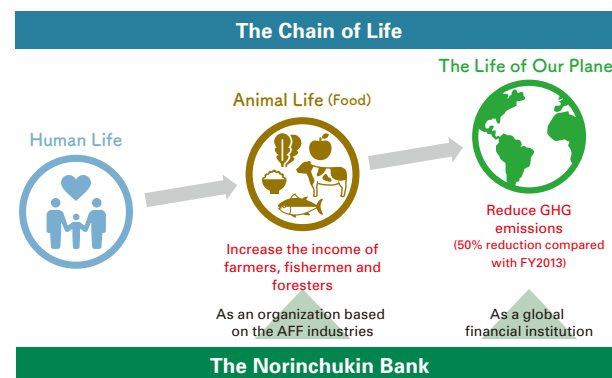
We set two new goals to reach by fiscal 2030 to achieve this Purpose.

- Reduce GHG emissions
  - Increase the income of farmers, fishermen and foresters
- Reducing GHG emissions consists of three initiatives:  
 1) reduce the GHG emissions of the Bank’s investees and

borrowers; 2) increase the absorption of CO<sub>2</sub> via forests, together with JForest members; and 3) reduce the GHG emissions of the Bank.

An increase in the income of farmers, fishermen and foresters would lead to rising populations of farmers and related workers in local regions, resulting in regional revitalization. This is our goal, which we will accomplish by raising the incomes of those involved in these regional industries in pursuit of sustainable AFF industries, as well as sustainable communities.

To maximize organizational vitality by promoting the diversity of human resources, we designated 2022 as “the first year of diversity” and will promote initiatives to create a workplace where all employees can be themselves and work with vigor and enthusiasm, thereby further contributing to our stakeholders.



The Philosophy Behind Our Corporate Logo



The logo of the Norinchukin Bank represents a Japanese landscape with vibrant AFF industries interconnected with many forms of life. The colors of the sea, land and forest swirl together, showing our dedication to journey onward alongside the breadth of life.

Our businesses exist in harmony with the life that comes from the activities of the AFF industries and the cycles of nature. As we carry out our business while deeply rooted in local communities, we work to resolve environmental and social issues and contribute to sustainable AFF industries. This is the traditional role of The Norinchukin Bank, and we will strive to make an even greater contribution in the future.

# Overview of The Norinchukin Bank

## The Basic Mission of The Norinchukin Bank

Our mission at The Norinchukin Bank is to support the AFF industries as a national-level organization for JA Bank, JF Marine Bank and JForest Group.

Our mission is also to contribute to food development and community lifestyles for all people living in Japan.

Further more, as a leading Japanese institutional investor, securing stable income through global investment activities is an important activity in the fulfillment of our mission.

In our commitment to sustaining all life, we are firm in pursuing our mission, being unafraid of change and taking on any challenges that come.

**Name**

The Norinchukin Bank

**Legal Basis**

Norinchukin Bank Act (Act No. 93 of 2001)

**Date of Establishment**

December 20, 1923

**President and Chief Executive Officer**

OKU Kazuto

**Paid-in Capital**

¥4,040.1 billion (as of March 31, 2022)

Note: All capital is from private parties (members and investors in preferred securities).

**Total Assets (Consolidated Basis)**

¥106,138.3 billion (as of March 31, 2022)

**Members**

3,317 organizations (as of March 31, 2022)

Member organizations include Japan Agricultural Cooperatives (JA), Japan Fishery Cooperatives (JF), Japan Forest Owners Cooperatives (JForest), related federations and other AFF cooperative organizations that have invested in The Norinchukin Bank.

**Number of Employees**

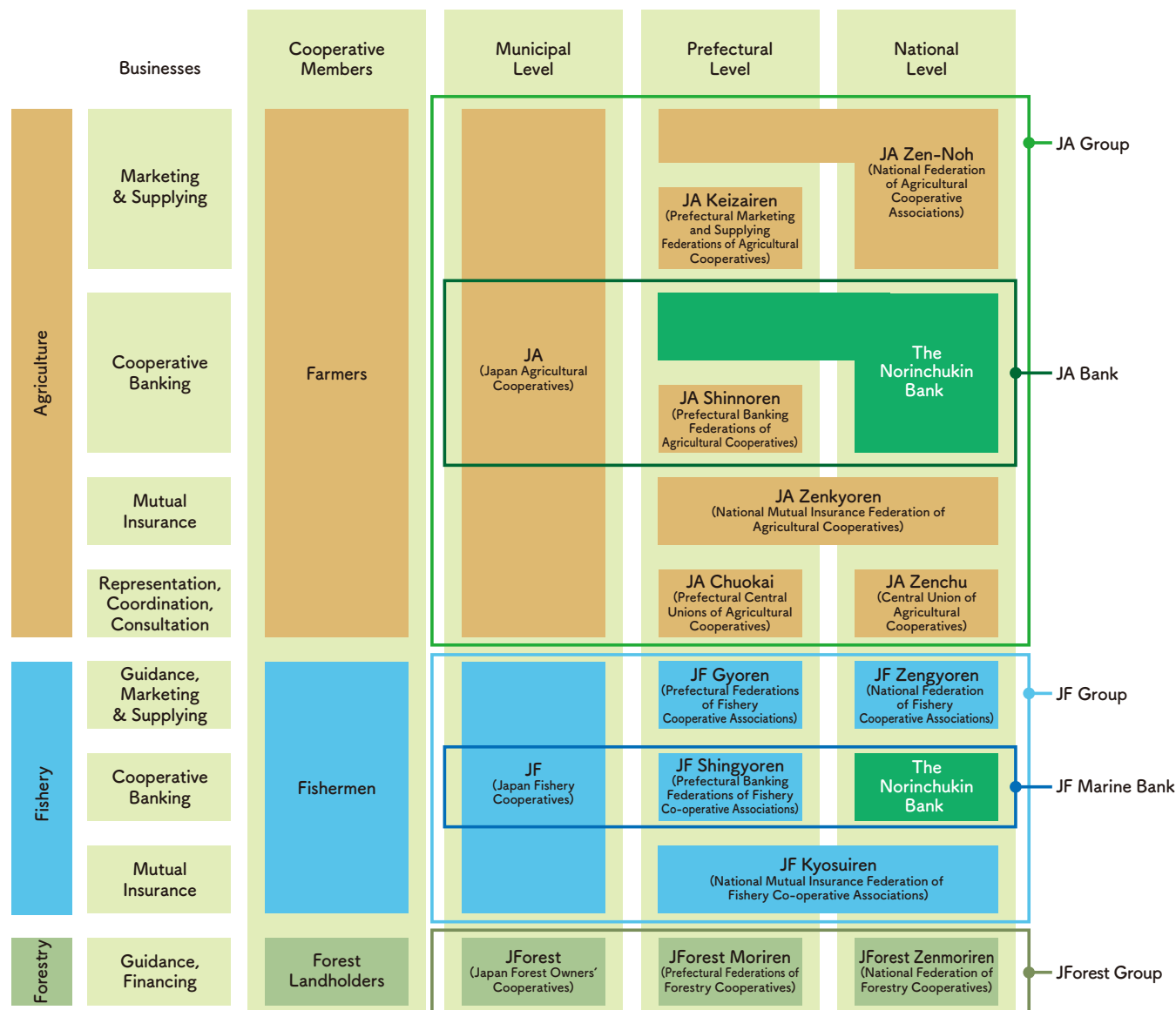
3,462 (as of March 31, 2022)

**Business Locations**

26

Head office, 19 branches in Japan, 1 branch annex, 3 overseas branches, 2 overseas representative offices (as of March 31, 2022)

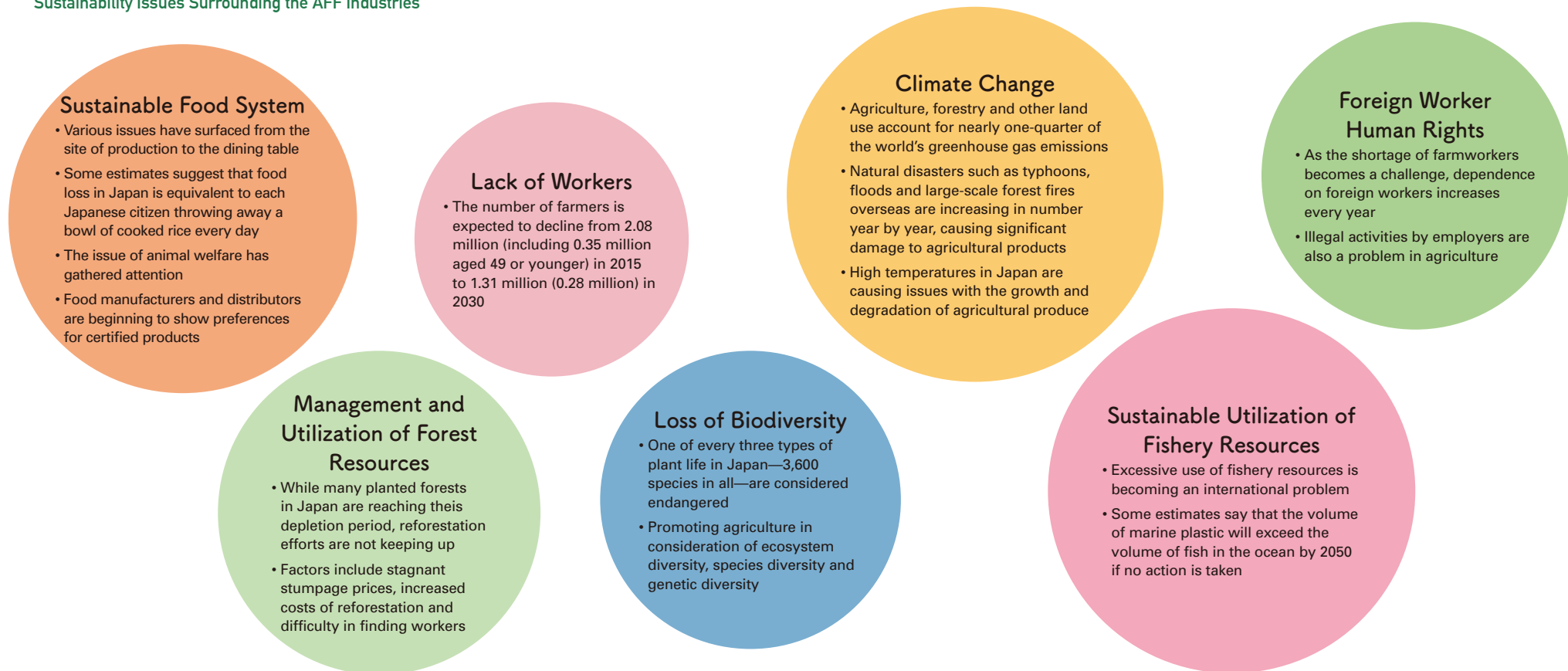
## Structure of The Norinchukin Bank



# Sustainability Issues Surrounding the AFF Industries

Sustainability issues in the AFF industries are increasingly grave with each passing year. The Norinchukin Bank recognizes that these issues go to the foundation of our businesses.

## Sustainability Issues Surrounding the AFF Industries



Sustainability issues in the AFF industries are nothing less than the very foundation of The Norinchukin Bank business



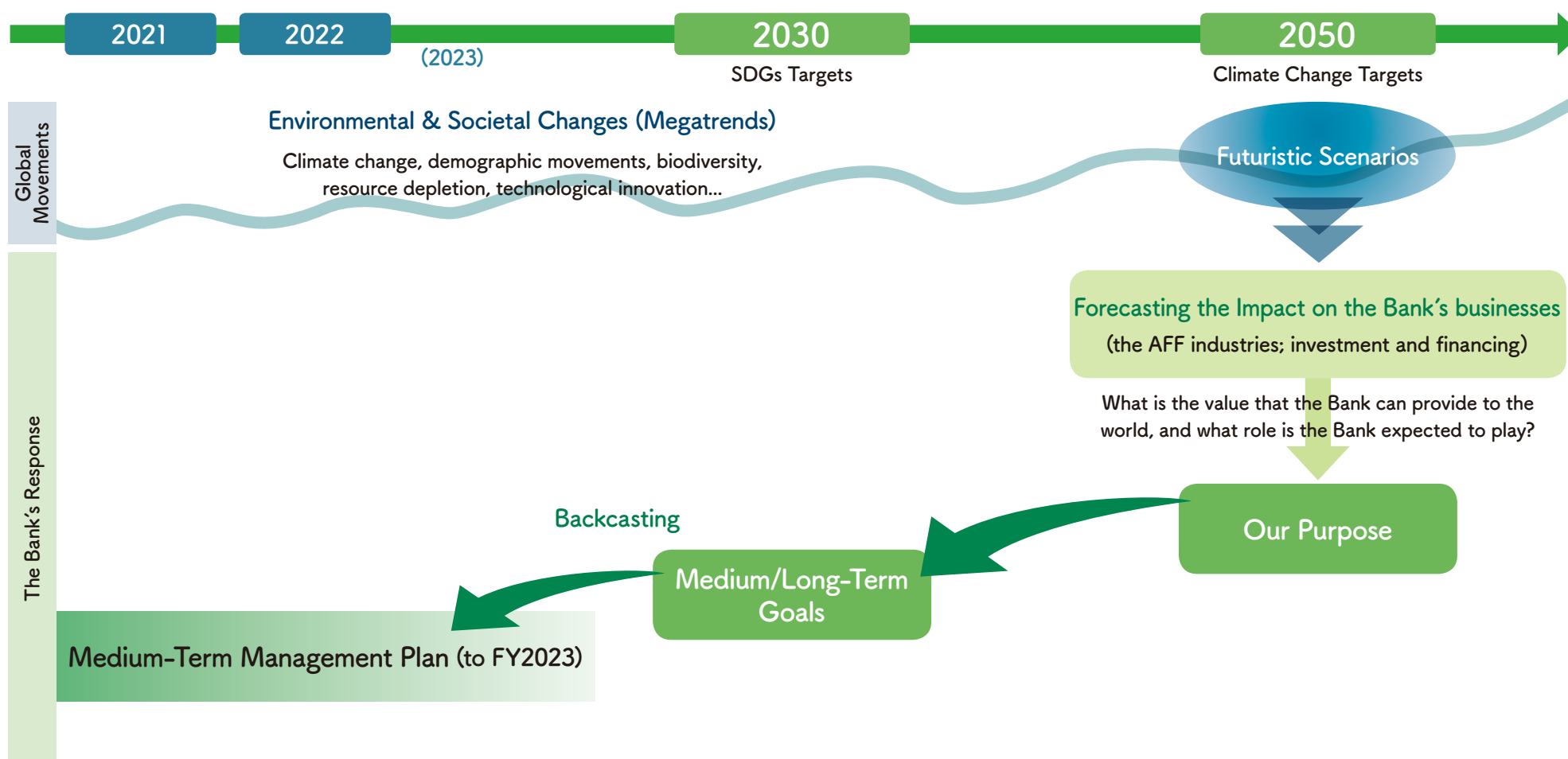
We will contribute to solutions through our businesses

# Formulation of Purpose of the Bank and the Medium/Long-Term Goals

Sustainability has become an increasingly significant topic. Discussions and measures are under way globally to address climate change that include achieving the SDGS by 2030 and the Paris Agreement targets by 2050.

Instead of merely formulating a three- to five-year business plan as we have done in the past, we have taken a medium/long-term perspective in redefining our vision of the Bank and the value we provide to society. We also recognize the importance of setting and executing specific goals to achieve these aspirations.

Based on this vision, we have defined our Purpose reflecting the Bank's vision, value and role that it can offer society by 2050 and the Medium/Long-Term Goals that we will achieve by 2030.





In formulating our Purpose and Medium/Long-Term Goals, we held monthly workshops throughout 2020, attended by the CEO, Directors and Executive Officers. After putting together forecasts for the global environment and societal changes for 2050 (megatrends), we used the concept of backcasting, carrying out discussions under the following approach. Details of discussions were shared with the Supervisory Committee members and the Bank employees, and we formulated the plan after receiving opinions and responses to questionnaires.

### Discussion Process

- (1) Share futuristic scenarios for 2050 in consideration of medium/long-term changes in the environment and society (megatrends).
- (2) Forecast the impact that these futuristic scenarios could have on the Bank's foundation and businesses (the AFF industries; investment and financing).
- (3) For (2), above, discuss the value that the Bank can provide to society and the role that we are expected to play (our Purpose).
- (4) Discuss the goals to be achieved by 2030 (our Medium/Long-Term Goals) based on our Purpose.
- (5) Reflect these details in our management plan and realign the Norinchukin Bank Vision. [→ P8](#)



Group discussions in a workshop for executives

### Megatrends to Keep in Mind Looking Toward 2050

	Possible Impacts (Examples)
1 Climate Change	<ul style="list-style-type: none"> <li>■ Decline in the quality of agricultural products, changes to arable land</li> <li>■ Changes in marine resource ecoregions, decrease in fish catch volume</li> <li>■ Natural disasters, rise in sea levels</li> </ul>
2 Loss of Biodiversity and Ecosystems	<ul style="list-style-type: none"> <li>■ Lack of resilience in the AFF industries (changes in suitable areas)</li> <li>■ Loss of forest function</li> <li>■ Impact of microplastics on ecosystems</li> </ul>
3 Demographic Movements	<ul style="list-style-type: none"> <li>■ Higher greenhouse gas emissions resulting from growing populations in developing countries</li> <li>■ Rural depopulation and labor shortages due to the declining population in Japan</li> <li>■ Loss of domestic companies and human resources, hollowing out of industries</li> </ul>
4 Resource Depletion (Food, Water)	<ul style="list-style-type: none"> <li>■ Growing global population leading to increased competition for food and water resources</li> <li>■ Domestic food security</li> <li>■ Absolute decrease in fossil fuels</li> </ul>
5 Technological Innovation	<ul style="list-style-type: none"> <li>■ Use smart agriculture to solve issues of labor shortages</li> <li>■ Reduce greenhouse gas emissions generated by agriculture</li> <li>■ Renewable energy, blue carbon, utilization of forest resources</li> </ul>

Action

### Priority Issues for The Norinchukin Bank

- A Contribute to reducing the risk of climate change and achieving a carbon-free society
- B Contribute to sustainable AFF industries and value chains to maintain AFF industry production bases and to secure safe and secure food resources
- C Contribute to maintaining regional communities in the face of declining birthrates and aging populations

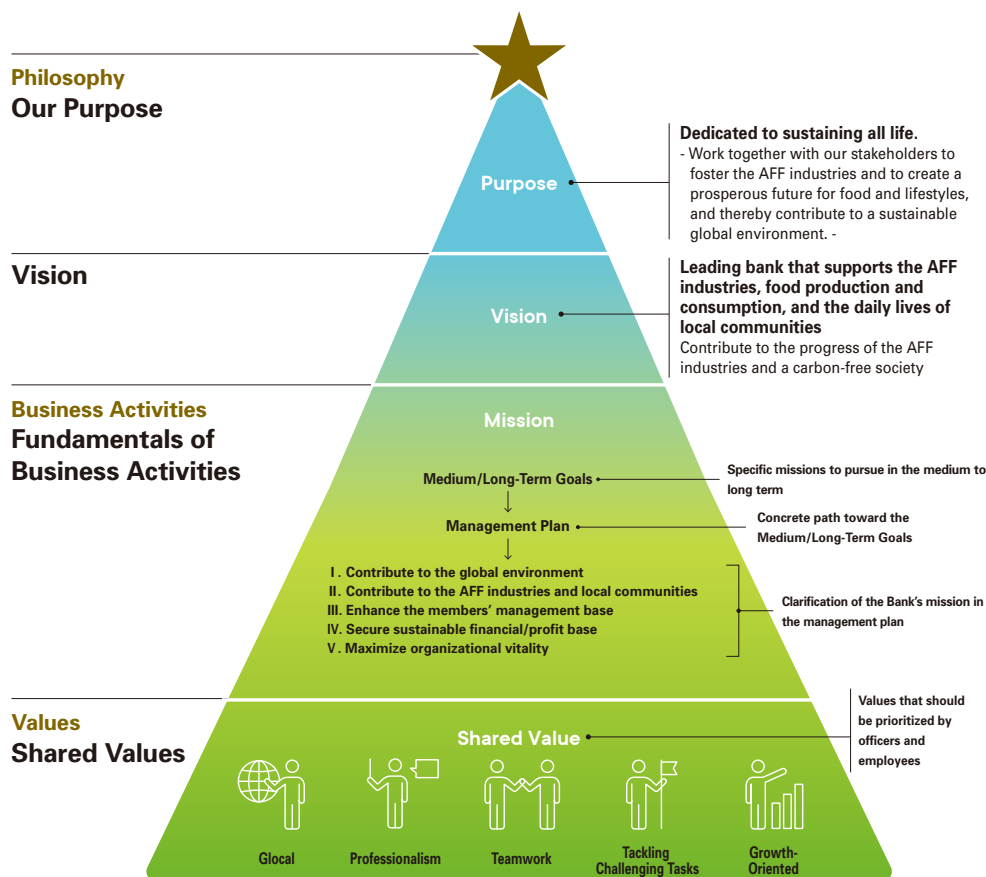


# Our Purpose, Vision and Mission

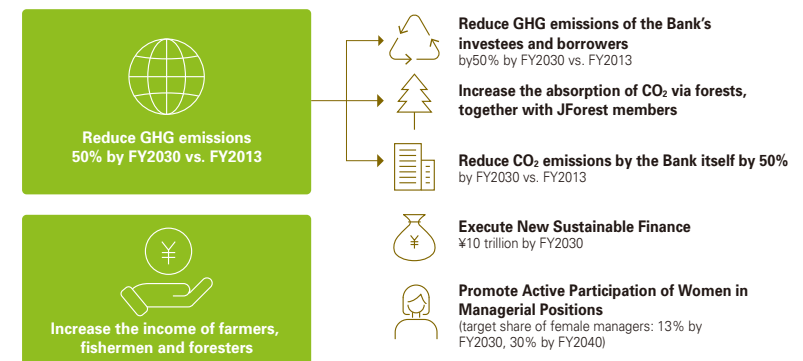
The Bank revisited its purpose (what contributions the Bank should make for a sustainable environment and the society of the future) and its vision (what the Bank should do to perform its purpose).

The Medium/Long-Term Goals and the Management Plan are positioned as the fundamentals for the business activities to achieve the Bank's vision.

The Bank also identified key "shared values" for its senior management and employees, which form the foundation of daily business activities to achieve the management plan.



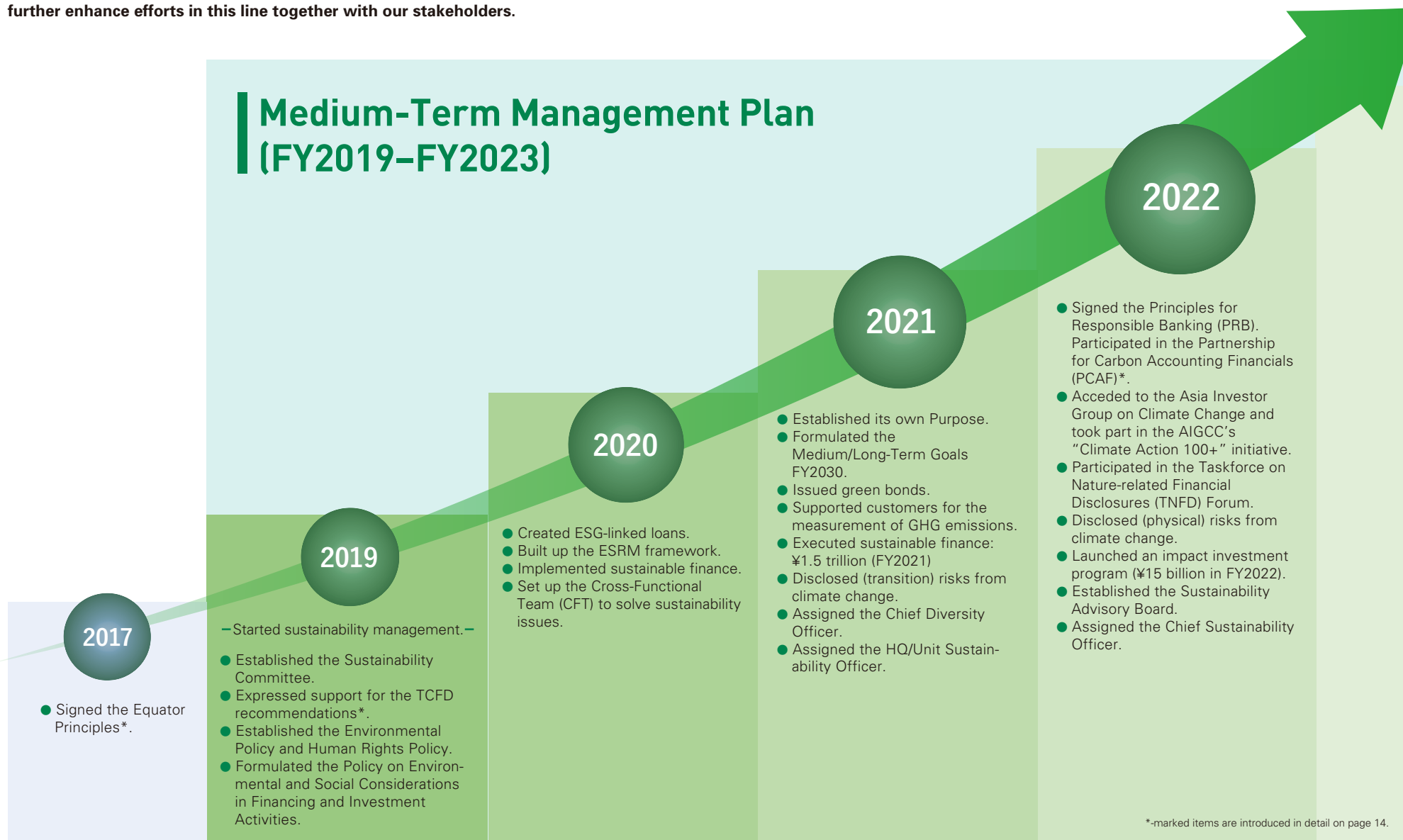
## The Norinchukin Bank's Medium/Long-Term Goals



Stakeholders: Members (JA, JF and JForest)/individual cooperative members (i.e., people working in the AFF industries); our clients (deposit and savings, loans) including AFF-related companies; local communities; business partners in the Bank's entire operation including financial institutions, market participants and contractors; governments and municipalities; and employees

# Milestones of Sustainability Management

The Bank started its sustainability management in 2019 when the Bank launched its Medium-Term Management Plan. We intend to further enhance efforts in this line together with our stakeholders.



# Philosophies and Policies Supporting Sustainability Management

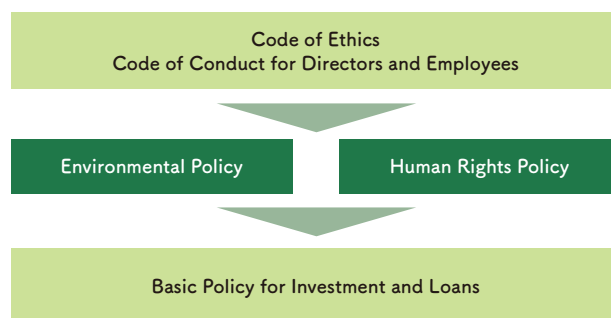
## Code of Ethics, Environmental Policy, Human Rights Policy

In our Code of Ethics, we stipulate that, “We, as members of society, work closely with local communities, to support them with respect to the human rights of each person and with social issues such as environmental concerns, and we seek to contribute to the realization of a sustainable society.”

### Code of Ethics (Excerpt)

- 1 Fundamental Mission and Social Responsibility
- 2 Offering High-Quality Services
- 3 Strict Compliance with Laws and Regulations
- 4 Severing Anti-Social Forces and Combating the Threat of Terrorism
- 5 Building a Highly Transparent Organizational Culture
- 6 Contribution to a Sustainable Society

To realize sustainability management, we established the Environmental Policy and Human Rights Policy as of 2019. These policies serve to advance concrete initiatives in our businesses and in the behavior of our senior management and employees as we clarify our fundamental position on resolving environmental issues and respecting human rights, and as we foster and unify awareness among the same. We have placed the Basic Policy for Investment and Loans under our Environmental Policy and Human Rights Policy and share it with our group companies.



## Environmental Policy and Human Rights Policy: Two Unique Traits

### ① Defines The Norinchukin Bank basic mission

Our mission is to contribute to economic development through the development of the AFF industries, industries that are linked closely to the environment. We also strive to help the people engaged in these industries enjoy greater happiness. In accordance with the principle and spirit of mutual aid embraced by cooperatives, The Norinchukin Bank respects human rights and dignity rooted in equality and aims to create a fair society.

### ② Emphasizes fostering a sound corporate culture

We believe that fostering and establishing a sound corporate culture is an integral part of implementing both policies. While responding appropriately to human rights issues, we work to maintain an awareness of the risks and returns related to our business activities, encourage individual employees to act with awareness of their own responsibilities while ensuring transparency, and create attractive workplaces that offer unrestricted and open-minded discussion and respect for diverse opinions.

### Environmental Policy: Key Points

- ① Reflecting on our basic mission, we declare that we will contribute to the creation of a sustainable society through partnership and collaboration with fellow members
- ② We declare our support and participation in international standards and initiatives\*1 to address environmental issues
- ③ We implement concrete initiatives based on the Environmental Policy through our core financing and lending business
- ④ We declare that, as a financial institution founded on the AFF industries, climate change and biodiversity are particularly important environmental issues, and that we will respond to these issues through our business activities
- ⑤ We declare that we shall strive to respond to environmental issues as an element tied closely to our ability to foster a sound corporate culture, the backbone of our operations

\*1 United Nations Global Compact, Equator Principles, CDP, Principles for Financial Action for the 21st Century, and TCFD

### Human Rights Policy: Key Points

- ① Reflecting on our basic mission, we declare that we will contribute to the creation of a sustainable society through partnership and collaboration with fellow members
- ② We declare our support and respect for international standards and initiatives\*2 to address human rights issues
- ③ We declare our respect for human rights across the entire value chain (executives, employees, customers and suppliers) in accordance with the concepts of the UN Guiding Principles on Business and Human Rights (Ruggie Principles)
- ④ We declare that we shall strive to respond to human rights issues as an element tied closely to our ability to foster a sound corporate culture, the backbone of our operations

\*2 Universal Declaration of Human Rights, International Covenant on Economic, Social and Cultural Rights, International Covenant on Civil and Political Rights, ILO Declaration on Fundamental Principles and Rights at Work, UN Guiding Principles on Business and Human Rights, UN Global Compact and OECD Guidelines for Multinational Enterprises

### Group companies that share the same “Environmental Policy,” “Human Rights Policy,” and “Basic Policy for Investment and Loans”

- The Norinchukin Trust & Banking Co., Ltd.
- Norinchukin Australia Pty Limited
- Norinchukin Bank Europe N.V.
- Norinchukin Research Institute Co., Ltd.
- Norinchukin Facilities Co., Ltd.
- Nochu Business Support Co., Ltd.
- Norinchukin Business Assist Co., Ltd.
- Norinchukin Academy Co., Ltd.
- Norinchukin Value Investments Co., Ltd.
- Kyodo Housing Loan Co., Ltd.
- Nochu Information System Co., Ltd.
- JA Card Co., Ltd.
- Norinchukin Zenkyoren Asset Management Co., Ltd.
- The Cooperative Servicing Co., Ltd.
- The Agribusiness Investment & Consultation Co., Ltd.
- Norinchukin Capital Co., Ltd.



# Identifying Sustainability Issues

## Identify Material Issues in Light of Stakeholder Input

Based on perspectives required by stakeholders and perspectives on important issues for The Norinchukin Bank, we have established five focus areas and 14 topics. We considered the four points below in choosing these topics, formulating the process as seen in the diagram to the right.

### Points for Consideration

- 1 Be mindful of measures to address sustainability-related issues
- 2 Incorporate input from our stakeholders
- 3 Consider the various perspectives related to sustainability (e.g., the SDGs)
- 4 Base our approach on our Medium-Term Management Plan (FY2019-2023)

We will continue to review issues as appropriate in light of social trends.

## Define business models

Conduct interviews within each division

## Identify stakeholders

Identify important stakeholders (members, local communities, employees, customers, others)

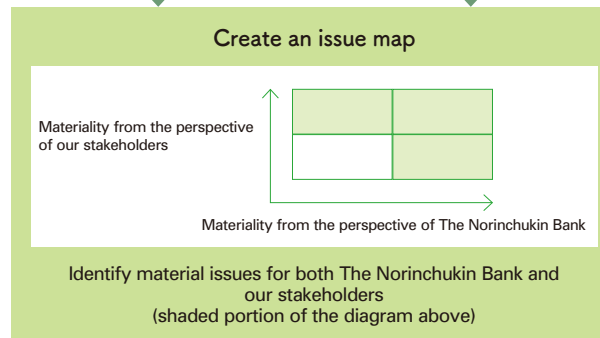
## Create a list of issues

Formulate a sustainability issue universe (based on ISO26000/GRI/SDGs)

## Select material issues from all issues listed

<p><b>Interview stakeholders</b> Organizations subject to interview: Affiliated national-level federations (in the AFF industries), and business partners (agricultural-related companies)</p>	<p><b>Conduct in-house interviews</b></p>
--	---

<p>Identify material issues for stakeholders</p>	<p>Identify material issues for The Norinchukin Bank</p>
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Establish five focus areas and 14 topics

## The Norinchukin Bank Sustainability Topics (Five Focus Areas and 14 Topics)

<p><b>Focus Area 1: Create a positive impact on the AFF industries, food and local communities</b></p>	<p>P44</p>
<p>Topic 1-1: Contribute to sustainable AFF industries Topic 1-2: Contribute to a safe and secure food supply Topic 1-3: Contribute to sustainable local communities Topic 1-4: Conserve the natural environment as a foundation of the AFF industries Topic 1-5: Create business innovation</p>	
<p><b>Focus Area 2: Promote responsible finance</b></p>	
<p>Topic 2-1: Promote sustainable finance Topic 2-2: Contribute to sustainable energy utilization Topic 2-3: Realize financing for everybody</p>	
<p><b>Focus Area 3: Promote sustainability management</b></p>	
<p>Topic 3-1: Ensure a transparent organizational governing structure Topic 3-2: Reinforce the management of environmental and social risks Topic 3-3: Reinforce stakeholder engagement</p>	<p>P56</p>
<p><b>Focus Area 4: Secure highly capable human resources</b></p>	<p>P59</p>
<p>Topic 4-1: Improve diversity and equal opportunities Topic 4-2: Enhance human resources development</p>	
<p><b>Focus Area 5: Maintain customer trust as a financial institution</b></p>	<p>P67</p>
<p>Topic 5-1: Further reinforce our compliance framework</p>	

# Sustainability Promotion Structure

The Bank is strengthening its organizational structure to enhance sustainability management.

## Sustainability Committee

As a meeting structure to discuss and deliberate a variety of topics, such as overall planning and management issues regarding sustainability management, we have established the Sustainability Committee under the Board of Directors. Related senior management and employees including the Chief Sustainability Officer (see below) participate in the Sustainability Committee meetings. The content of deliberations is proposed or reported to the Board of Directors and the Supervisory Committee, as required, and is subject to the supervision of those two entities.

## Chief Sustainability Officer

As responsible managers for the control and promotion of sustainability management, we have assigned two officers, one abroad (in London) and the other in Japan, as Chief Sustainability Officers (Co-CSuOs).

## Chief Diversity Officer

As the responsible manager for the control and promotion of diversity & inclusion initiatives, we have assigned the Chief Diversity Officer.

## Establishing the Sustainability Advisory Board

To achieve sophisticated sustainability management, we have established the Sustainability Advisory Board to deliberate with outside experts and incorporate their opinions.

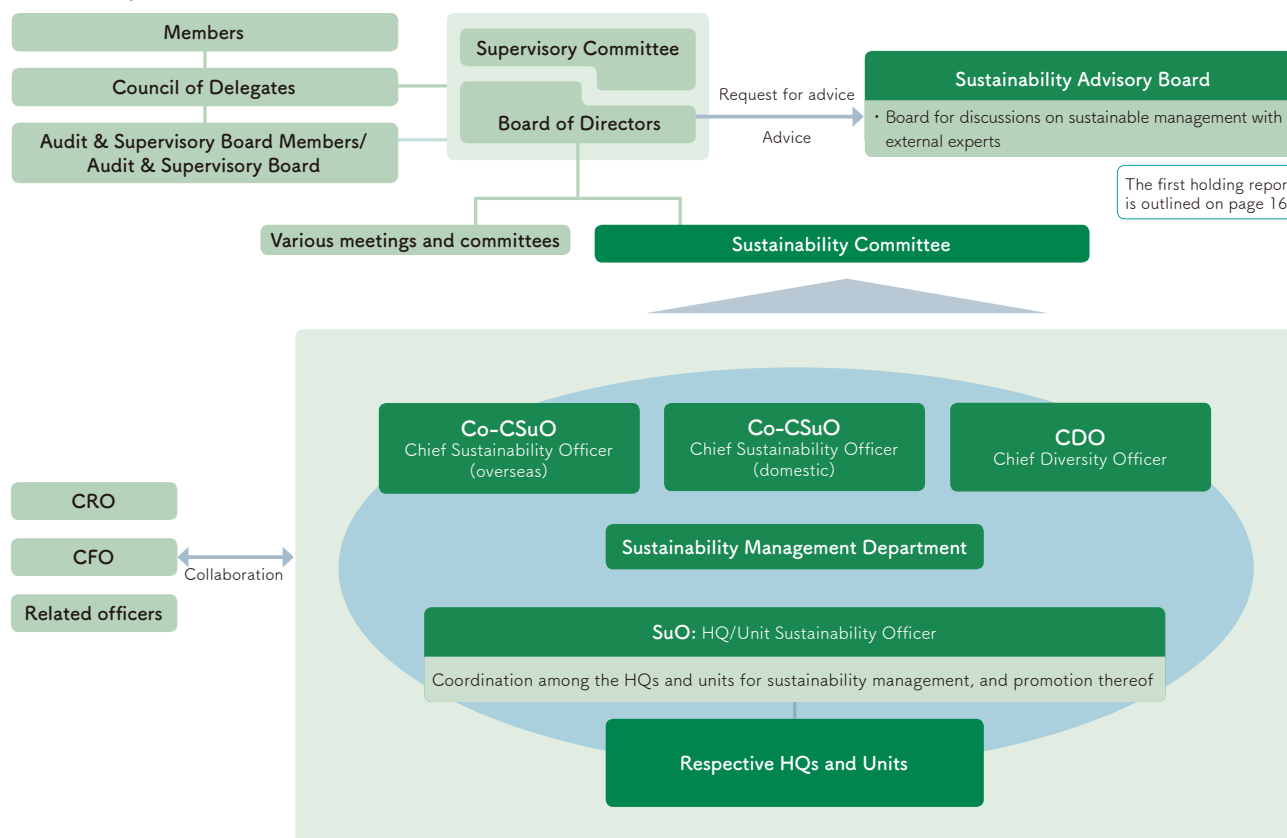
## Practicing Sustainability Management in Collaboration with Each Headquarters

To achieve strengthened sustainability management throughout the Bank in a unified manner, we have assigned HQ/Unit Sustainability Officers (SuOs) at the respective headquarters/units (Food & Agri HQ/Retail HQ/Global Investments HQ/Risk Management HQ).

### Sustainability Advisory Board Members

Name	Organization/Title
ADACHI Eiichiro	Senior Counselor of The Japan Research Institute, Limited
SATO Takafumi	Member of the Supervisory Committee of the Bank(former Trustee Vice-Chair of the IFRS Foundation)
TAKAMURA Yukari	Professor, The University of Tokyo Institute for Future Initiatives
MIZOUCHI Ryosuke	Senior Executive Officer, Kirin Holdings Company, Limited

### Sustainability Promotion Structure



The first holding report is outlined on page 16.

## Message from the Chief Sustainability Officer



**IMAI Masato**

Managing Executive Officer (Based in London, UK)  
Head of Global Banking, Head of EMEA

I reside in London, a developed area of sustainability, as the responsible manager of sustainability management of the Bank. I endeavor to take the initiative in sustainability management in collaboration with the head office by collecting the latest information including business opportunities from the sustainability teams in Europe, the Middle East, the Americas, Australia and other regions pivoted around the United Kingdom. Although London is a traditional financial base, I feel that London is a city that deserves to be a global hub in terms of sustainability. Not only companies but also the population have a high awareness of sustainability, and several sustainability-themed conferences have been held in this international city, resulting in a huge volume of information accumulated seamlessly from across the globe, thus providing a stage for discussion. In addition, in Europe, the requests from society to companies, not to mention from the authorities, are often at high levels. It is important for us to consider the role and/or contribution that the Bank should play or make and promote solution-focused businesses to deal with transition trends, which have rapidly developed worldwide in recent years. I believe it is our vital mission to gather advanced information on a global scale and utilize the benefits therefrom to enhance the Bank's sustainability management.

The recognition that both business and sustainability are extremely important factors in developing business without the distinction of finance or non-finance has been deeply rooted among our senior management and employees. Sustainability-related investment and financing does not come at the expense of anything but rather means opportunities that could lead to further business extension. I would like to aggressively advance our business activities with forward-looking and accelerated ideas anticipating five or 10 years ahead to bring about desirable social transformations in the world.



**KITABAYASHI Taro**

Managing Executive Officer  
Chief Human Resource Officer  
Chief Administrative Officer/Chief Strategy Officer

The Bank has carried out discussions about its Purpose along with the catchphrase *The Chain of Life*. I recognize that the Purpose of the Bank was formulated and has been disseminated company-wide with active input from senior management and employees through trial-and-error efforts. Such efforts include holding an executives workshop attended by the CEO, Directors and Executive Officers; the collection of opinions and responses to questionnaires; and the subsequent transmission of related information to employees on an ongoing basis.

The sustainability issue has become increasingly severe in line with an increasing number of themes including climate change, loss of biodiversity, human rights issues, sustainable food and agriculture systems, labor shortages, and the utilization of aquatic and forest resources. I recognize that the Bank is requested by stakeholders to boldly perform its social role and address these challenges with flexible ideas and a sense of speed.

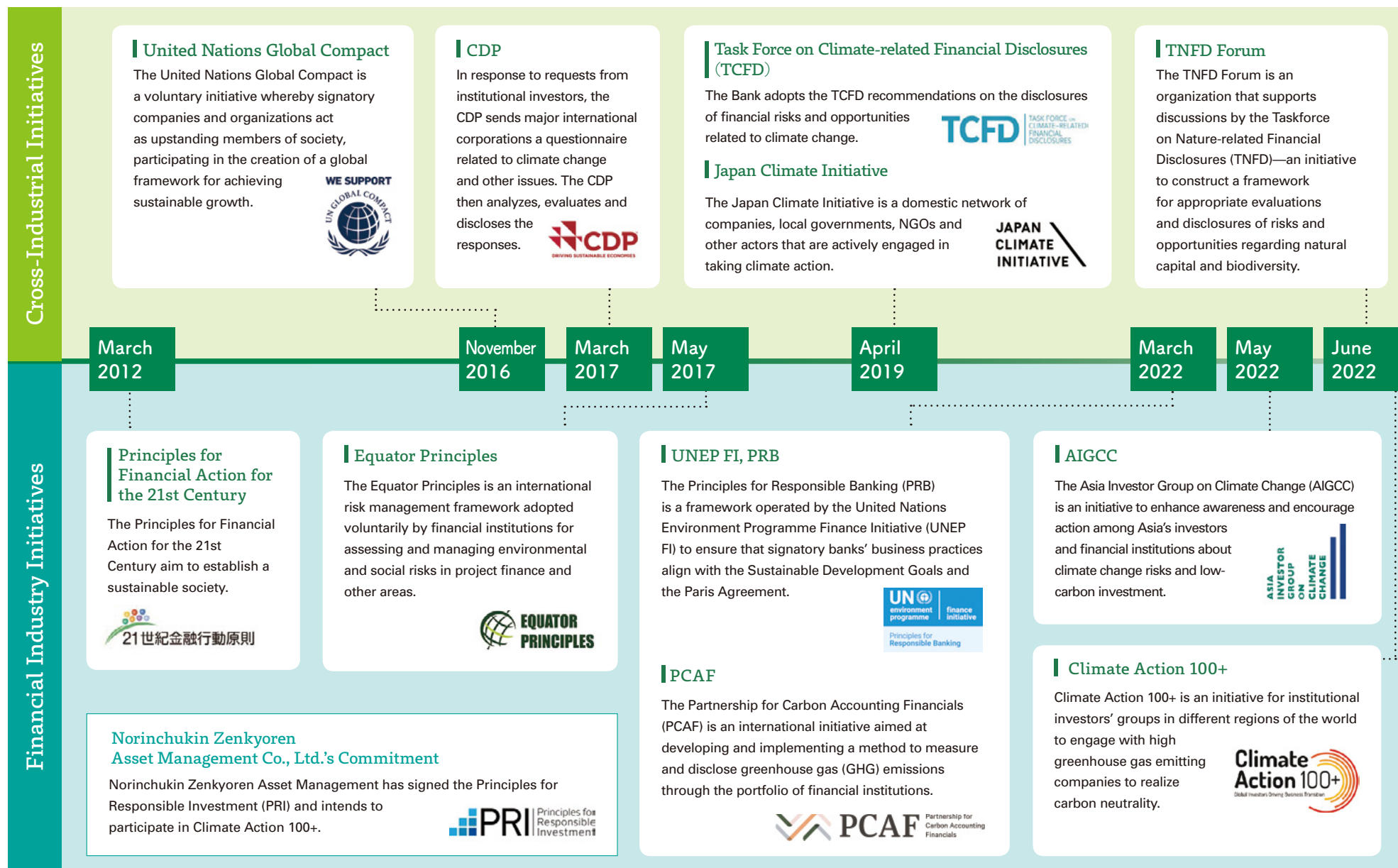
Our chief sustainability officer system, with Chief Sustainability Officers in Japan and overseas working with each other, should serve to enhance our sustainability management structure. The system also promotes our business operations in a constructive manner across the organization through dialogues among employees beyond the barrier of different operations and/or positions. We highly appreciate open-minded coworking through outside communication networks with outside experts, academia, next-generation youth, relevant government ministries, other companies and so on, without being limited only to the activities of the Bank and its cooperatives.

In the future, we will steadily increase practices in cooperation with all stakeholders to help us realize our Purpose. I'm confident that these initiatives will lead to the realization of a sustainable society.



# Participation in Initiatives

As a financial institution based on the AFF cooperatives in Japan, the Bank participates in and endorses various initiatives to fulfill its social responsibility toward attaining a sustainable global environment, while promoting alliances with the industrial, governmental and academic sectors.



## Partnership with Public and Academic Sectors for the Promotion of Sustainability Management

### Sustainable Food Systems

#### Participating in the “Public-Private Roundtable on Sustainable Food Production and Consumption” (Ministry of Agriculture, Forestry and Fisheries)

The Bank participates in this conference, which was established by the Ministry of Agriculture, Forestry and Fisheries as a forum for dialogue to share information and awareness between the public and private sectors and to promote concrete reforms suited to Japan’s actual circumstances in response to international trends in sustainable food systems.

#### Launching the “Collaboration Project for the Conversion to Sustainable Food Systems” (The University of Tokyo)

The Center for Global Commons of the University of Tokyo and the Bank launched this project in the spirit of clarifying the steps for conversion to sustainable food systems in Japan, in cooperation with the Ministry of Agriculture, Forestry and Fisheries.

### Biodiversity/ Natural Capital

#### Participating in the “Nature-Positive Economy Workshop” (Ministry of the Environment)

The Bank participates in this workshop established by the Ministry of the Environment under the policy of public-private participation to conduct comprehensive discussions on biodiversity/natural capital and corporate management and deliberate on how to be nature positive (i.e., halt and reverse the loss of biodiversity and put nature on a path to recovery).

### Green Transformation (GX)

#### Endorsing the GX League Basic Concept (Ministry of Economy, Trade and Industry)

The Ministry of Economy, Trade and Industry (METI) has formulated the GX League Basic Concept, which allows a group of companies working swiftly toward carbon neutrality and succeeding internationally to lead the transformation (GX: green transformation) of the overall economic and social system including stakeholders other than themselves.

#### Topics

### Expressed Opinions during the Tokyo Nutrition for Growth Summit 2021

In December 2021, the Tokyo Nutrition for Growth Summit 2021 was held. At a side event sponsored by the Ministry of Agriculture, Forestry and Fisheries, UMEDA Yasuhiro, Managing Executive Officer, was a panelist in the “Global Session,” and OSAWA Makoto, Special Counselor, was chairperson of a session titled “Tidal Current of Transformation over Sustainable Food Systems.” Both vigorously expressed their opinions for improvement of nutrition to the world.

Meanwhile, at the Global Session, the Bank invited Coöperatieve Rabobank U.A. (Rabobank), our strategic business partner in the Netherlands, and the companies delivered a joint speech as global representatives of food and agricultural banks.



UMEDA Yasuhiro,  
Managing Executive  
Officer



OSAWA Makoto,  
Special Counselor

# Sustainability Advisory Board



The Bank established the Sustainability Board as a place for engaging in dialogues with outside experts and exchanging opinions toward upgraded sustainability management. The first board meeting was held in April 2022. Four board members, as well as the CEO and several other senior management and employees of the Bank, attended the meeting to exchange opinions.

## Participants

### Board Members

ADACHI Eiichiro	Senior Counselor of The Japan Research Institute, Limited
SATO Takafumi	Member of the Supervisory Committee of the Bank (former Trustee Vice-Chair of the IFRS Foundation)
TAKAMURA Yukari	Professor, The University of Tokyo Institute for Future Initiatives
MIZOUCHI Ryosuke	Senior Executive Officer, Kirin Holdings Company, Limited

### Participants from the Bank

OKU Kazuto	Representative Director and President, Chief Executive Officer
YAGI Masanobu	Representative Director and Managing Executive Officer, Member of the Board of Directors, Chief Operating Officer
IMAI Masato	Managing Executive Officer (Co-CSuO)
KITABAYASHI Taro	Managing Executive Officer (Co-CSuO)
UTSUMI Tomoe	Managing Executive Officer (CDO)
OZAKI Taro	General Manager, Food & Agri Business Planning Div. (Food & Agri Banking Business SuO)
KURUMIZAWA Katsunari	General Manager, Risk Management Div. (Risk Management SuO)
SHIOTA Taketo	Deputy General Manager, Markets Div. (Global Investments SuO)
MIYAJI Izuru	Deputy General Manager, JA Bank System Management Div. (Retail Banking Business SuO)
NODA Haruo	General Manager, Corporate Planning Div., Sustainability Management Dept.



### ADACHI Eiichiro

In considering sustainability issues including climate change, I'm confident that the recognition of the extremely important role of companies, especially that of economic entities responsible for finance, is widely shared by concerned parties. The Norinchukin Bank holds immense assets and must be a key economic entity that plays a significant role in solving a variety of issues such as those affecting the AFF industries, food and communities. Therefore, I have great expectations for its future activities.



### SATO Takafumi

The Bank is Japan's leading bank covering the overall sectors of the AFF industries. At the same time, it has another function as a vital asset owner in the global capital market. In addition, the Bank is unique as a financial institution of cooperative organizations. I expect the Bank to take more initiatives in terms of sustainability by leveraging its distinct traits and strengths.



### TAKAMURA Yukari

The importance of sustainable finance is increasing, and European agricultural cooperative organizations have advanced original and ambitious efforts in the sustainability field. I have been ardently looking forward to the appearance of such favorable financial initiatives in Japan. As I feel reassured that the Bank intends to work aggressively on sustainability management, I expect much from the Bank.



### MIZOUCHI Ryosuke

I feel a common motivation with the Kirin Group in the wording of the Bank's *The Chain of Life. Awe for Life* is the Kirin Group's philosophy. Beer brewing is Kirin's founding business, in which raw materials produced by farmers are processed with yeast, which is living matter. That's the reason why Kirin places importance on the spirit of learning about life. As a representative of a Kirin Group company that has a corporate philosophy in common with the Bank, I would like to address various problems together with the Bank toward the realization of sustainability.



## Opinions on the Sustainability Management of the Bank

### Medium/Long-Term Goals

- The Bank has set the Medium/Long-Term Goals FY2030 to “reduce GHG emissions by 50% from its investment and finance clients” and “improve the income of farmers, fishermen and foresters.” I personally feel that the Bank’s goals are ideal. As most of the Bank’s investment and finance clients are involved in the AFF industries, realizing sustainability in those industries should lead to the Bank itself becoming sustainable. It is important to increase workers’ income to enhance the attractiveness of these industries. Moreover, it is important to endeavor to reduce GHG emissions. Accordingly, I believe that pursuing these challenging goals is an appropriate target of the Bank.
- For certain goals, specific numeric values are not presented at this time. It will be necessary for the Bank to specify clear numeric targets. For example, would it be possible to set an economic value on the impact of reducing GHG emissions via certain investment and financing matters and the spillover effects?

### Stakeholders

- Increasing income is an essential metric for farmers, fishermen and foresters. On the other hand, I would hope that the Bank addresses subjects such as market formation and further indexation to improve the well-being of affiliated farmers, fishermen and foresters by focusing on their challenging but rewarding jobs.
- Japanese companies tend to stick to pursuing preset elaborate and precise values. Conversely, foreign companies consider that they should engage, for themselves, in rulemaking of the basic units and various calculations required for their jobs. I believe such flexible thinking is also necessary for the Bank.
- The stakeholders of the Bank include young people, and they will emerge at center stage in the era to come. To encourage the zest for living among young people, could the Bank consider increasing opportunities for them to experience operations associated with the AFF industries or provide more educational opportunities?

- The Bank requires strong self-discipline as a financial institution of cooperative organizations. It is therefore important to ensure communications with stakeholders through high-quality disclosure.
- There is certain to be some difficulty in coming to terms with the acquisition of short-term profit through investment and finance and the need to address sustainability issues. Meanwhile, climate change and its impact on ecosystems has a direct impact on farmers, fishermen and foresters. I believe that the Bank is a financial institution that has the capabilities to address diverse issues while overcoming difficulties. I hope that the Bank endeavors to share the significance of *The Chain of Life* with all stakeholders including its employees.

### Natural Capital

- In reviewing disclosures of the Bank, I feel that the Bank has not yet developed comprehensive concepts for natural capital and ecosystem services. I am confident that these concepts are important to the Bank as the AFF industries form the

Bank’s foundation. Shouldn’t we hold the broad perspective that nature is capital that brings us countless blessings and that such appreciable capital must not be depleted or compromised?

### Social Issues

- In Japan, we know that project formation in rural regions is difficult because of labor shortages and an information gap. I expect much from the Bank relative to initiatives that could be truly beneficial to local farmers, fishermen and foresters.
- I think an initiative directly associated with some pleasures in life like having meals and enjoying liquors would also be important. As for the food loss problem, for example, resolving the upstream-downstream mismatching in supply and demand throughout the country would address a key social issue. Addressing such a problem effectively would enhance the Bank’s power and appeal.



General Overview by OKU Kazuto, Representative Director and President, Chief Executive Officer

Thank you for your valuable opinions today. As a financial institution with assets equivalent to about ¥100 trillion, I believe that the Bank is responsible for taking

steps toward the realization of sustainability. In addition, the Bank is an organization of which the AFF industries form the foundation. These industries can exist only with a sound global environment. I therefore believe that we at the Bank should pursue the task of ensuring a sustainable global environment. I’ve summarized the following four points from today’s discussion:

- 1) The Bank engages in various initiatives under the Medium/Long-Term Goals. I’m sure we can achieve innovative change points, like the dots become lines and the lines become surfaces, by steadily carrying out the step-by-step action plans expressed here today.

- 2) To ensure biodiversity, I think appropriate caring for nature is necessary. In this context, income improvement for farmers, fishermen and foresters becomes necessary to activate local areas without devastating them. I intend to address this issue by taking the initiative as a pioneering organizer.
- 3) Applying a concept such as the value of happiness beyond economic value, to which current scaling including well-being is available, seems to be a challenging theme. We must pass on the Bank’s convictions, mission and dreams to the next generation as the Bank looks ahead to the future of food and agriculture.
- 4) We need to prepare for and deal with situations considering sustainability-related restrictions and standards. Meanwhile, I would like to address our perspective by announcing a narrative that presents relevant initiatives and desired outcomes.

In closing, I promise to promote sustainability management from both macro and micro perspectives in view of your input as we aim to realize our Purpose.

# Initiatives Against COVID-19

A sharp decline of demand due to COVID-19 has greatly affected the management foundation of the AFF industries. As a member of JA Bank and JF Marine Bank, the Bank is working to provide smooth financing through a variety of support options to ensure sustainability of the AFF industries and to secure their stable management foundations.

## Financial Support

The Bank provides support to customers affected by the outbreak of COVID-19 through our COVID-19 Emergency Fund. (The total amount of support provided was ¥2,740 million for 21 cases as of March 31, 2022.)

Fund Name	COVID-19 Emergency Fund
Eligible Recipients	Corporations operating in the AFF industries that have been directly or indirectly harmed by the spread of COVID-19
Funds Usage	Working capital, stopgap funds, etc.
Amount of Lending	Maximum ¥50 million
Ending Period	Maximum 1 year
Lending Interest Rate	Fixed rate

Note: Damage status and other circumstances could be checked separately. In addition, loans require a prescribed screening; loan requests might not be able to be fulfilled depending on the results of this screening. Please contact your nearest Norinchukin branch for details.

In addition, we provide support to agricultural corporations through equity investment to stabilize their finances. (The total amount of support provided was ¥28 million for three cases as of March 31, 2022.)

Eligible Recipients	Corporations operating in the AFF industries that have been directly or indirectly harmed by the spread of COVID-19
Maximum Investment	Amount ¥30 million (up to ¥100 million if conditions met)
Investment Period	Maximum 15 years
New Investment Deadline	January 2023
Consultation Locations	JA, Shinnoren, Norinchukin Bank

### Notes:

- In this scheme, Agribusiness Investment & Consultation Co., Ltd., established through joint investment from JF Bank and JA Group, invests in agricultural corporations that meet certain conditions.
- Damage status and other circumstances could be checked separately. In addition, investments require a prescribed screening conducted by Agribusiness Investment & Consultation Co., Ltd.; investment requests might not be able to be fulfilled depending on the results of this screening. Please contact your nearest JA Bank for details.

## Non-Financial Support

To maintain the local AFF industry infrastructure, we work with JA Group, JF Group, JForest Group and our members to provide support for producers, members and customers of these industries that have been affected by the COVID-19 pandemic.

### Pocket Marche: Support for Direct Sales by Fishermen

Since June 2021, JF Saga Genkai has been offering support for direct sales of fishery products using one of Japan's largest C-to-C direct selling applications "Pocket Marche." To solve such issues as a lack of workers against a backdrop of decreasing demand due to the COVID-19 pandemic and declining catches and fish prices since before the pandemic, and increasing the income of fishermen, JF Saga Genkai had been seeking new distribution channels. Direct sales via Pocket Marche were realized upon a proposal of the Bank to JF Saga Genkai to collaborate with appears as one loord in the Valuesrot Co., Ltd., which operates the Pocket Marche application. A processing facility that was necessary to start direct sales was constructed using a subsidy from the Bank's COVID-19 Emergency Fund.



## Actions at JA Bank and JF Marine Bank

Within see annual report JA Bank (JA/Shinnoren/the Bank) and JF Marine Bank (JF/Shingyoren/the Bank), branches offer consultations about lending and other services for customers who have been affected by the spread of COVID-19. If customers are unable to find support at their usual branch, they are asked to use the contact information provided below.

### JA Bank Disaster Consultation Line

<https://www.nochubank.or.jp/consult/urgency/jabank.html>

### JF Marine Bank Disaster Consultation Line

<https://www.nochubank.or.jp/consult/urgency/jfmarinebank.html>

# Contribution for Mitigation and Adaption to Climate Change

The AFF industries are the foundation of the Bank. These industries are prone to incur the negative impact of climate change and, at the same time, have the potential to amplify climate change.

Our response to climate change contributes to the development of the AFF industries, which is the mission of the Bank. We pursue efforts to mitigate and adapt to climate change through our business activities, focusing on climate-related opportunities and risk management. As part of those efforts, we are addressing the impact and risks of climate change on our business in an appropriate manner, engaging in initiatives and enhancing our disclosures based on the TCFD recommendations. In fiscal 2021, the Bank analyzed the effects of flood damage, which is an acute physical risk, and the impact of chronic risks on the volume of rice/livestock production and their product prices in the agricultural sector.

## Governance for Addressing Climate Change

The Norinchukin Bank holds regular meetings of our Sustainability Committee (under the Board of Directors) to discuss policies addressing environmental and social issues, including climate change, and the status of our initiatives. The outcomes of the Sustainability Committee meetings are reported to the Board of Directors and the Supervisory Committee as needed. In addition, the Bank has assigned Chief Sustainability Officers (Co-CSuOs) who are responsible for supervising and promoting initiatives to solve environmental and social issues, including climate change. Furthermore, the Bank established the Sustainability Advisory Board as an advisory body to the Board of Directors to advance its sustainable management by incorporating the opinions of external experts.

## Climate-Related Opportunities

Climate change is a future risk. At the same time, we can find business opportunities in mitigating and adapting to this climate risk. One example is the potential for shifting electricity to renewable energy. The shift from conventional thermal power to offshore wind and solar power generation will lead to corporate capital investment and lending and investment opportunities for the Bank. This is one way in which we can support the transition to a decarbonized society through financing services.

## Initiatives Through Sustainable Financing

We support the initiatives of our investment and finance clients for climate change issues through sustainable financing.

- Make impact investments that have positive effects on the environment and society → P35
- Launch ESG loans, including sustainability-linked loans → P36
- Engage in project finance throughout the world → P54

## Initiatives for Ensuring the Sustainability of Forests and the Forestry Industry

We are engaged in various initiatives to sustain and revitalize the forest function to absorb carbon dioxide.

→ P32



## Impact Analysis of Climate-Related Risk

Climate-related risks commonly comprise two main risk drivers: transition risk and physical risk. Transition risk refers to the risk that occurs in transitioning to a society with low greenhouse gas emissions (a low-carbon society). For example, the introduction of a carbon tax levied on greenhouse gas emissions could lead to a negative financial impact on investment and financing of clients that have high emissions. This in turn could result in higher credit costs for financial institutions. Physical risk refers to the risk that disasters (e.g., floods) caused by climate change could increase. The Bank conducts scenario analyses on these risks and discloses the results.

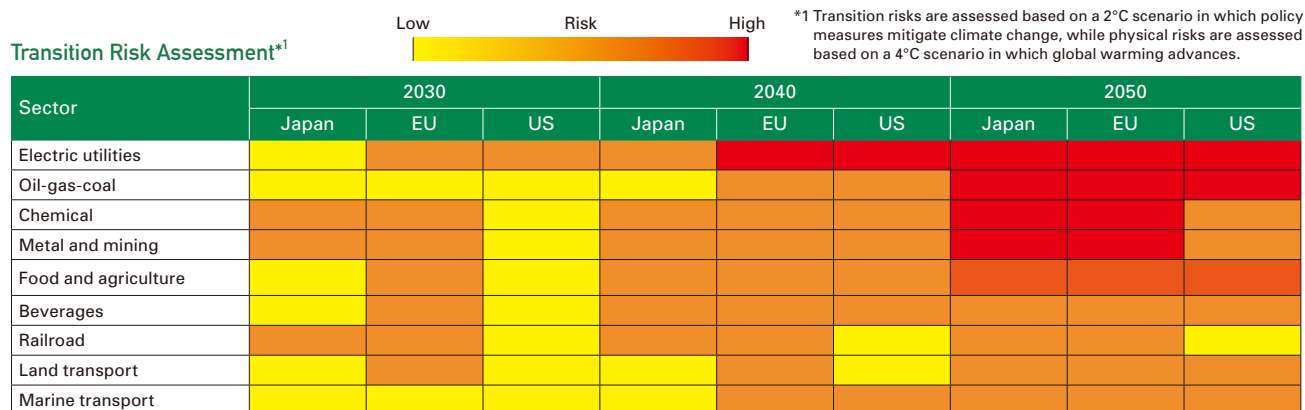
## Risks Posed to the Bank by Climate Change

Risk	Classification	Major Risks	Time Frame
Transition risk	Policy and Legal Risk Technology Risk Market Risk	<ul style="list-style-type: none"> <li>• Increase in credit costs due to the impact of regulatory measures aimed at achieving the 2°C target in the business models and performance of investment and financing clients</li> <li>• Increase in credit costs due to changes in the supply-demand relationship for products and services, as well as changes in corporate performance, as the market becomes more decarbonization-oriented</li> </ul>	Medium to long term
	Policy	<ul style="list-style-type: none"> <li>• Changes in regulations in response to growing international concern regarding climate change</li> </ul>	Short term
	Reputation Risk	<ul style="list-style-type: none"> <li>• Risk of inadequate climate change efforts and information disclosure</li> </ul>	Short term
Physical risk	Acute Risk Chronic Risk	<ul style="list-style-type: none"> <li>• Downturn resulting from stagnating investment and financing client businesses due to natural disasters such as typhoons and torrential rains, as well as increasing credit costs resulting from damage to the collateral value of real estate and other assets</li> <li>• Risk that climate change will affect land use, productivity of primary sector of the economy, etc.</li> <li>• Impact on business continuity due to damage to the Bank's assets caused by extreme weather</li> </ul>	Short, Medium, and Long Term

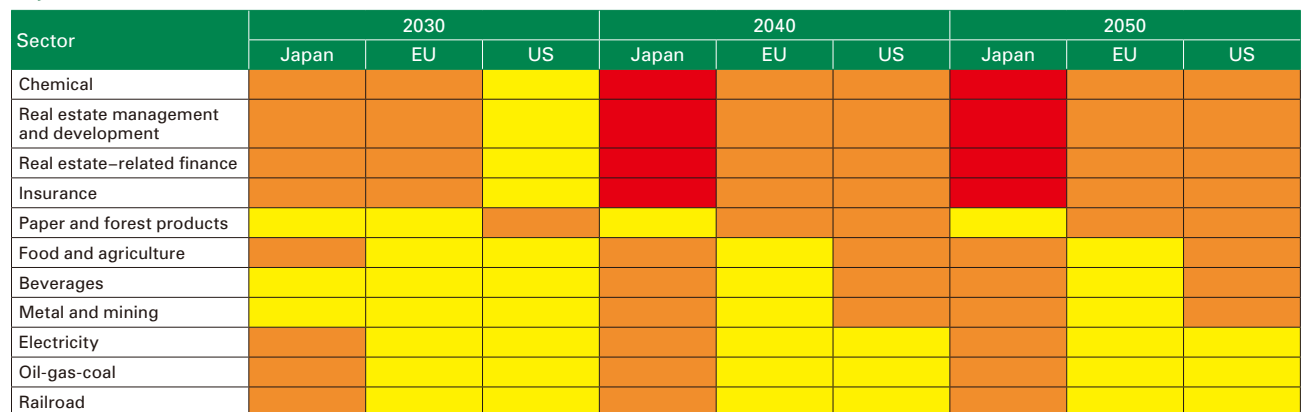
### Climate-Related Risk Assessment by Sector

The impact of climate change will become even more apparent over the medium to long term, and said impact will vary depending on the sector in which our investment and financing clients operate.

Therefore, we evaluated where and when transition and physical risks would occur, targeting sectors and other areas defined by the TCFD recommendations. The manifestation of risks associated with climate change is caused by various external factors, environments and transmission channels. We created the heat map below after identifying these risks and factors. The heat map shows (in chronological order) the impact of these risks on the sectors in which the Bank has the most financial exposure. Our analysis also reflects the effects of climate change at different times according to region, geographic conditions and jurisdiction. As one example, transition risks in the European Union are expected to manifest early due to environmental regulations being adopted ahead of the rest of the world.



### Physical Risk Assessment \*1



### Impact Analysis of Climate-Related Risk (Scenario Analysis)

We conduct scenario analyses to understand the impact of climate-related risks on our credit portfolio and finances. Our target sectors for transition risk analysis consist of the electric utilities and oil-gas-coal sectors. Our evaluations on the left side of the chart indicate these sectors as having high climate-related risks, as do the food and agriculture and beverages sectors, which form the food and agricultural value chains. Through scenario analysis for these sectors, we evaluated the medium- to long-term changes in credit costs caused by the progress of decarbonization in fiscal 2020.

We used the scenarios published by the representative International Energy Agency (IEA) and the Food and Agriculture Organization of the United Nations (FAO). Our analysis was based on the method published by the pilot project led by the United Nations Environment Program Me Finance Initiative (UNEP FI) with the objective of discussing and developing methods for climate-related financial information disclosure in the banking industry.

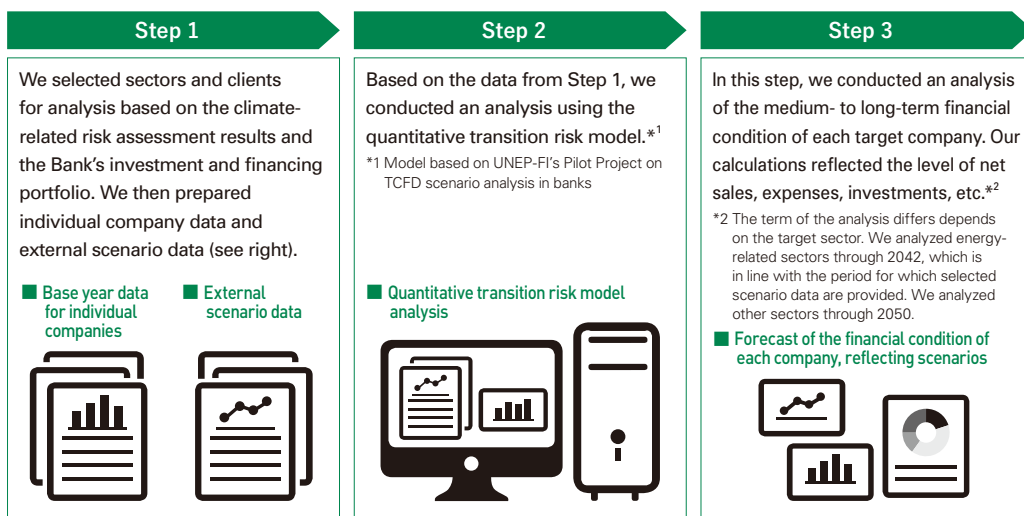
Regarding Japan, which is judged as a high-risk region according to the risk evaluations on the left side of the chart, we additionally conducted scenario analyses in fiscal 2021 on its acute and chronic physical risks.

Among the acute risks, the Bank analyzed flood damage, which has been severe in recent years, specifically concerning its effects on the important business locations in Japan of domestic borrowers and on mortgage collateral held by the Bank.

As for chronic risks, the Bank analyzed the impact of chronic physical risks on the agricultural sector, which is important to the Bank as its business is based on the AFF industries. The analysis was conducted on the volume of rice/livestock production and their product prices (raw milk and beef cattle), studying the effects of climate change, including rising temperatures, on the income of producers and how to address those effects.



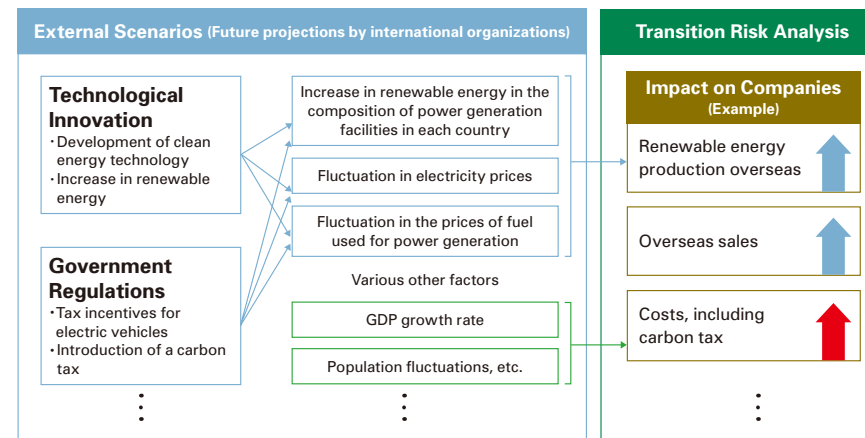
## Transition Risk Scenario Analysis Overview



### Methodology for Transition Risk Scenario Analysis

- Based on the results of our qualitative assessment of climate-related risks, we selected the electric utilities, oil-gas-coal, food and agriculture, and beverage, sectors as targets for transition risk scenario analysis. The electric utilities and oil-gas-coal sectors have been identified in the final TCFD report and by the Sustainability Accounting Standards Board (SASB) as sectors with high carbon emissions that are highly vulnerable to transition risks. Hence, we believe our selection of companies for scenario analysis was in compliance with these international initiatives and global standards. We selected the food and agriculture and beverages sectors based on the results of our climate change qualitative assessment, as well as the fact that these two sectors form the foundation of the Bank. Given our investment and financing portfolio, the analysis covers not only domestic and overseas lending clients but also our investment clients in corporate bonds.
- Our analysis of the electric utilities and oil-gas-coal sectors incorporates various forecast data from the IEA World Energy Outlook, which is widely used internationally including Japan. The future scenarios we referenced include the Sustainable Development Scenario (SDS = 2°C scenario), which incorporates measures consistent with achieving the 2°C target of the Paris Agreement, and the Stated Policy Scenario (STEPS = 4°C scenario), which incorporates currently announced policies and targets. We predicted the impact on Bank investments and loans, while also analyzing the increase or decrease in credit costs. We formed our predictions by combining the Dynamic approach, in which companies make new capital investments in response to climate change, and the Static approach, in which companies do not make additional capital investments in response to climate change.
- For the food and agriculture and beverages sectors, we used FAO forecast data and future scenarios: the toward sustainability scenario (TSS = 2°C scenario in which changes are made proactively to establish sustainable food and agriculture systems) and the business as usual scenario (BAU = 4°C scenario in which past trends and policy directions are maintained). Using the same approach as with the electric utilities and oil-gas-coal sectors, we examined the impact on the Bank's credit portfolio, including the impact on our investment and financing clients.

### Reference Analysis Overview Example (Electric power company)



Analysis Target	Selection Scenario
Energy (electric utilities, oil-gas-coal)	IEA World Energy Outlook 2019 – SDS, STEPS • SDS stands for Sustainable Development Scenario and corresponds to the 2°C scenario • STEPS stands for Stated Policies Scenario and corresponds to the 4°C scenario
Food and agriculture, beverages	FAO food and agriculture projections to 2050 – TSS, BAU • TSS stands for Toward Sustainability systems and corresponds to the 2°C scenario • BAU stands for Business as Usual and corresponds to the 4°C scenario

### Four-Way Scenario Analysis

	Dynamic Approach <small>(An approach reflecting new capital investments in response to market demand)</small>	Static Approach <small>(An approach reflecting the status quo without additional capital investment)</small>
<b>4°C Scenario</b> <small>(A scenario reflecting only established policies that have already been formulated)</small>	<b>4°C Scenario x Dynamic</b>	<b>4°C Scenario x Static</b>
<b>2°C Scenario</b> <small>(A scenario reflecting measures necessary to achieve the 2°C target of the Paris Agreement)</small>	<b>2°C Scenario x Dynamic</b>	<b>2°C Scenario x Static</b>

### Transition Risk Scenario Analysis Results

● Electric Utilities and Oil-Gas-Coal Sectors

The Static approach increased credit costs by approximately ¥4 billion per fiscal year, while the Dynamic approach did not incur any additional credit costs. Looking at the trends for each of our investment and finance clients, we identified the financial impact stemming from stranded assets in power generation facilities due to the spread of renewable energy and the cost of a carbon tax. These trends were notable for power companies in particular, which reflect the high ratio of thermal power generation. On the other hand, electric power companies expanding their business in Asia and other regions are capturing climate change as an opportunity. These entities are trending toward increased profits through capital investment in renewable energy and low-carbon technologies.

● Food and Agriculture and Beverages Sectors

In both the Dynamic and Static approaches, the credit cost increased by approximately ¥1 billion per fiscal year. Looking at the medium- to long-term changes in our investment and financing clients based on the scenarios, we recognized the negative impact of a changing market in Japan and other countries. This market change included a decrease in meat consumption due to changes in dietary habits, stemming from a growing consumer sentiment of sustainability. In contrast, companies with operations overseas in Asia and other regions showed a positive trend. Increased demand due to population growth and economic growth supported earnings.

● Impact on Credit Portfolio

The total impact of transition risk in the two aforementioned sectors could result in increases of the credit cost by approximately ¥1 billion –¥5 billion per fiscal year through 2042 (the range is due to the difference between the Dynamic and Static approaches). Thus, the impact on our credit portfolio is deemed to be limited.

### Using Analysis Results

- Based on the results of the transition risk analysis, we initiated engagement (constructive dialogue) on climate-related issues with our investment and financing clients in sectors where we identified a relatively large impact. By sharing an awareness of the issues with our investment and financing clients, we will strengthen our efforts to address climate change together and work toward creating a low-carbon and decarbonized society.
- As the transition to a low-carbon society progresses, the Bank will continue to support the efforts of our investment and financing clients to increase their resilience to climate change. Our support will include promoting ESG loans.

### Detailed Results of Transition Risk Scenario Analysis for the Food and Agriculture and Beverages Sectors

(1) Overview of the Assumed FAO Scenario

4°C Scenario	2°C Scenario
<ul style="list-style-type: none"> <li>● A scenario assuming that only fixed policies currently in effect will be implemented</li> <li>● Despite the efforts of many countries, food and agriculture issues remain unresolved</li> </ul>	<ul style="list-style-type: none"> <li>● A scenario in which universal and sustainable access to safe and nutritious food is achieved in a way that is sustainable for the environment</li> <li>● A state in which proactive change is implemented toward a more sustainable food and agricultural system</li> </ul>

(2) Analysis Results by Region, Scenario and Approach

Region	Dynamic		Static
	4°C Scenario	2°C Scenario	4°C / Common to both 4°C and 2°C Scenarios
High-income countries (including Japan)	<ul style="list-style-type: none"> <li>· Likely increase of corporate earnings due to robust economic growth</li> <li>· Maintenance of existing food culture</li> </ul>	<ul style="list-style-type: none"> <li>· Decreasing demand for animal-based foods due to a greater awareness of sustainability; increasing demand for vegetable and fruit-based foods</li> </ul>	<ul style="list-style-type: none"> <li>· Limited increase in earnings as production volume remains unchanged due to lack of capital investment to meet increased demand</li> </ul>
Low- and middle-income countries	<ul style="list-style-type: none"> <li>· Continued increase in demand for grains and other products due to population growth</li> </ul>	<ul style="list-style-type: none"> <li>· Higher economic growth compared to the 4°C scenario, and increased demand for animal products due to more diverse diets in line with higher income levels</li> </ul>	

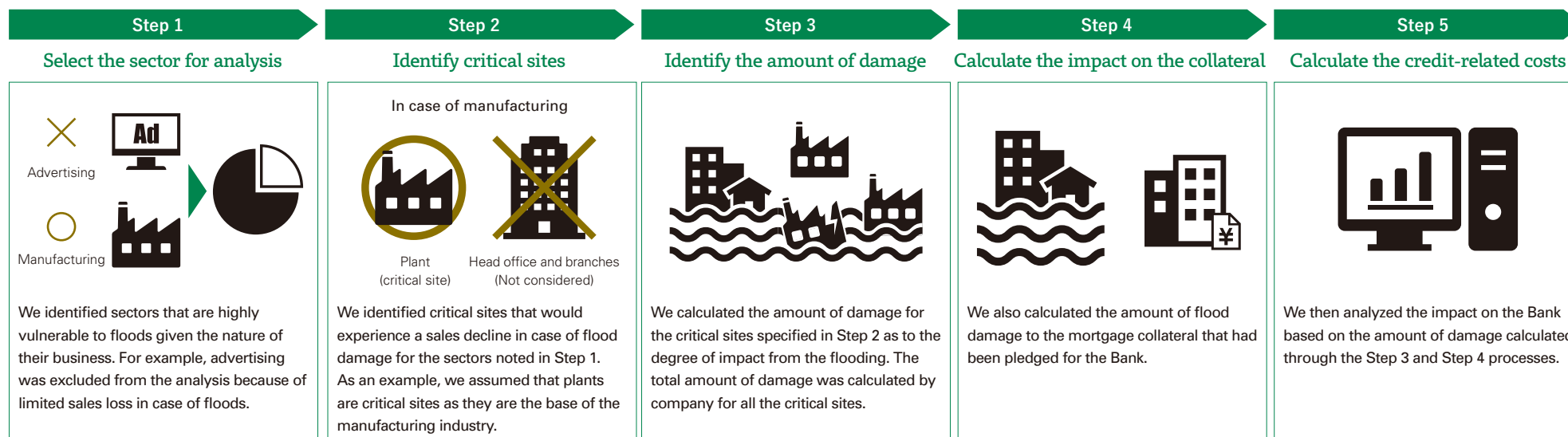
(3) Post-Analysis Considerations

In both the 4°C and 2°C scenarios, the demand for food on a global level will increase due to global population growth and other factors. This demand will lead to increased production and increased profits. In the 2°C scenario, significant economic growth is expected in low- and middle-income countries experiencing large population growth. Demand for food grows more than under the 4°C scenario. Therefore, companies with global operations increase their profits under both scenarios, while the results for companies operating in specific regions vary depending on the characteristics of those regions. Companies that produce mainly in Japan, where the population is expected to decline, have already been impacted by a decrease in animal product consumption and an increase in vegetable and fruit plant product consumption stemming from greater consumer sentiment of sustainability.

Our scenario analysis also confirmed that, in addition to regional characteristics, the products handled and business structure (e.g., upstream versus downstream) are influential factors.

We will continue to work on expanding the number of sectors we analyze and refining our analysis methodology.

### Physical Risk (Acute Risk)/Scenario Analysis Overview



### Physical Risk (Acute Risk)/Scenario Analysis Overview

- We implemented scenario analysis for flood damage, which has caused heavy losses in recent years in Japan. The analysis was intended to assess the impact of flooding for the period until 2050. The analysis covers not only critical domestic sites of domestic lending clients but also the impact of flooding on domestic mortgage collateral that has been pledged for the Bank. We assumed analytical scenarios adopted in the Fifth Assessment Report (AR5) of the Intergovernmental Panel on Climate Change (IPCC).
- The Bank selected sectors as analysis targets because some sectors are not vulnerable to the impact of flooding. As a subsequent step, we identified by industry whether sales of corporations decreased when any of the relevant sites was damaged by flooding. Furthermore, we investigated the impact of flooding on critical sites nationwide of domestic lending clients and conducted acute risk analysis while taking into consideration the relevant companies' supply chains.
- In addition, we conducted analyses for the mortgage collateral pledged for the Bank, because those assessed amounts are influenced by flooding, thereby affecting the credit cost. We conclusively analyzed the impact on the Bank's portfolio by factoring in the impact from lending clients and that of mortgage collateral.

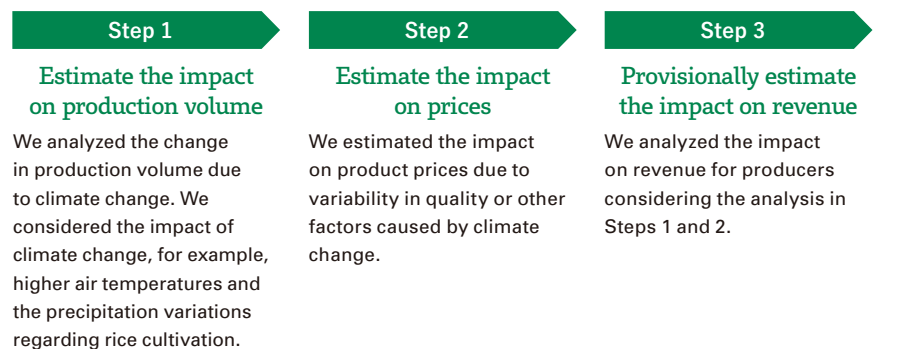
### Physical Risk (Acute Risk) Analysis Results

The accumulated total is expected to increase by about ¥5 billion in credit costs by 2050 if the impact of acute risks is summed up, resulting in limited impacts to the Bank's credit portfolio.

#### Physical Risk (Acute Risk) Analysis Overview

Analysis Target	1) Domestic critical sites of domestic lending clients at which flood damage is expected to occur 2) Mortgage collateral that has been pledged for the Bank
Excluded from Analysis Target	Sectors for which flood damage is not expected to occur (e.g., Finance, Advertising, Publishing)
Analytical Scenario	IPCC's RCP2.6 and RCP8.5 scenarios
Increase in Credit Costs	The accumulated total of credit costs is expected to increase by about ¥5 billion by 2050.

## Physical Risk (Chronic Risk) Scenario Analysis Overview



**Analysis method:** Rate of change in production volume + Rate of change in product prices = Rate of change in revenue

## Methodology for Physical Risk (Chronic Risk) Scenario Analysis

We implemented scenario analysis for chronic risks in the agricultural sector, which is vital to the Bank. The TCFD recommendations refer to the agricultural sector as an industry vulnerable to climate change. In addition, we conducted the scenario analysis because the climate change risk in the AFF industries is deemed to have considerable impact on the business continuity of the Bank. Meanwhile, as the scenario analysis for the agricultural sector has numerous limits in the model represented by 1) the lack of available methodologies established globally, 2) imperfect or poor data and 3) diversified and complicated impact channels, several assumptions and hypotheses are made in the analysis. In addition, note that the impact of the scenario analysis might be different from the actual impact on farm management because the analysis target is revenue, not income (i.e., the amount after deducting expenses, etc., from revenue).

We selected rice cultivation and animal husbandry (milk, beef cattle), for which there are numerous engaged farmers and high production volume, as analysis target items. In the analysis, while estimating the impact of higher air temperature due to climate change on production volume and product prices of the target items, we provisionally estimate the impact on revenue for producers conclusively. See page 26 for the detailed analysis method. In the analysis, we estimated changes in revenue for producers at the end of the 21st century compared with that at the end of the 20th century in two opposite directions, that is, the case where no measures will be taken against the case where appropriate measures will be taken to cope with temperature rise. In our analysis, we employed IPCC's RCP2.6 analysis scenario (corresponding to "temperature rise of 2°C" below) and RCP8.5 scenario (corresponding to "temperature rise of 4°C" below), therefore conducting analysis in four different patterns.

## Analysis Results for Rice Cultivation

### [Impact on production volume]

Temperature rise of 4°C: The production volume nationwide would decrease 6.4% as air temperature will exceed the suitable temperature for rice cultivation almost all over the country.

Temperature rise of 2°C: The production volume nationwide would increase 3.3% as air temperature will remain at a suitable temperature for rice cultivation for wider regions centering on East Japan.

### [Impact on prices]

Temperature rise of 4°C: The price of rice would increase 1.4% due to decreased production volume although rice quality (percentage of first-class rice) could deteriorate.

Temperature rise of 2°C: The price of rice would decrease 1.6% due to increased production volume and a slight deterioration of quality.

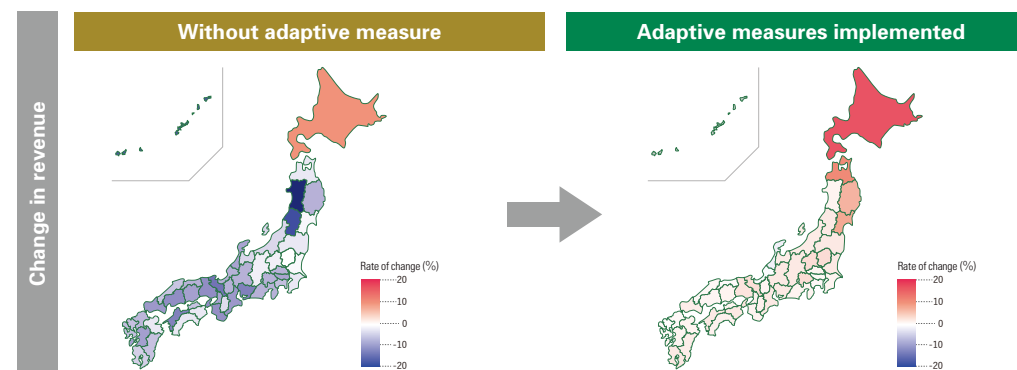
### [Impact on producers' revenue (without adaptive measures)]

- For a temperature rise of 4°C, the revenue associated with rice cultivation might decrease 5.0% at the end of the 21st century compared with that at the end of the 20th century due to a decline in production volume and quality deterioration.
- On the other hand, for a temperature rise of 2°C, revenue is expected to increase 1.7%, reflecting the expected expansion of appropriate land areas for rice cultivation.

### [Impact on producers' revenue (adaptive measures implemented)]

- For a temperature rise of 4°C, revenue increased 3.5% nationwide (8.5% higher compared to the case where adaptive measures were not taken) by implementing two adaptive measures: 1) introducing high-temperature resistant varieties, and 2) moving forward the transplanting date of rice seedlings by 1–2 months. However, cost calculation related to the adaptive measures is difficult at this time, and therefore such calculation is not taken into consideration (in common with milk and beef cattle). Note that the relevant amounts might decrease at the income level after deducting expenses, etc., from revenue.

## Analysis Results for Rice Cultivation (with temperature rise of 4°C (RCP8.5 scenario))





### Analysis Results for Milk

#### [Impact on production volume]

Temperature rise of 4°C: Although seasonal differences would be considerable through the year and great impact would not be caused in winter, the hot environment in the summer would have adverse effects on milk production volume, reducing it by 4.0%. This would result in a slight reduction of 1.1% in annual milk production volume nationwide.

Temperature rise of 2°C: The precipitation factor would have almost no impact. The annual production volume would decline by only 0.2% due to the temperature rise. Milk production volume would decrease by approximately 1.0% in the summer in most regions nationwide, whereas milk production volume would remain unchanged during the winter and spring.

#### [Impact on prices]

Temperature rise of 4°C and 2°C: The reduction in milk production volume due to temperature rise is expected to raise milk prices. Prices are expected to increase 0.9% with a temperature rise of 4°C and 0.2% with a temperature rise of 2°C.

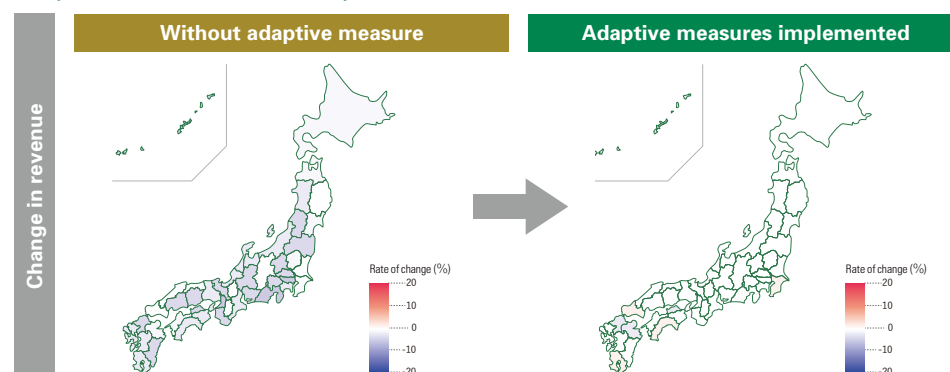
#### [Impact on producers' revenue (without adaptive measures)]

The analysis shows that the revenue for milk producers would remain almost unchanged at the end of the 21st century compared with that at the end of the 20th century, with a reduction of 0.1% for a temperature rise of 4°C and of ±0.0% for a temperature rise of 2°C, at maximum. The impact of reduced milk production would be offset by the expected price rise.

#### [Impact on producers' revenue (adaptive measures implemented)]

We conducted analyses after assuming that fine-mist spraying equipment would be widely used and become more sophisticated as an adaptive measure to be implemented in milk production. The analysis shows that the application of this measure would restrict the impact of a temperature rise, thereby ensuring that revenue would remain unchanged.

Analysis Results for Milk (with temperature rise of 4°C (RCP8.5 scenario))



### Analysis Results for Beef Cattle

#### [Impact on production volume]

Assuming that Wagyu cattle and other domestic beef cattle differ in high-temperature resistance, we conducted analyses separately for both cattle varieties.

Temperature rise of 4°C: Fattening cattle will be affected by a temperature rise. Carcass production of Wagyu cattle would decrease 0.8% and that of domestic beef cattle by 1.6%, leading to a reduction in national production volume of 1.2%.

Temperature rise of 2°C: Carcass production of Wagyu cattle would decrease 0.2% and that of domestic beef cattle by 0.4%, leading to a modest decrease in national production volume of 0.3%.

#### [Impact on prices]

Temperature rise of 4°C and 2°C: The take-home price is expected to increase 0.6% with a temperature rise of 4°C and 0.2% with a temperature rise of 2°C, depending on the supply-demand factor and the effects of the Beef Cattle Fattening Management Stabilization Grant (so-called *Ushi-Marukin* system).

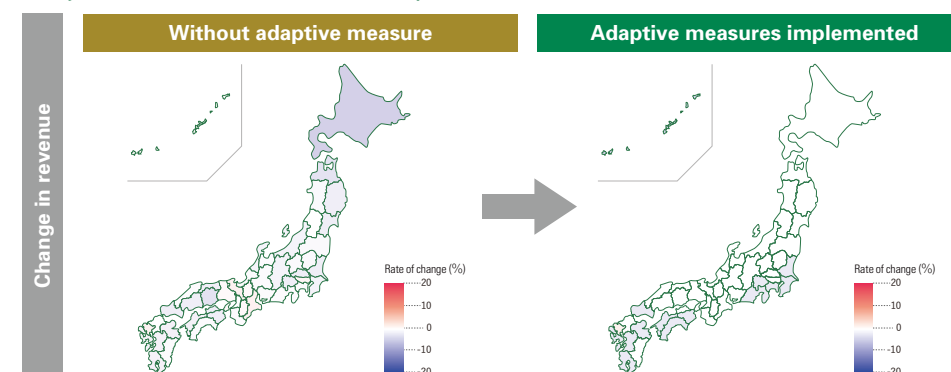
#### [Impact on producers' revenue (without adaptive measures)]

The analysis shows that the revenue for overall beef cattle fattening would decrease at the end of the 21st century compared with that at the end of the 20th century with a reduction of 0.6% for a temperature rise of 4°C and of 0.2% for a temperature rise of 2°C, at maximum. A slight increase in revenue might be guaranteed for either scenario on Wagyu cattle, but there is a possibility that revenue could decrease 1.4% regarding other domestic cattle, at maximum.

#### [Impact on producers' revenue (adaptive measures implemented)]

We conducted analyses after assuming that fine-mist spraying equipment would be widely used and become increasingly sophisticated as an adaptive measure to be implemented in cattle fattening, just as with milk production. The analysis shows that the application of this measure would mitigate the impact of the temperature rise, thereby ensuring revenue would remain unchanged or increase slightly as with milk production.

Analysis Results for Beef Cattle (with temperature rise of 4°C (RCP8.5 scenario))



## ■ Detailed Physical Risk (Chronic Risk) Scenario Analysis

### Climate Change Scenario

- To understand and analyze the long-term impact of climate change from multifaceted perspectives, we evaluated the impact by using plural climate change scenarios and adaptive measures.
- We employed the IPCC's RCP8.5 and RCP2.6 analytical scenarios to analyze the impact of climate change by prefecture.

### Analytic Model/Climate Change Parameter

We established climate change assessment models in relation to rice cultivation and animal husbandry, based on previous research and other materials. The overview of the analytic models is as described below.

#### [Rice cultivation]

- We established an assessment model to explain production volume in terms of land area planted, air temperature, precipitation, hours of sunlight and other factors using time-series data. We estimated the change in production volume by incorporating several climate change scenarios into this model.
- In our model, we explained the impact on prices using the supply-demand and quality factors. The supply-demand factor was estimated in terms of price elasticity against production volume using such data as the consumer price index, whereas the quality factor in terms of the change in percentage of first-class rice (ratio of first-class rice in the quantity of wet land non-glutinous rice inspected) due to climate change.

#### [Milk]

- We established an assessment model to explain production volume in terms of number of cattle fed, air temperature, precipitation, hours of sunlight and other factors. We adopted monthly data as milk is produced throughout the year. We estimated the change in production volume by incorporating climate change scenarios into this model. The impact on breeding was excluded due to restrictions on data and other factors.
- In our model, we used data such as milk prices to estimate price elasticity against production volume.

#### [Beef cattle]

- We established an assessment model to explain production volume in terms of the number of slaughtered cattle, cumulative temperature, cumulative precipitation, cumulative hours of sunlight and other factors. We adopted monthly data as cattle are fed throughout the year. The impact on breeding was excluded due to restrictions on data and other factors.
- In our model, we used data such as beef prices to estimate price elasticity against production volume, and the *Ushi-Marukin* system for beef cattle was incorporated via modeling.

### Adaptive Measures

We examined the possible resulting effects of the adoptive measures centering on those that have been adopted in previous research and other materials, and for which related technology has been established and introduced. We conducted analyses in the models while referring to previous research on what effects have been proven against climate change-based events, especially a rise in temperature.

### Analysis Results and Suggestions

- In estimating the impact on revenue, the costs for introducing adaptive measures were not taken into consideration. In implementing an adaptive measure, cost-effectiveness thereof should be examined in advance.

#### [Rice cultivation]

- For a temperature rise of 4°C, the analysis showed that variations differed considerably by prefecture regarding the rate of change in revenue. The analysis suggested that regional differences exist in terms of air temperature during the ripening period and/or planted varieties.

#### [Milk]

- The analysis showed substantive differences in production volume depending on season and region. The analysis suggested the possibility of further strengthening the response to the supply-demand gap between summer and winter and/or increasing interregional transportation.

#### [Beef cattle]

- The analysis suggested that Wagyu cattle and other domestic beef cattle differ in high-temperature resistance with Wagyu cattle having shown stronger resistance.
- The analysis suggested the *Ushi-Marukin* system for beef cattle has the impact of mitigating the impact on the change in production volume due to climate change.

### Analytical Data

We obtained relevant analytical data from among the published data of certain government agencies, mainly the Ministry of Agriculture, Forestry and Fisheries and the Japan Meteorological Agency.

### Limits Inherent in Our Models and Points of Concern

- This analysis is associated with production volume and prices, which are key factors in business revenue, but business spending (expenses), for example, feed cost in animal husbandry, and demand fluctuation were excluded from the analysis.
- This analysis was conducted within the scope of the data and information available. However, the data used involved some uncertainty. In addition, the analysis was conducted after setting several assumptions, given a variety of complicated impact channels.
- Consequently, the Bank recognizes that the analysis is all that is available at this time, and the Bank will need to not only elaborate on and secure more input information but also improve the current analytic models.
- This analysis addressed only the impact on producers' revenue. In analyzing the impact on its finances, the Bank will need to specify highly probable ones from among a variety of complicated impact channels. The Bank recognizes that these efforts will require further discussions to establish new analysis models.

### Initiatives to Enhance the Transition Risk Scenario Analysis and Disclosures based on the TCFD Recommendations

We began transition risk scenario analysis in the chemical sector, which we newly determined to be highly vulnerable to the impact of transition risk, in addition to the previous electric utilities, oil-gas-coal, food and agriculture and beverages sectors.

In addition, assuming carbon neutrality at around 2050, we began analysis utilizing the Net Zero 2050 scenario (1.5°C scenario), provided by the Network for Greening the Financial System (NGFS), besides the 2°C scenario announced by the International Energy Agency (IEA) and the Food and Agriculture Organization (FAO).

Meanwhile, the TCFD revised the Annex for TCFD’s Final Report and released the new Guidance on Metrics, Targets and Transition Plans in October 2021. We will enhance our TCFD disclosure from fiscal 2023 adopting these changes. By undertaking these measures, we intend to address more sophisticated analysis and enhanced TCFD disclosures. Moreover, we will continue to work on client engagement (constructive dialogue) on climate-related issues by leveraging scenario analysis results especially for supporting their transition to a low-carbon society.

		FY2021	FY2022
Transition risk	Target sector	Energy (electric utilities, oil-gas-coal), food and agriculture, beverages	Energy (electric utilities, oil-gas-coal), <u>chemical</u> , food and agriculture, beverages
	Scenario	IEA, FAO 2°C scenario, 4°C scenario	IEA, FAO 2°C scenario, 4°C scenario <u>NGFS</u> 1.5°C scenario
Physical risk	Target sector	Acute risk: Analysis of flood damage Chronic risk: Analysis of the impact of temperature rise and precipitation variations on the agricultural sector (rice cultivation, animal husbandry)	
	Scenario	IPCC 2°C scenario, 4°C scenario	

Note: The underlined portions represent the areas where we are currently reinforcing our own efforts.

### Managing Climate-Related Risks

We adopted and implemented an environmental and social risk management (ESRM) framework centered on investment and financing sector policy. This framework helps us manage environmental and social risks, including climate-related risks, in investment and financing.

In 2019, we established the Environmental Policy and the Human Rights Policy as basic policies to solve environmental and social issues.

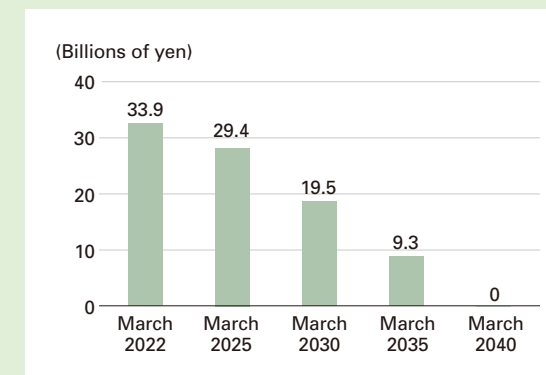
In addition, as part of our investment and financing sector policy, we established environmental and social policies for investment and financing in sectors with considerable concern of negative environmental and social impacts. These sectors include coal-fired thermal power generation, coal mining, palm oil, forestry and oil/gas.

We conduct due diligence on large-scale development projects based on the Equator Principles.

→ Initiatives to Manage Environmental and Social Risks P.38

### Finance Balance for the Coal-Fired Thermal Power Plant Project (future prospects)

The Bank does not conduct any investment and/or finance for new coal-fired thermal power plants, in principle, except for cases to cope with emergency situations such as disasters, in accordance with the Policy on Environmental and Social Considerations in Financing and Investment Activities. The Bank aims to achieve a zero balance until around 2040 regarding financing for coal-fired thermal power plant projects.

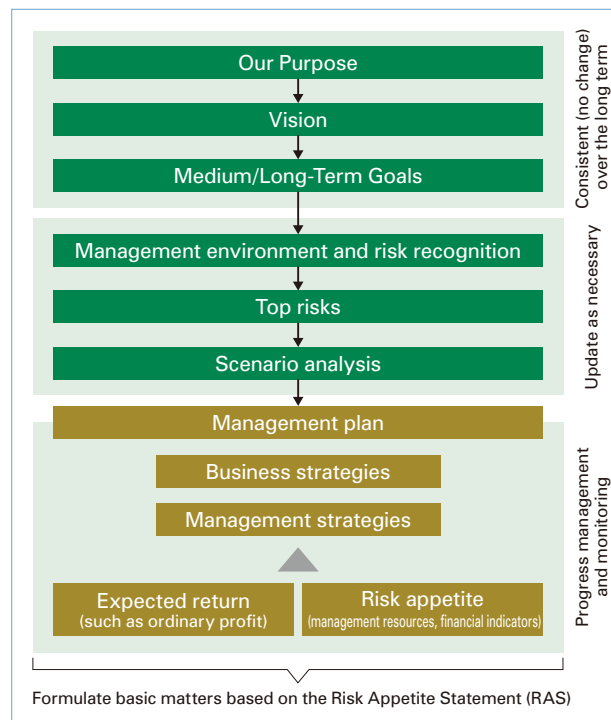


Note: Except for cases to cope with emergency situations such as disasters.

● Risk Appetite Framework (RAF) Overview

The Bank's RAF is a "framework for business administration leading to disciplined risk taking and optimizing the balance between risk and return" by clarifying the Bank's management strategies, business strategies and expected return (types and amounts of return that are set as goals), and risk appetite (types and amounts of risks that the Bank is willing to take or the Bank finds acceptable, and optimal management resources and managing them in an integrated manner. Under the RAF, with the aim of an optimal balance between risk and return, the Bank intends to further improve its soundness while adjusting to changes in the surrounding environment.

Outline of the RAF



● Reflecting on the Top Risks

The Bank issues its Risk Appetite Statement, in which it formulates and documents the basic matters related to implementation of the RAF. To formulate a management plan, based on the Risk Appetite Statement, the Bank identifies the "Top Risks" (risk events to which the Bank needs to pay special attention in the future), considering the management environment and risk recognition, and analyzes scenarios of risk events that could happen in the future. Based on the analysis results, the Bank clarifies the expected return from the implementation of the management strategies and business strategies as well as the risk appetite and formulates the management plan.

The Bank has selected a Rapid changes in the circumstances surrounding sustainability management" as one of its top risks. We recognize that rapid environmental change associated with diverse sustainability themes, such as climate change and biodiversity, is a material risk that could have an enormous impact on the sustainability of the Bank. The material risks include portfolios of increased stranded assets and adverse effects on the AFF industries caused by wind or flood damage. We aim to improve our risk management framework for respective risks by streamlining our internal perspective of risk recognition to identify the top risks. In addition, we will endeavor to practice steadily our unique sustainability perspective by considering our Purpose and Medium/Long-Term Goals while better understanding general trends in the world through discussions among management.

Metrics and Targets Related to Climate Change

● Formulation of the Medium/Long-Term Goals

We have set the Medium/Long-Term Goals FY2030 as follows: "Reduce GHG emissions by the Bank itself by 50% by fiscal 2030 (vs. fiscal 2013)," "Reduce GHG emissions of the Bank's investees and borrowers by 50% by fiscal 2030 (vs. fiscal 2013)" and "Execute new sustainable finance of ¥10 trillion by fiscal 2030." The Bank is steadily working to promote these initiatives. →Progress of Initiatives Toward the Medium/Long-Term Goals FY2030→P. 29

Reduce GHG Emissions by the Bank Itself

The Bank monitors the GHG emissions at its domestic sites with the aim of further reducing its environmental burden. The reduction of GHG emissions has been steadily achieved with measures such as upgrading system equipment and energy-saving efforts at the respective sites.

	As of March 31, 2014	As of March 31, 2021
Scope 1	2,200 tCO <sub>2</sub>	1,256 tCO <sub>2</sub>
Scope 2	30,200 tCO <sub>2</sub>	19,057 tCO <sub>2</sub>
Total	32,400 tCO <sub>2</sub>	Reduction of 37% 20,313 tCO <sub>2</sub>

Carbon-related assets (as of March 31, 2022)\*

Sector	Share of the total portfolio amount
Energy	¥391.0 billion (1.7%)
Utilities	¥552.5 billion (2.4%)
Total	¥943.6 billion (4.1%)

Financed amount: ¥22.9 trillion (as of March 31, 2022)


\*Financed assets, excluding the financed assets for renewable power generation, etc., from the financed assets that belong to the energy and utilities sectors based on the TCFD recommendations, are defined as carbon-related assets.




# Progress of Initiatives Toward the Medium/Long-Term Goals FY2030


To realize the Bank's Purpose, we are steadily promoting initiatives toward the Medium/Long-Term Goals FY2030.


→ P30 ~



Reduce GHG emissions  
50% by FY2030 vs. FY2013

- 

Reduce GHG emissions of the Bank's investees and borrowers  
by 50% by FY2030 vs. FY2013
- 

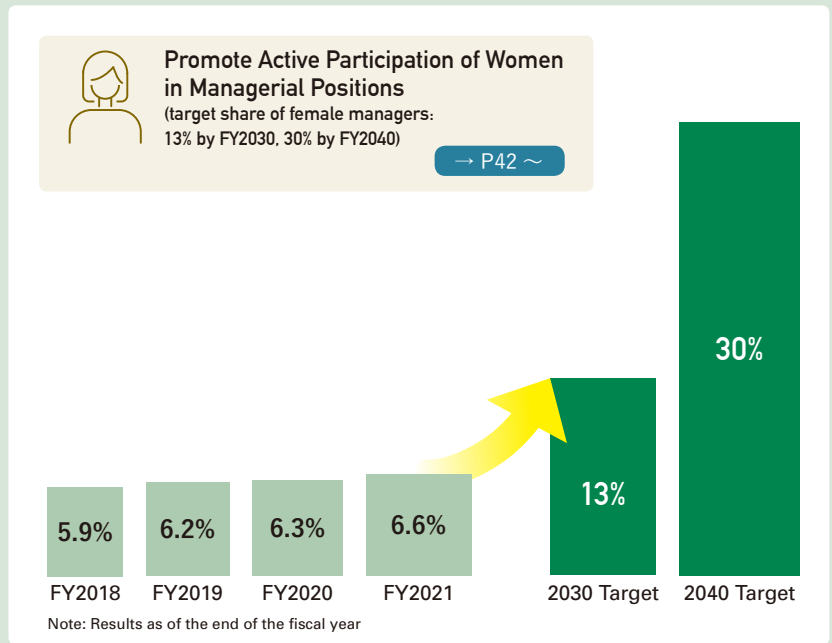
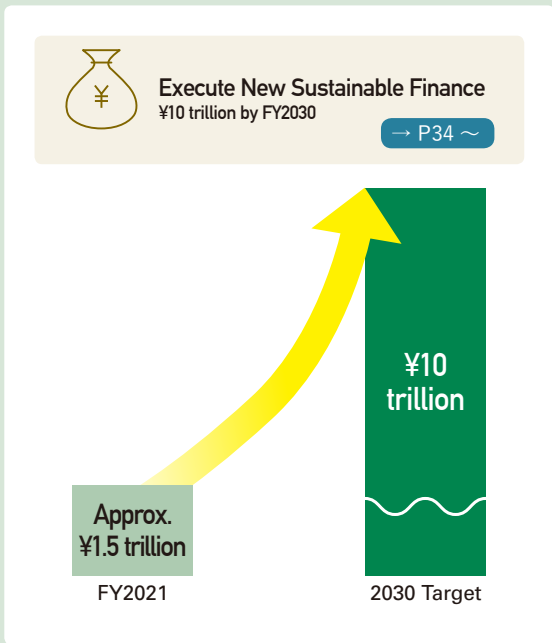
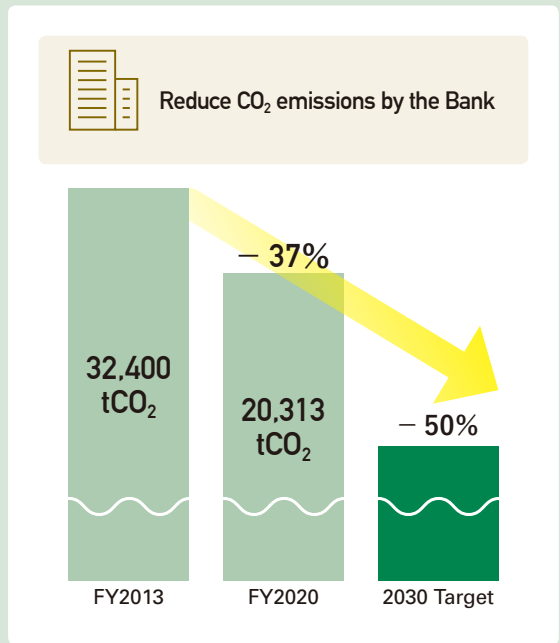
Increase the absorption of CO<sub>2</sub> via forests, together with JForest members
- 

Reduce CO<sub>2</sub> emissions by the Bank itself by 50% by FY2030 vs. FY2013

→ P40 ~



Increase the income of farmers, fishermen and foresters



# Reducing GHG Emissions at Investees and Borrowers

## Engagement with Clients

To realize a 50% reduction of GHG emissions, which is set forth in the Medium/Long-Term Goals FY2030, we will secure business opportunities and reinforce risk management, while sharing a recognition of climate-related issues and supporting the transition of our clients to a decarbonized society through engagement (constructive dialogue) with them.

### Collaboration with the National Agriculture and Food Research Organization (NARO)

Agriculture is evaluated globally as a sector with high carbon emissions. Meanwhile, decarbonization-focused technologies and methodologies for agricultural production are limited, and no effective mechanism to properly reflect decarbonization initiatives in the computation of agricultural GHG emissions has yet been established.

To address this issue, the Bank launched an original initiative (the MABI Project\*) in collaboration with the NARO to promote and support the efforts of agricultural producers to reduce GHG emissions. We intend to establish a standard for measuring emissions that would appropriately reflect previous decarbonization efforts and spread GHG reduction technology through this initiative. At the same time, we will strive to contribute to solving environmental issues in agriculture by implementing decarbonization management and measuring GHG emissions in support of agricultural corporations.

\*MABI: Measurements of GHG in Agriculture and Better Implementation

### Support for Clients' GHG Measurements

Toward creating a decarbonized society, disclosure of information related to climate change is keenly required nowadays. Accordingly, every company is requested to respond to the measurement and reduction of GHG emissions not only of itself but also of its overall supply chains. The Bank will therefore provide solutions for its customers' decarbonization in collaboration with consulting companies on the measurement of GHG emissions and assistance in responding to the CDP's questionnaire, thereby contributing to solving environmental and social issues.

From the  
Front Lines



Food &  
Agri Business  
Planning Division.

ITO Yumiko

GHG (emission) measurement is the first important step to achieving decarbonization. However, there is a structural problem regarding GHG measurements in the agricultural sector: Reductions in GHG emissions for agricultural production cannot be accurately reflected given the relevant international rules. We are therefore not only addressing GHG emission measurements by agricultural corporations and companies but also creating a new mechanism to fill in the gaps between these efforts and the existing GHG measurement system. To realize a decarbonized society, a mechanism to facilitate a GHG measurement-reduction cycle is essential, along with support to ensure that the cycle operates effectively. I am confident that we can develop solutions that the Bank could provide.

The Bank has a broad range of connections with administrative bodies and research institutes in the agricultural field and/or various companies centering on the food industry, with the aim of becoming a leading bank to support food and lives in communities. Given such circumstances, I feel that the Bank has a significant role to perform in addressing agriculture-related decarbonization issues. I hope that we can engage in developing the future of our Food and Agriculture Business, as well as the AFF industries, while focusing on dialogues with stakeholders in the food and/or agriculture sectors to address the role of regional AFF industries in a sustainable society.

## Measuring GHG Emissions at the Investees and Borrowers

We are endeavoring to achieve the target “Reduce GHG emissions of the Bank’s investees and borrowers by 50% by fiscal 2030 (vs. fiscal 2013)” as set forth in the Medium/Long-Term Goals FY2030. We recognize this as an important task to measure and reduce GHG emissions because indirect GHG emissions through investments and loans (Financed Emissions, Scope 3 Category 15) account for a sizable share of the total GHG emissions of financial institutions.

In fiscal 2021, we made a provisional estimate of GHG emissions to better understand the current situation of GHG emissions, targeting a broad range of asset classes in our investment and finance portfolios. The estimate covered loans, corporate bonds and stocks intended for industrial corporations (including matters for investment and finance in the form of any funds).

### (1) Methodology to measure financed emissions

- In the provisional estimate of GHG emissions, we referred to the measuring methodology proposed by the PCAF. The PCAF is an international initiative that aims to formulate and disseminate measurement and reporting standards regarding GHG emissions for investment and financing portfolios. As of February 2022, 210 financial institutions had affiliated globally. The Bank became a member of the PCAF in March 2022. In the future, the Bank will further improve initiatives related to the measurement and disclosure of GHG emissions of its investment and financing portfolios by leveraging the PCAF’s knowledge and databases.
- According to the measuring technique proposed by the PCAF, the GHG emissions by the investee or borrower of each financial institution are computed based on the exposure to the borrowers and the value of the investment in a company/project (investment/finance share). The specific computation is as follows:

$$\left[ \text{Total GHG emissions at the Bank's investees and borrowers} \right] = \sum \left( \frac{\text{Outstanding amount of the Bank's investment/financing to each company}}{\text{Shareholders' equity + Dept. of each company}} \times \text{Total GHG emissions at each investee/borrower}^{*1} \right)$$

\*1 Covering Scope 1 and Scope 2

### (2) Results

The provisional estimate for investments and financing intended for industrial corporations was 20.2 million tCO<sub>2</sub>.

	As March 31, 2020
Emissions (million tCO <sub>2</sub> )	20.2
Emissions (tCO <sub>2</sub> ) per investment/financing amount of ¥100 million	110
Computed exposure of the investments and loans (trillion yen)	18.4
(Reference) Non-computed exposure of the investments and loans (trillion yen)	1.8

Notes:  
 1. This table reflects provisional estimates at this time. The values could vary depending on whether the measurements are further refined in the future.  
 2. The Bank has not obtained a third-party certificate for the provisional estimates.

### (3) Issues

- The disclosure situation of emission data by the respective investees and borrowers is often disorganized and different. We also recognize a significant issue is that the computed emissions at our investment and finance clients need to be estimated to a certain degree in case they are not disclosed.
- If the emission data at our investees and borrowers were not disclosed, we assumed “emissions based on economic activity” by utilizing assumption data provided by outside information vendors, as well as the relevant data on sales and emissions intensity at the Bank’s investees and borrowers as supplementary information. The PCAF has determined the following Data Quality Score methodology to assess the quality of the assumed emission data and recommends computing said scores. Meanwhile, the computed result of this provisional estimate reflected a score of approximately 2.75. We intend to continue raising the score.

Level	Methodology to measure financed emissions		
Score 1	Company's disclosed data	1a	<ul style="list-style-type: none"> <li>• There are data on the balances of investments and financing, and financial data of the target company.</li> <li>• Certified emissions are disclosed.</li> </ul>
		1b	<ul style="list-style-type: none"> <li>• There are data on the balances of investments and financing of the target company, and financial data of the target company.</li> <li>• Uncertified emissions are disclosed.</li> </ul>
Score 2	Emissions based on physical activities	2a	<ul style="list-style-type: none"> <li>• There are data on the balances of investments and financing, financial data and energy consumption data of the target company, but emissions are not disclosed.</li> <li>• Emissions are computed using energy consumption and relevant coefficients.</li> </ul>
		2b	<ul style="list-style-type: none"> <li>• There are data on the balances of investments and financing, and financial data of the target company. Emissions are not disclosed.</li> <li>• Emissions are computed using production volume and emission intensity.</li> </ul>
Score 3	Emissions based on economic activities	3a	<ul style="list-style-type: none"> <li>• There are data on the balances of investments and financing, financial data and sales data of the target company, but emissions are not disclosed.</li> <li>• Emissions are computed using sales and emission intensity.</li> </ul>
		3b	<ul style="list-style-type: none"> <li>• There are data on the balances of investments and financing of the target company, but emissions are not disclosed.</li> <li>• Emissions are computed using the data on the balances of investments and financing of the target company, as well as emission intensity per asset unit.</li> </ul>
Score 5		3c	<ul style="list-style-type: none"> <li>• There are data on the balances of investments and financing of the target company, but emissions are not disclosed.</li> <li>• Emissions are computed using the data on the balances of investments and financing of the target company, emission intensity per sales unit and asset turnover.</li> </ul>



# Restoring a Healthy Circulation of Forest and Forest Industry; Providing Full Support for Wood Utilization Initiative

Japan is a forest superpower, with forests accounting for about two-thirds of its national land area. Forests have multiple functions, and among them the carbon absorption capacity of forests is attracting attention as Japan and other countries grapple with climate change. Forests also play an important role in preserving biodiversity. On the other hand, the forest industry has many problems, including low timber prices, high costs for replanting and the difficulty of business succession. In cooperation with forest owners' cooperatives, the Bank will address the upstream, midstream and downstream issues regarding forests and the forest industry to contribute to fulfilling the multiple functions of forests.

The Norinchukin Bank/JForest Association Initiatives	
<b>Upstream Issues</b> Management intensification, integration and expansion of raw wood production 	<b>Nochu Potential Forest Productivity Fund</b> This fund was established in 2005 (the former fund until 2013) and subsidized 115 projects nationwide over a total of 18,400 hectares valued at ¥2.31 billion as of the end of fiscal 2021. This fund contributes to the regeneration of degraded privately owned forests by subsidizing projects that aim to maintain the public benefits and the sustainable multiple functions of forests.
	<b>Forestry Labor Safety Improvement Measures</b> The annual death/injury rate per 1,000 workers in the forest industry is at a level about nine times the average of all industries. It is urgent to improve labor safety in the forest industry. This project subsidizes the purchase of forestry work safety equipment, etc., which is offered to Japan Forest Owners' Cooperatives, private businesses contracted by cooperatives and students of forestry colleges, etc. (3,185 cases/¥500 million from FY2015 to FY2021). <a href="#">→ P33</a>
	<b>Low-Cost Forest Replanting Measures</b> To achieve circular forests and forestry management, we have put forth reforestation using a lower-cost planting promotion project. To solve this issue, in fiscal 2020 we created a new initiative called the Low-cost Forest Replanting Project in partnership with JForest Zenmoriren (National Federation of Forestry Owners' Cooperative Association). This focuses on halving the costs of growing forests, shortening the cutting cycle and finding new distribution channels. <a href="#">→ P33</a>
<b>Midstream Issues</b> Productivity improvement of processing and marketing 	<b>Export Support</b> Wood exports from Japan are on the rise (¥47.5 billion in fiscal 2021), mainly due to a growing demand for wood overseas. We support exports through timber intensification in cooperation with a network of forest owners' cooperatives, and we are exploring new demand for Japanese timber overseas.
	<b>Wood Solution Network (WSN)</b> To solve the issues facing the forestry industry in Japan, we must create a platform by which various companies and organizations (from upstream forest owners' cooperatives to midstream lumber, processing and distribution companies, and finally to the nearest downstream end users) come together to solve issues. In 2016, the Norinchukin Bank established the Wood Solution Network to expand the utilization of wood, focusing on Japanese wood.
<b>Downstream Issues</b> Wood demand expansion and wood utilization expansion 	<b>Spreading Wood Use Education and Expanding the Utilization of Wood Products Nationwide</b> As part of the efforts to expand the utilization of Japanese wood, we cooperate with a network of forest owners' cooperatives nationwide to promote education by using wood products in events sponsored by government, schools, etc., nationwide. We also participate in activities to donate wood products.

From the Front Lines



Fukuoka Branch  
**TOGO Eri**

The forestry industry requires a long business cycle from planting to logging in the span of about 50 years. Forest owners' cooperatives support the forestry industry through forest maintenance and other operations from a long-term perspective.

The Fukuoka Branch yearly provides all forest owners' cooperatives in Fukuoka Prefecture with managerial advice from a medium- to long-term perspective and in collaboration with the prefectural government and the prefectural federation of forestry cooperatives. Our financial analysis using data from all the prefectures in Kyushu has a high reputation for its ease of comparison between the prefectures and is utilized as a tool for recognizing and sharing managerial status on a prefectural basis.

The Medium/Long-Term Goals FY2030 set out by the Bank include "Increase the absorption of CO<sub>2</sub> via forests, together with JForest members" and "Increase the income of farmers, fishermen and foresters." Amid the progress of global warming, the role of forests as a source of CO<sub>2</sub> absorption is attracting attention with expectations for forest owners' cooperatives growing year by year. In the coming years, we will offer support for forest credit initiatives, thereby contributing to the carbon neutrality of our investees and borrowers. By promoting forest maintenance and issuing and selling forest credits, we will also strive to increase the income of forest owners.



Topics

### Contributing to the Realization of a Sustainable Society Through Wood Utilization

The fulfillment of forests' multiple functions, appropriate maintenance and effective utilization of logged forests are pressing issues.

The Bank has joined the Japan Wood Design Association (JWDA)\* in an aim to facilitate the use of domestic lumber and realize a sustainable society by utilizing forest resources.

\*Established in December 2021, the Japan Wood Design Association refers to efforts aimed at solving social issues using wood as "wood design," and aims to contribute broadly to society through efforts to turn the forest industry into a growth industry, revitalize local communities and realize a sustainable society including decarbonization.



Ceremony to commemorate the establishment of the JWDA

### Low-Cost Forest Replanting Project to Shorten the Replanting Cycle and Reduce Costs

The main points of the Low-Cost Forest Replanting Project are 1) using fast-growing trees, 2) using large-container nursery trees and 3) less dense planting. Demonstration experiments have been started at three sites in Japan— JForest Neba Village in Nagano Prefecture, JForest Miyoshi Regional in Hiroshima Prefecture and JForest Miyakonojo in Miyazaki Prefecture. Results obtained from these will be extended nationwide, and we will encourage replanting after major logging.

Points	Description	
① Using fast-growing trees	The tree species that grow faster than cedar and cypress (China fir, for this project)	Used to shorten the replanting cycle from 50 to 30 years.
② Using large-container nursery trees	Large-container nursery trees are used to integrate cutting and replanting operations, thereby eliminating the need for creating a foundation and reducing the frequency of weeding operations.	The period of operations was shortened from 3–4 years to several months.
③ Less dense planting	Generally, the number of trees planted per hectare is 3,000. The project reduced the density of planting to 1,500 trees per hectare, eliminating the need for thinning operations.	Number of trees planted was halved: 3,000 trees/ha → 1,500 trees/ha for the project



Containerized seedlings

### Forestry Safety Education 360 Degree VR that Improves the Labor Safety of Forestry

The Bank expanded the lineup of "forestry labor safety improvement measures" in fiscal 2020 by introducing the "Forestry Safety Education 360 Degree VR: Chainsaw Cutting Operation."

In fiscal 2021, we additionally produced two educational videos "Disposing of Hanging Trees" and "Chainsaw Kickback" reflecting feedback from viewers.



#### Images of VR



# Solving Environmental and Social Issues Through Sustainable Finance

## The Norinchukin Bank Sustainable Finance Goals

As a member of cooperative organizations supporting the industries, The Norinchukin Bank understands that our businesses are part of the life and natural environment sustained through these industries. We pursue sustainability management, including support for the SDGs, to solve environmental and social issues, pursuing sustainability in society (including the

AFF industries) and our business activities. Our main contribution to this goal is through finance. We approach sustainable finance through the dual aspects of securing business opportunities and engaging in risk management.

In addition to credit decisions based on traditional finance risk, the Norinchukin Bank has adopted the ESG Integration framework. We use this framework not only for internal controls but also as a tool to engage in dialogue with our business partners.

### Secure Business Opportunities

#### Sustainable Finance [→ P.35](#)

We conduct investment and financing activities to generate profit and to contribute to the development of a sustainable environment and society and to the growth of the AFF industries.

FY2021 new finance Approximately **¥1.5 trillion**      2030 medium/long-term goal New finance **¥10 trillion**

Our sustainable finance refers to the following:

- **Investment and finance**
  - sustainability linked loans, green loans, social loans, sustainability loans, transition loans
  - Investment and lending to companies with ESG-related certification, and authorized investment and lending
  - Other investment and lending for the resolution of environmental and social issues
- **Funding**
  - Sustainability-related funding

#### Breakdown

■ <b>Investments and finance</b>	Approximately <b>¥1.4 trillion</b>
Market investment assets	Approximately <b>¥0.9 trillion</b>
Project finance	Approximately <b>¥0.4 trillion</b>
ESG loans	Approximately <b>¥0.1 trillion</b>
■ <b>Funding</b>	Approximately <b>¥0.1 trillion</b>

#### ESG Integration [→ P.35](#)

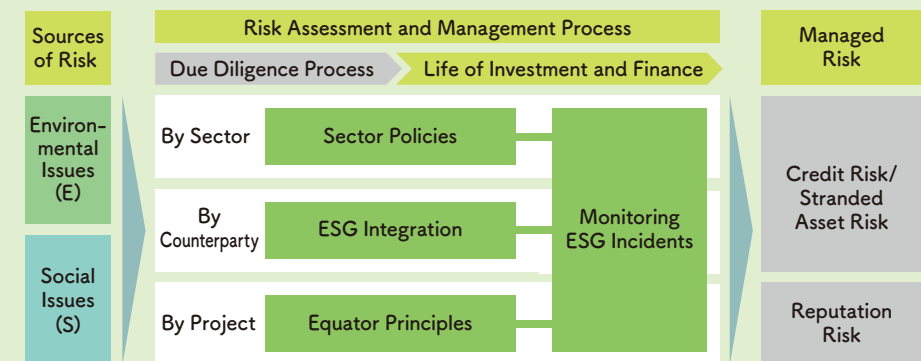
We are striving to build a decision-making process for investment and finance decisions that integrates a recognition of environmental and social risk into credit decisions based on the traditional financial risk evaluation process. This framework is a tool not only for internal controls but also for engaging in dialogue with customers based on non-financial information.

### Risk Management

#### Environmental and Social Risk Management (ESRM) [→ P.38](#)

We have built an ESRM framework to assess and manage environmental risks and social risks prior to making investment and financing decisions for individual customers and projects.

#### ■ The ESRM Framework



### Sustainable Finance

At The Norinchukin Bank, we have set a Medium/Long-Term Goal the amount of ¥10 trillion in new finance provided by 2030. To date, of our approximately ¥59.6 trillion in market assets, we have allocated ¥3.6 trillion to sustainable investment and financing (as of March–end 2022).

2030  
Sustainable Finance Transaction Target  
**¥10 trillion**

### ESG Integration

We incorporate ESG integration into our investment and finance projects assessment as part of our environmental and social risk management (P.38). Our investment decisions are based on a comprehensive evaluation integrating financial analysis and ESG assessment related to the customer. By engaging in dialogue with our customer throughout this process, we learn of their concerns and issues. In so doing, we support our customer’s sustainability initiatives and create new business opportunities.

### Impact Investment Creates Positive Effects on the Environment and Society

“Impact Investment,” which creates positive effects on the environment and society while gaining appropriate economic returns, is drawing increasing attention as it contributes to solving environmental and social issues directly through investment.

In fiscal 2022, the Bank initiated an investment program that enables investing in impact private equity funds\*<sup>1</sup> amounting up to ¥15 billion.

In April 2022, part of the program was used to invest in an impact private equity fund formed by an affiliate of Apollo Global Management Inc.\*<sup>2</sup>, aiming to create positive effects on not only climate change but also educational opportunities, healthcare, welfare and others.

\*1 Private equity funds aimed at creating impacts on the environment and society as well as economic returns are collectively called impact private equity funds.

\*2 Apollo Global Management, Inc., is a leading private equity investment company established in 1990.

From the  
Front Lines



Markets Division  
**SAKAMOTO  
Daisuke**

The Bank developed its own due diligence checklist to evaluate impact funds by the degree of contribution to the environment and society. The Bank ensures high-quality impact investment by comparing more than one impact fund using this checklist. The due diligence checklist has not yet been standardized and requires continued review, but we believe it is important to create positive effects on the environment and society through impact investments.

If we continue to accumulate measurement know-how through impact investments and become able to measure the impacts our investees and borrowers have on the environment and society, that could further enhance our sustainable finance.



Norinchukin Zenkyoren  
Asset Management  
Co., Ltd.  
Investment Division  
Alternative Group  
**OKUMURA Aya**

We provide advice on impact investments mainly from the perspective of financial returns. Due to the short history of impact investment, analysis of the probability of producing returns is more difficult than that for conventional investments. However, by effectively using the knowledge and methods The Norinchukin Bank has accumulated through its private equity fund investments and ensuring close collaboration among the group companies, we have overcome the difficulty faster than expected.

Many global investors are highly aware of how their investments contribute to society and the environment, and that tendency, I believe, will be further accelerated. As an asset manager, I will continue to contribute to encouraging the growth of impact investments.

### Creation of Sustainability Linked Loans and Other ESG Loan Products

The Bank handles ESG loan products with an aim to support our customers to advance their initiatives for solving environmental and social issues from a strategic approach. At the same time, we support the medium- and long-term corporate value of our customers. Sustainability linked loans involve Sustainability Performance Targets (SPTs) based on customer business strategy. Linking loan conditions with progress toward achieving SPTs motivates customers to achieve their goals.

We also launched loan products with restrictions on how funds are used and compliant with Green Loan Principles — green loans (for environmentally friendly businesses), social loans (for socially friendly businesses) and sustainability loans (for environmentally and socially friendly businesses). In addition, we started transition loans to supply funds according to companies’ engagement in the transition efforts for decarbonization.

Through these loan products, we support our customers to promote their initiatives for solving environmental and social issues.

Product name	Fund usage	
Sustainability Linked Loans	No restrictions (set SPTs)	
Green Loans	Restricted	Environmentally friendly businesses
Social Loans		Socially friendly businesses
Sustainability Loans		Environmentally and socially friendly businesses
Transition Loans	Limited/Not limited Climate Change Initiatives	

#### Topics

### Contribution to Reducing the Environmental Load in the Food Business

MEGMILK SNOW BRAND Co., Ltd. (the “company”), engages in such efforts as energy conservation of its factory equipment, use of environment-friendly materials and waste reduction with an aim to achieve coexistence of the food business with the global environment.

The Bank concluded a contract in March 2022 to provide sustainability linked loans with the company to support the company’s initiatives to reduce its environmental load.

For this loan product, we set a Sustainability Performance Target to reduce CO<sub>2</sub> emissions by 50% by FY2030 compared with FY2013.

From the Front Lines



Corporate Business Division, IV

**FUTAMI Tomoyuki**

Because sustainability linked loans have many benefits, including incentives regarding interest rates, appeal to investors in Japan and abroad, and motivation to achieve the SPTs, they can support operators in various industries to contribute to reducing the environmental load and achieving the SDGs.

Before concluding the contract with MEGMILK SNOW BRAND Co., Ltd., we discussed our impact on various social issues and the future of the dairy and beverage industries. These discussions led to the conclusion of the contract, sharing an aim to contribute to the realization of a carbon-free society by using sustainability linked loans.

Through daily communications with customers, I feel the growing need for ESG loans. By making full use of the Bank’s resources, I will continue to make active proposals that could contribute to the sustainability of customers and society.



**Contributing to the stable supply of food and the conservation of marine resources through the onshore farming business**

Fish Farm Mirai LLC (the “company”) meets the challenge of environmental issues such as the prevention of marine pollution and the preservation of biodiversity, as well as social issues such as the sustainable provision of foods and revitalization of local industries, through the promotion of the onshore farming business of rainbow trout (often called “Trout Sermon” in Japan).

The Bank entered into a sustainability loan agreement with the company in March 2022 to provide financial support for this initiative that could help resolve diverse environmental and social issues. The Bank currently offers widespread backing for this business including financing.

This business obtained the highest rating of “SU1 (F)” by Japan Credit Rating Agency, Ltd., which highly evaluated the social benefits and environmental improvement effect of the business.

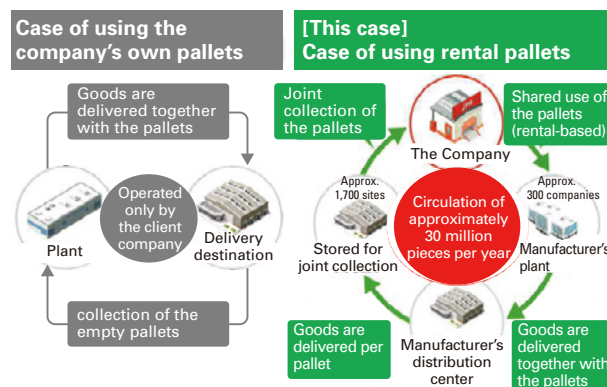


Preserve under a demonstration experiment

**Contributing to a recycling society via clean transportation**

Japan Pallet Rental Corporation (the “company”) has structured a shared-use framework for rental-based pallets, with the aim of pursuing a recycling society by reducing the quantity of pallets. In addition, the company is taking the initiative to promote distribution efficiency and environmental improvement with measures including the reduction of CO<sub>2</sub> emissions via enhanced transportation efficiency (78% reduction overall) and the development of a regular flight-matching service for companies by utilizing the logistics data it maintains and AI technology.

The Bank has determined that the company’s conversion to clean transportation via the improvement of distribution systems contributes to reducing the environmental burden and creating a recycling society. Accordingly, in July 2021, the Bank entered into a green loan agreement on a fund to purchase pallets with the company.



**Contributing to climate change-related issues**

Mitsubishi Estate Logistics REIT Investment Corporation (the “company”) has addressed several environmental issues through its investment activity, such as employing energy-saving and resource-saving initiatives at distribution sites and creating renewable energy.

The Bank launched a sustainability-linked loan with the company in February 2022 to provide financial support for the company’s investments in facilities that boast excellent energy efficiency while considering the environmental burden.

The loan set a “100% rate of Green Building Certification obtained” and other Sustainability Performance Targets (SPTs) as sustainability targets for fiscal 2030.



A solar power generation system in a logistics facility owned by the company



# Initiatives to Manage Environmental and Social Risks

## Aiming to Improve Risk Governance

The extent and importance of environmental and social challenges to be addressed is increasing in practicing sustainable finance. It is essential for us to evaluate and consider environmental and social risks when considering whether to provide financing or investment to clients or projects. Under our Environmental and Social Risk Management (ESRM) framework, the front-line department assesses environmental and social risks, and the risk management department exercises the monitoring and checking function. In addition, an internal escalation process for decision-making at the management level on an as needed basis is established. We will work on advancing the sophistication of our ESRM framework in a phased manner, aiming to incorporate the framework into integrated risk management.

### From the Front Lines

Risk Management Division.

**OMORI Keisuke**



The Environmental and Social Risk Management (ESRM) framework promotes the sustainable finance of the Bank through such initiatives as investment and financing sector policies, the Equator Principles and ESG integration. At the same time, we think the framework has an influence on the entire business activities of the Bank, including the grasp of investment and business opportunities and financing.

As the world circumstances have been changing in recent years, expanding environmental and social issues, I feel projects that require careful consideration in that respect are increasing. To address that, we are making systematic responses by appropriately adding and reviewing the investment and financing sector policies and utilizing the escalation framework introduced in 2021. Moreover, we will promote advancement of the ESRM by incorporating environmental and social risk factors into existing credit risk management through ESG integration, etc.

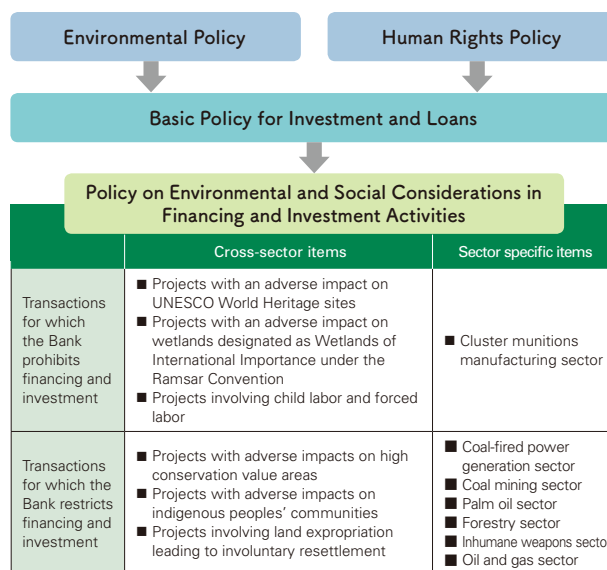
## Specific ESRM Initiatives of the Norinchukin Bank

The Norinchukin Bank established our Environmental Policy and Human Rights Policy in 2019 as basic policies to resolve environmental and social issues. Based on these policies, we engage in appropriate risk management according to priority for topics and sectors recognized as having strong potential for significant adverse impacts on the environment and society.

### Sector Policies

The Norinchukin Bank has formulated policies on environmental and social considerations in providing financing or investment for businesses that could have significant adverse impacts on the environment and society. We will continue to revise these policies as needed, considering domestic and international trends regarding initiatives to address social and environmental issues, as well as the

### Policy on Environmental and Social Considerations in Financing and Investment Activities



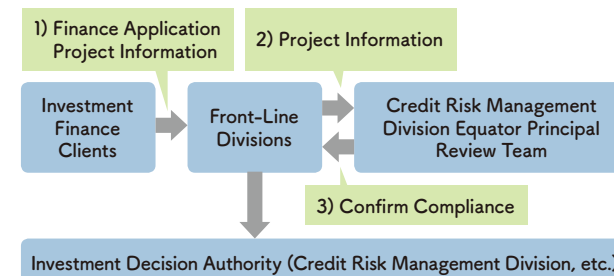
expectations from our stakeholders and points of view of them (see page 39 for details).

### ESG Integration in Risk Management

The Risk Management Department evaluates environmental and social risks for financing and investment and serves as a second line to support ESG integration conducted by the front-line department.

### Equator Principles

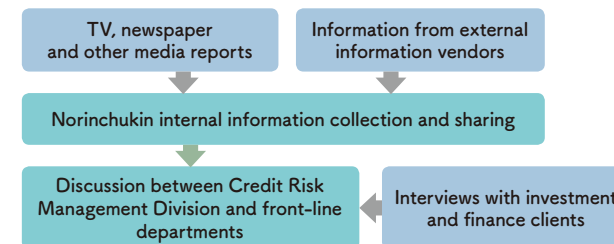
We confirm compliance with the Equator Principles and monitor compliance with the covenants.



### Responding to Environmental and Social Incidents

By periodically monitoring the environmental and social incident information\* of our clients, we can take action to avoid the reputation risk or credit risk caused by environmental and social risks.

\* Information on corporate and business activities and related events that could have serious impact on the environment or society.



# Revision of the Policy on Environmental and Social Considerations in Financing and Investment Activities

## 1. Positioning of the Policy

The Policy has been formulated to set out the Bank's policy on environmental and social considerations in financing and investment activities based on the Environmental Policy and the Human Rights Policy, which clarify our fundamental approach to resolving environmental issues and respecting human rights.

## 2. Transactions Subject to the Policy

The Policy applies to all financing and investment activities that we will provide for our clients.

## 3. Details of the Policy

Taking into consideration severity and nature of impacts on the environment and society, we have established the "Transactions for which the Bank prohibits financing and investment" and "Transactions for which the Bank restricts financing and investment" as follows. Each of the transaction categories is further classified into "Cross-sector items" and "Sector specific items" to organize the contents of the Policy. We will not provide financing or investment to any transactions listed in the "Transactions for which the Bank prohibits financing and investment." When considering whether to provide financing or investment to any transactions listed in the "Transactions for which the Bank restricts financing and investment," we will confirm the client's response to and consideration for environmental and social issues, and then make cautious decisions on whether to provide financing or investment after discussion at the management level as necessary.

### ① Transactions for which the Bank prohibits financing and investment

#### A. Cross-sector items

In recognition of the serious risks to have significant adverse impacts on the environment and society, we refuse to engage in transactions related to the following types of projects:

- Projects with an adverse impact on UNESCO World Heritage sites
- Projects with an adverse impact on wetlands designated as Wetlands of International Importance under the Ramsar Convention
- Projects involving in child labor and forced labor

#### B. Sector specific items

##### (A) Cluster munitions manufacturing

Civilian populations have been greatly affected by cluster munitions and are recognized by the international community as inhumane weapons. Based on such recognition, we will not provide financing or investment to any cluster munition manufacturers.

### ② Transactions for which the Bank restricts financing and investment

#### A. Cross-sector items

In recognition of the potential to have significant adverse impacts on the environment and society in relation to the following types of projects, we will confirm the client's consideration for and response to environmental and social issues, and then make cautious decisions on whether to provide financing or investment:

- Projects with adverse impacts on high conservation value areas (IUCN Category I-IV)
- Projects with adverse impacts on indigenous peoples' communities
- Projects involving inland expropriation leading to involuntary resettlement

#### B. Sector specific items

##### (A) Coal-fired power generation

Coal-fired power generation has a risk of adverse impacts on the environment and society primarily due to the emission of more greenhouse gases compared to other types of power generation.

Based on such recognition, we will not provide financing or investment to any new coal-fired power plants unless it is required to respond to disasters and other emergencies. Meanwhile, we continue to support technologies and initiatives that support the transition to a decarbonized society, such as Carbon Dioxide Capture and Storage technology (CCS), which will contribute to reduction in the emission of greenhouse gases.

##### (B) Coal mining

With regard to coal mining, we assume a risk of coal becoming stranded assets due to the transition to a low-carbon society. In addition, improper management of coal mining operation may pose a risk of adverse impacts on the environment and society, such as the occurrence of occupational injuries caused by coal mining accidents, pollution of water systems (rivers and oceans) caused by mining waste, and destruction of ecosystems. We are also aware of the importance of consideration for human rights issues such as infringement of the rights of indigenous peoples and communities, health problems, and forced and child labor. Based on such recognition, we will assess the implementation status of environmental and social considerations by our clients when considering whether to provide financing or investment to clients who operate the coal mining business.

We will not provide financing or investment to coal mining projects in the U.S. Appalachian areas using the mountaintop removal (MTR) method (a type of surface mining), which has severe impacts on the natural environment.

We will not provide financing or investment to thermal coal mining projects.

#### (C) Palm oil

Palm oil is used in a variety of consumer products, such as chocolate, margarine, snacks and soaps, making it an important ingredient indispensable for people's lives. On the other hand, we recognize that the development of palm plantations may cause conflicts over indigenous land rights; various environmental issues such as forests fires and smoke pollution (haze) caused by the development of peatlands, deforestation of tropical rain forests and slash and burn agriculture, and damage to biodiversity; and human rights issues such as child labor and low wage labor. Based on such recognition, we will assess the implementation status of environmental and social considerations by our clients when considering whether to provide financing or investment to clients who operate the plantation and oil extraction business for palm oil production. In addition, when we provide financing or investment to the palm oil business described above, we will verify whether the client complies with the Bank's policy regarding its intended use of funds and has certified relevant operations according to RSPO (Roundtable on Sustainable Palm Oil). We will examine its action plans to achieve certification when relevant operations are yet to be eligible for the certification.

#### (D) Forestry

Forests play a significant role in mitigating global warming by absorbing and storing carbon dioxide and are valuable resources that contribute to biodiversity conservation. Deforestation has severe impacts on the global environment. Based on such recognition, we will assess the implementation status of environmental and social considerations by our clients and aim to contribute to environmental conservation. In addition, when we provide financing or investment to clients who are engaged in logging business in emerging countries, we will verify whether the client complies with the Bank's policy regarding its intended use of funds and has certified relevant operations according to internationally recognized certification organizations: Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC). We will examine its action plans to achieve certification when relevant operations are yet to be eligible for the certification.

#### (E) Inhumane weapons

Nuclear weapons, biological and chemical weapons, and anti-personnel mines, which have indiscriminate and serious effects on civilians, are internationally accorded to have entailed risks that cannot be ignored for humanitarian concerns, along with cluster munitions. Based on such recognition, we will not provide financing or investment for the manufacturing of nuclear weapons, biological and chemical weapons, or anti-personnel mines.

#### (F) Oil/Gas

Oil and gas drilling and pipeline installation could pose the risk of adversely affecting the environment and society, through the pollution of the seas and rivers because of oil and gas spills, as well as the infringement of the rights of indigenous people and communities. Arctic petroleum and gas drilling projects (in the region north of 66°33' north), in particular, not only raise concerns over the potential destruction of the ecosystem and marine pollution through oil and gas spill accidents but also require the protection of rare species and the consideration for the livelihood of the indigenous people. Furthermore, the production of oil sands uses massive volumes of hot water and steam, which leads to the generation of greenhouse gases, while shale oil and gas development causes groundwater quality contamination and other forms of pollution due to the massive volumes of water used and the injection of chemical substances in the hydraulic fracturing process. We recognize the immensity of the environmental burden posed by these developments and the potential infringement of the rights of indigenous people and communities resulting from these developments. Based on such recognition, when considering whether to provide financing or investment to oil and gas drilling and pipeline installation projects, we will assess the implementation status of the environment and social considerations by our clients and thereupon make an appropriate decision on the financing or investment to avert any significant adverse impact.

## 4. Review of the Policy

Considering the results of implementation of the Policy and trends in Japan and overseas regarding initiatives to address environmental and social issues, we will regularly review the appropriateness and sufficiency of the Policy at the management level, and then revise the Policy and enhance its implementation as necessary.

## 5. Education and Training

In order to enhance officers' and employees' knowledge on environmental and social issues, and deepen their understanding of the Environmental Policy and the Human Rights Policy, as well as the Policy, the Bank continuously conducts education and training for all officers and employees. We also ensure that officers and employees will fully comply with the rules and procedures related to the Policy.

## 6. Stakeholder Communication

We continuously engage in dialogue with stakeholders on a variety of sustainability-related topics, including environmental and social issues handled in the Policy. We believe that those initiatives will be helpful to properly and timely identify environmental and social issues which we must address through the revisions of the Policy to further increase its effectiveness.

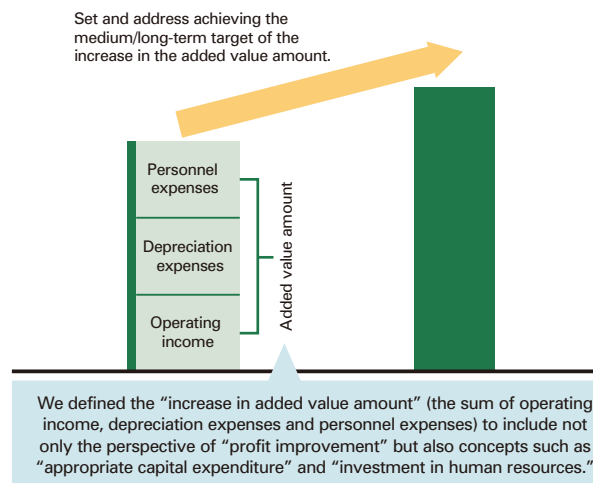
# Initiatives to Increase the Income of Farmers, Fishermen and Foresters

## Increasing the Income of Farmers, Fishermen and Foresters

The Bank works on consulting activity for AFF corporations and leaders who have encountered management issues and supports food and agriculture-related companies to help them establish supply chains through its investments and financing. The Bank is especially committed to addressing the issue of increasing the income of local leaders by setting specific value targets through consulting with investees and borrowers of the Bank and other activities. To this end, we defined the metric of “increase in added value amount” and set a medium/long-term target thereof to monitor increases in local leaders’ income. With this measure, the Bank aims to continuously contribute to increasing the income of local leaders in the relevant industries.

### Conceptual Increase in Added Value

Continuously contribute to increasing the income of farmers, fishermen and foresters through consulting with the investees and borrowers of the Bank and other activities.



## Initiatives to Increase the Income of Local Leaders

The Bank has strengthened its consulting activity to support local leaders of relevant industries in collaboration with JA Shinnoren and Japan Agricultural Cooperatives (JA). We had 186 consulting cases in fiscal 2021 and offered proposals to resolve a wide variety of management issues that relevant local leaders faced. We plan to newly offer our consulting service to local leaders in about 300 cases in fiscal 2022 and further extend this initiative nationwide in the future.

### Topics

#### Consulting Activity for Local Leaders

The Bank conducted a consultation with Kawakami Renkon Co., Ltd. (the “company”), a lending client of the Kumamoto Branch of the Bank. We conducted a business feasibility assessment through such processes as hearing the feedback of the company’s senior management and employees, financial analysis and analysis by farm field. Subsequently, we proposed several solutions to be preferentially addressed by the company regarding the management issues it faces, by considering the visualization of the company’s management issues, management vision and so forth.

The Bank will continue to support the expansion of the company’s business and an increase in agricultural income (i.e., an increase in the added value amount) while following the progress and resulting effects of the formulated action plans.



A farm field owned by the company

From the Front Lines



Kumamoto Branch (current Sendai Branch)  
**SUZUKI Naoto**

The production volume of lotus roots in Kumamoto Prefecture is the sixth highest in Japan, thereby playing an important part as a supply center of lotus roots. The company is active in producing and shipping safe and secure lotus roots as a pioneer in the industry, as represented by the early acquisition of the GLOBAL GAP (Good Agricultural Practice) certification. The proposal involved expanding the company’s sales channels overseas, including foreign markets and local contribution, by leveraging the strengths of the Bank and the cooperative system considering the company’s management vision.

The company currently has attempted to realize the proposal and has gotten gradual results. In particular, as for the exploitation of overseas markets as an important theme, the company succeeded in trial exports of fruits and vegetables bound for Hong Kong through an intermediary of the Bank. In addition, the Bank proposed and provided the Company with funds for equipment to expand packing lines in a fruit-sorting area owned by the Company. We intend to squarely address the issues in which people might be involved through these types of initiatives and contribute to the development of the Company and, by extension, regional and domestic agriculture.

## Supporting Food and Agriculture-Related Companies to Establish Their Value Chains

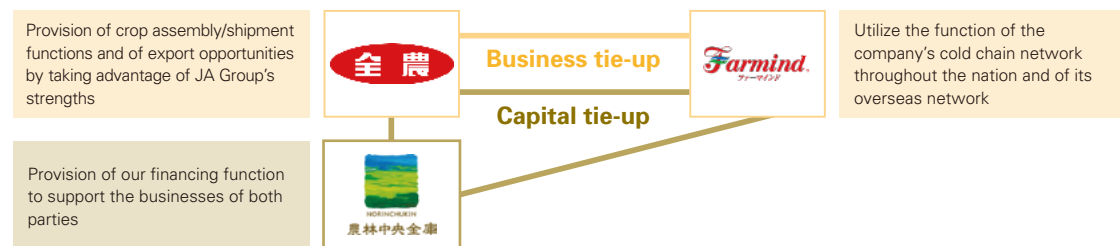
As a policy of encouraging an increase in the income of farmers, fishermen and foresters, the Bank works to support the establishment of food and agriculture value chains through investments and loans to food and agriculture-related companies.

### Topics

#### Supporting the Establishment of Value Chains to Stabilize Prices and Quantities of Fruits and Vegetables

As fruits and vegetables are grown mainly by means of an open-field culture, their crop yields often vary and prices fluctuate throughout the year depending on the effects of weather and other factors. In addition, the income of producers is hard to stabilize because retail prices are susceptible to the prices at wholesale markets. This difficult stabilization in income therefore has become a challenging issue. To identify solutions for the issues related to the distribution of fruits and vegetables, the Bank entered into a capital tie-up agreement in December 2021 among three parties: National Federation of Agricultural Cooperative Associations (JA Zen-Noh), Farmind Corporation and the Bank.

Specifically, the agreement is intended to realize a mechanism that ensures desirable sales of fruits and vegetables at stable prices and quantities throughout the year. Such a mechanism could be achieved by maintaining the freshness of goods in an optimal environment suitable for each item by utilizing the precooling and storage functions for fruits and vegetables, which Farmind has. Consequently, the resulting mechanism could meet the needs of both actual users and consumers and might lead to an increase in producers' income. In the future, we intend to start up several platform centers (PFCs) in a series, in which Farmind's precooling and storage functions for fruits and vegetables are leveraged at production areas across the country. In June 2022, PFC Nagano Co., Ltd., started business operation.



#### [PFC business overview]



#### From the Front Lines

(On the left in the photo)  
Corporate Business  
Division. V

SATO Ken

(On the right in the photo)  
Corporate Business  
Division. II

YASUDA Takashi



As for the PFC business, three relevant parties carefully confirmed the effects of stabilizing prices and quantities, as well as project feasibility by jointly performing preliminary demonstration experiments, repeatedly, while jointly handling agricultural products before starting the business on a full-fledged basis. The three parties are JA Zen-Noh, which has direct connections with production areas; Farmind, which has its own original cold chain network; and the Bank. The parties recognize that establishing a PFC within a community could change the terms of physical and/or commercial distribution, allowing the submission of original proposals on sales channels, which might be different from the conventional wholesale for the benefit of farmers and consumers. We intend to deliberate the possibility of extensive business development nationwide while promoting the stable operation of the PFCs. Japanese agriculture faces several severe issues, such as a declining and aging population and the impact on the cultivation limit for fruits and vegetables mainly due to climate change. Nevertheless, we will continue to offer proposals so that sustainable agriculture can be realized by creating an attractive, easy-to-produce environment for farmers.



# Initiatives to Promote Diversity & Inclusion

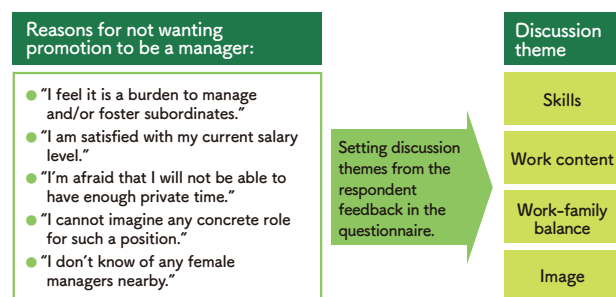
The Bank designated 2022 as “the first year of diversity” to engage in active efforts to form an organization where not only females but also other diverse employees can work and play active roles.

## Initiatives during Fiscal 2021

### Questionnaire for female employees

The Bank conducted a questionnaire in July 2021 to monitor how female employees viewed their worksites and work style (number of respondents: 1,036 persons, response rate: 77.3%). Asked “What are the good things about working at the Bank?,” the most frequent response was the salary and benefit package, followed by the amiable and inviting atmosphere and the Bank’s stable management. Regarding “Are the various programs for employees on pregnancy and childcare leave sufficient?” and “Are those programs easily accessible?,” 80%–90% of the subjects responded “fulfilling” or “easily accessible.”

In response to “Do you want to be a manager?,” approximately 20% of the respondents said, “Yes, I want to be” with comments such as “I feel that it would be attractive to have more discretion than my current situation.” Conversely, some responses indicated negative opinions regarding the anxiety of managing and fostering subordinates, uncertainty about the specific role of a manager and an uneasy feeling about having sufficient private time.



### Women’s Empowerment Working Group

In August 2021, we launched the Women’s Empowerment Working Group (WG), which consists of 22 persons affiliated

with 14 divisions and branches, to study specific initiatives based on the responses from the female employee questionnaire. Four WG meetings have been held until now. As a result of the WG’s deliberations, four initiatives were proposed to the management of the Bank together with a plan on how to realize these initiatives. Specific policies are forthcoming based on the respective proposals. Furthermore, we intend to expand this WG’s activities and extensively reorganize it as the Diversity & Inclusion Working Group, which will be a forum to discuss the active participation of female and other diverse employees. We will therefore continue to discuss the relevant themes in fiscal 2022 and beyond.

## Four Proposed Initiatives

### 1) Enhance awareness reform to encourage autonomous career formation of employees

The Bank shall clearly describe the skill sets that it expects employees to cultivate and disseminate that information in convincing messages from management.

### 2) Create opportunities for each employee to craft his/her career path

The Bank shall provide employees with specific guidance for optimizing their career advancement effort to clear their doubts.

### 3) Implement equality-based, objective assessment systems

The Bank shall equally evaluate employees who aim to improve their careers while taking care of housework and/or childcare in the pursuit of better work-family balance as the importance of achieving results in a short time is spreading throughout the Bank.

### 4) Review current in-house systems to support employees’ career advancement

The Bank shall review the current systems to support employees who are actively involved in further career advancement by raising their awareness of balancing home and work, regardless of gender.

### From the Front Lines

Human Resources Division.  
**SHIINA Saki**



The Bank has supported the ability of its employees to both raise a child and have a career with the early formulation of the General Employer Action Plan and being recognized with the platinum Kurumin Certification from the Ministry of Health, Labour and Welfare for its relevant systems. Moreover, in fiscal 2021, we launched various activities to further promote the active participation of women.

After conducting the questionnaire and addressing other diverse WG activities, we concluded there is a real need for awareness reform. In addition, several other needs emerged, for example, identifying a role model for women’s career advancement; establishing a new mechanism to evaluate the home-work balance of employees being engaged in short-time jobs; and further improving relevant systems. In March 2022, we held a panel discussion of female employees that include young employees who joined the Bank one or two years ago and those at mid-career and manager-level positions. This event was positively received as a good opportunity for senior employees to share their experiences with younger employees. In fiscal 2022, the Diversity Promotion Group was formed within the Human Resources Division to move forward with the Bank’s intention to fully promote diversity. Although the Bank mainly focuses on the promotion of active female participation currently, I intend to strive for a workplace where the diversity of people with disabilities, foreigners and LGBTQ+ individuals is reflected and where each employee can carry out his/her duties with confidence and a sense of inclusion.



Topics

### Training of Officers

To promote the active participation of women and strive for work-style reform, awareness reform from management is essential. Accordingly, in December 2021, the Bank held an officer training by inviting managers nationwide and the members of the Active Female Participation Working Group, who attended as observers. At the training session, KOMURO Yoshie, President, Work-Life Balance Co, Ltd., delivered a lecture titled “Why Are Active Female Participation and Work-Style Reform Important Now for The Norinchukin Bank?: Promotion of the Active Participation of Women and Work-Style Reform to Improve Corporate Performance and Productivity.” Following her lecture, several officers expressed their opinions. One said that “a priority task should be to achieve a 100% rate of parental leave taken by male employees as part of work-style reform for male employees.” Another officer said that “the issue we need to prioritize is assessing and recognizing productivity per hour.” Several managers weighed in on the assessment of employees in terms of productivity per hour and how to make that information known to all employees. Opinions were also exchanged on what officers expect from managers and what managers expect from officers. This training session fostered an awareness that could be the foundation for future efforts.



A snapshot of the training

### Future Orientation

It is important for an organization to transform itself into an entity that has and respects diversity where every director or employee, regardless of gender, can play an active role and work efficiently. The Bank announced the following three targets as core initiatives to be addressed from fiscal 2022 to fiscal 2024: “Achieve a 100% rate of parental leave taken by male employees,” “Implement and entrench various measures to promote work-style reforms” and “Increase the share of women in career-track/specified role new graduate hires to approximately 40%.” (See the General Employer Action Plan relative to the Act on the Promotion of Female Participation on page 62.)

As one of the “various measures to promote work-style reforms,” the Bank has expressed support for the “Work Interval Declaration” of work-life balance and thoroughly complies with the specified work interval of nine hours between working hours. In addition, we are determined to conduct further training on diversity promotion targeting senior management and employees at different layers of the organization. The Bank thus aims to create a corporate culture in which diverse human resources are recognized by others, talented employees can maximally demonstrate their capabilities and every employee feels worthwhile.

<b>Rate of Women Hired</b>	Career track .....	<b>26%</b>
	Specified roles .....	<b>100%</b>
	Regional .....	<b>78%</b>
<b>Share of Female Employees</b> .....	<b>34.9%</b>	
<b>Share of Female Managers</b> .....	<b>6.6%</b>	
<b>Rate of parental leave taken by male employees</b> .....	<b>94%</b>	

(Results from fiscal 2021)

### Message from the Chief Diversity Officer



Managing Executive Officer (CDO)  
**UTSUMI Tomoe**

In the New Year’s greeting for 2022, President OKU of the Bank declared that “2022 is the first year of diversity,” clearly indicating the promotion of diversity as an important management issue both inside and outside the Bank. I believe my role as CDO is to disseminate this approach to more senior management and employees so that they can better understand what is required for the further growth and development of the Bank.

I did not imagine having a role as management when I joined the Bank. Along the way, I was helped by understanding superiors even as I had to sometimes trust my child with a babysitter late into the night. I really feel how the words and encouragement of people around me and my superiors were important for me in those days. As I examined the circumstances at other companies after having assumed the CDO post, I’ve concluded the Bank’s handling of diversity is rather slow. It will be necessary, therefore, to foster an awareness of labor productivity per unit time company-wide.

We have introduced hourly paid leave and flextime systems as part of our work-style reforms. I am sure now is a good time to implement some innovations as the public understanding and practice of diversified work-style reforms, not limited to female employees, has grown in recent years, reflecting the social situation that forced remote work options during the COVID-19 pandemic. In fiscal 2022 and beyond, the Bank must promote new initiatives while removing any anxiety that our employees might feel. I will also accelerate inclusion-oriented initiatives. I would like to create a desirable labor environment in which everybody can work in a vibrant manner via the vigorous exchange of views while respecting each other.

Focus Area 1

# Create a Positive Impact on the AFF Industries, Food and Local Communities

In this focus area, The Norinchukin Bank aims to utilize accumulated knowledge in food and agriculture, conduct investment and lending, build business partnerships, collaborate with stakeholders, and generate new innovation to promote initiatives to contribute to the preservation and development of local communities and the natural environment. Here, we will turn the AFF industries into sustainable growth industries.

Topics		Direction of Our Initiatives
Topic 1-1	Contribute to sustainable AFF industries	<b>Through initiatives in the Food and Agriculture Business and collaboration with stakeholders, we contribute to the realization of sustainable AFF industries.</b>
Topic 1-2	Contribute to a safe and secure food supply	<b>We leverage our organizational knowledge in food and agriculture to contribute to people’s rich dietary lifestyles.</b>
Topic 1-3	Contribute to sustainable local communities	<b>We contribute to providing solutions for and supporting sustainable development of local communities across all Japan, the foundation of the AFF industries.</b>
Topic 1-4	Conserve the natural environment as a foundation of the AFF industries	<b>We contribute to conserving the natural environment, such as soil, forests, rivers and oceans, which are fundamental for the sustainable development of the AFF industries.</b>
Topic 1-5	Create business innovation	<b>We contribute to the sustainable development of the AFF industries through investments and business alliances that create new technologies and business models.</b>

## Major Initiatives

- Provide financial support and solutions to management issues for farmers, fishermen and foresters
- Promote food loss reduction
- Support the AFF industries and help revitalize industries and help revitalize local communities via the AFF Future Funds Institute
- Conduct food and farming education activities
- Collaborate with the Japan Institute of Agricultural Management, which trains next-generation farmers
- Promote tree-planting activities in cooperation with companies
- Create business innovation by supporting start-up companies

## Related SDGs



## Contribute to Sustainable AFF Industries

### Contributing toward Solving Issues with Sustainability Through the “F&A Growth Industrialization Investment Framework”

The Norinchukin Bank has established the “F&A Growth Industrialization Investment Framework” with the aim of collaborating with industry members and businesses both within Japan and overseas and providing them with risk money to support them, in order to increase the added value and productivity of the AFF industries. By investing in this framework, we are contributing toward solving sustainability issues surrounding the AFF industries.

### Spread of Biomass-Based Chemicals

As eliminating dependence on fossil fuels and reducing GHG emissions have become a global issue to combat global warming, the move has been intensifying to use biomass-based materials to produce chemicals instead of conventional petroleum-based ones. Given this, the Bank invested in Green Earth Institute Co., Ltd. (the “company”), which provides the technology to produce green chemicals using biomass-based materials under the F&A Growth Industrialization Investment Framework.

The company strives to disseminate biomass-based products and promote a circular economy by developing the technology of producing ethanol and amino acids to be used as food/feedstuff additives from biomass materials, such as plant stems and leaves, and agricultural and food residue, which do not compete with food and feedstuff. Through this initiative, the anticipated spread of biomass-based products would promote decarbonization and waste reduction and prevent marine contamination. In addition, taking this opportunity, the Bank will leverage its network to strengthen collaboration with the company, contributing to solving the issue of waste disposal for farmers, fishermen and foresters and food product manufacturers, etc., by utilizing and adding high value to agricultural and food residue.

### Promoting the Spread of Soy-Based Meat

Given the “protein crisis” caused by global population growth, deepening environmental problems and the increase in ethical consumption, plant-based meats are gaining increasing attention as alternative proteins. In March 2021, we invested in Kumamoto company DAIZ Inc., which is developing, producing and selling plant-based meats.

DAIZ uses its proprietary technology utilizing raw materials made from sprouted soybeans instead of conventional pressed soybeans to make “Miracle Meat,” a plant-based meat that is highly nutritious and with a flavor, texture and aroma similar to that of traditional meat. The Norinchukin Bank is providing investment to not only support their efforts to promote the spread of plant-based meats using domestically produced soybeans but also to introduce sales channels, thereby not only solving food and environmental problems but also increasing consumption of domestic soybeans and increasing the incomes of agricultural producers.

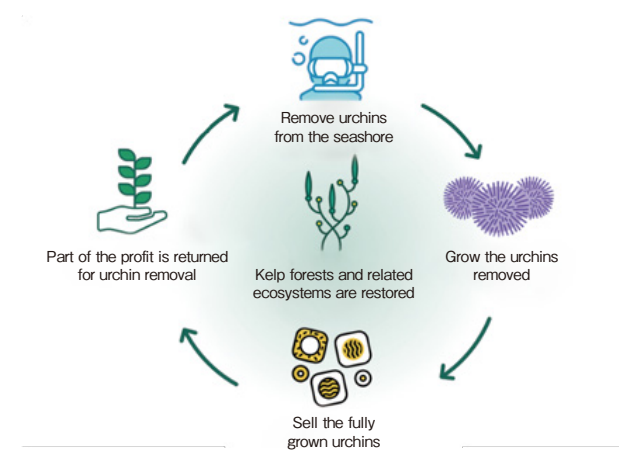


Products made from soybean-derived plant-based meat

### Support for Sea Urchin Ranching, Restoring Kelp Forests

Kelp forests, which are home to sea creatures, are recently attracting attention due to their function of absorbing CO<sub>2</sub> (Blue Carbon). Meanwhile, it is said that barren urchins left on the seashore could cause shore burning. The shore burning phenomenon is visible throughout the coastlines of Japan, posing an environmental problem. To address that, the Bank began cooperating with Urchinomics (the “company”). The company established the business model of catching barren sea urchins and turning them into commercially viable products by growing them with its own feeding system and other technologies.

To help gain public recognition of these problems and the company’s business model to address them, the Bank gave lectures at seminars jointly with the company. In addition, the Bank provided loans to a fishery company that deploys this business model under the company’s support, thereby contributing to achieving sustainable fisheries by restoring kelp forests and solving the environmental issue.



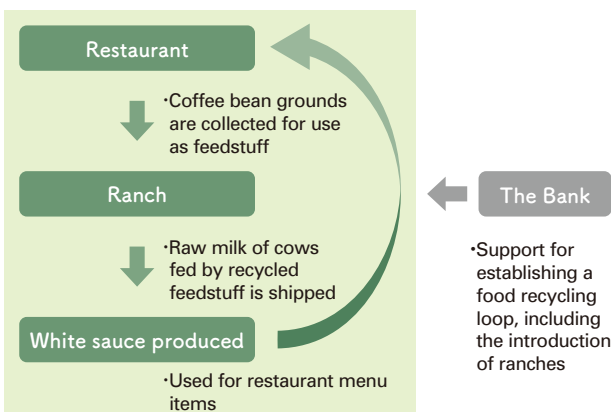
## Contribute to a Safe and Secure Food Supply

### Promoting Food Loss Reduction

To construct a sustainable food system, food loss\* is one of the key challenges to address.

To address this issue, the Bank, in collaboration with Seven & i Food Systems Co., Ltd. (the "company"), provided support to an initiative to recycle the coffee bean grounds from the Denny's restaurant chain as feedstuff to be used by dairy farmers. The raw milk produced by the farmers is processed into a white sauce, which is used for menu items at Denny's restaurants, establishing a recycling loop.

\*Amount of food loss from the entire food industry (in fiscal 2019): 17,556,000 tons (Source: Ministry of Agriculture, Forestry and Fisheries "2019 Annual Amount of Food Loss and Rate of Utilization of Recyclable Food Waste (Estimated)")

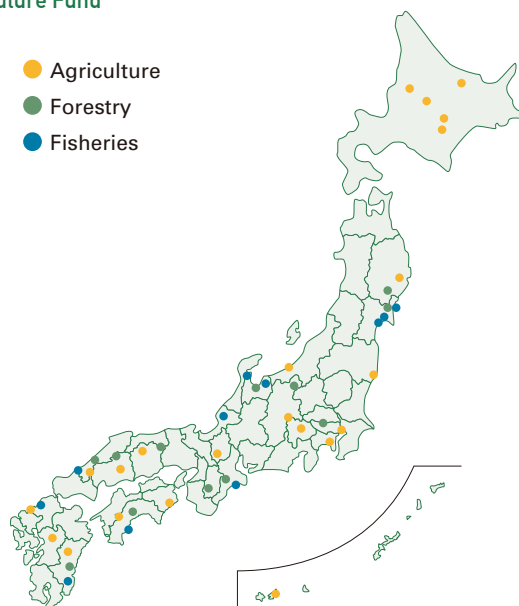


## Contribute to Sustainable Local Communities

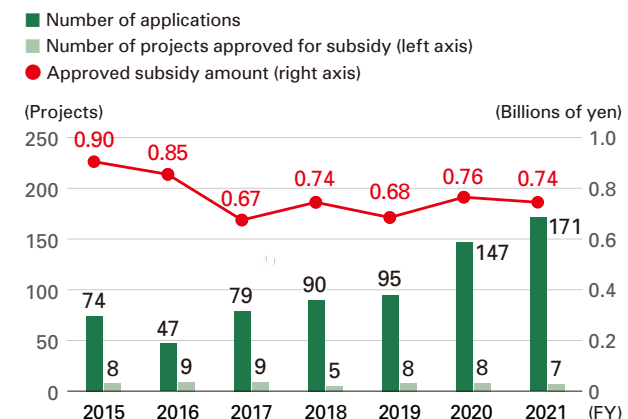
### Agricultural, Forestry and Fisheries Future Fund Supports Local AFF Organizations

The Agricultural, Forestry and Fisheries Future Fund was established in 2014 by The Norinchukin Bank, a member of JA Group, JF Group and JForest Group, with a ¥20 billion contribution. This fund seeks to support initiatives to nurture leaders who drive the sustainable development of the AFF industries, strengthen the revenue base of these industries and revitalize local communities based on the AFF industries.

### Projects Targeted by the Agricultural, Forestry and Fisheries Future Fund



### Number of Projects Targeted and Amount of Subsidy from the Agricultural, Forestry and Fisheries Future Fund



### Food and Farming Education Activities

Each year, we distribute booklets to children in the fifth year of elementary school across Japan covering a variety of topics, from food and farming education to environmental education to financial and economic education. We also distribute a universal edition for special education schools. In fiscal 2021, approximately 1.30 million copies were distributed free of charge to 20,000 elementary schools nationwide.



Senior Elementary School Edition: Our Lives with Agriculture (Left), Universal Design Edition (Right)



### Alliance with the Japan Institute of Agricultural Management, which Trains Next-Generation Farm Operators

The Japan Institute of Agricultural Management (JAIAM) opened in 2013 with the Bank as its main sponsor and has produced 115 graduates in cooperation with member companies. The institute seeks to train next-generation farm operators and agricultural leaders in local communities.

Greeting the approaching milestone of its 10th anniversary in April 2023, the JAIAM will address the challenge of offering new value in the decade ahead, with ideas such as the realization of digital transformation (DX) in education including online education and the evolution of fostering innovators who can play active roles in agribusiness.



### Post-Graduation Agricultural Employment Status

As of March 31, 2022

	Total graduates (115)	No. of farmer's children (79)	No. of non-farmer's children (36)
At family farms*	62	58	4
At farming companies	28	13	15
Independent farmers	20	6	14
Other	5	2	3

\*Family farms include those owned by grandparents or relatives.



### First Generation of Graduates: Employed in Nakano City, Nagano ABE Hiroaki

After graduating, I began working in plum management in Nakano City, Nagano, which is where my family lives. When I took my farming job, new plum varieties cultivated by the Nagano Prefectural Agricultural

Experiment Station were a big topic of discussion. We secured a farming field in the hope that this would lead to development in plum management. On the sales side, we have been striving to diversify our sales routes, with core sales from shipping to JA Nakano City, plus direct sales to customers, gifts for hometown tax payments and so on. We also worked on creating shipping boxes, pamphlets and office documents, such as invoices. Looking ahead, we will keep coming up with initiatives that help us appeal to consumers about our self-produced Nakano City sourced products. There are many young farmers in Nakano City who enjoy a life of fulfillment each day, exchanging information about cultivation, having personal relationships and so on. In the future, I plan to integrate grape cultivation, a business run by my parents, and create a cultivation plan that looks at both plum and grape work. I still have much to learn, but I will deal with each issue as it comes.

### Local Revitalization Support Utilizing Farmstays

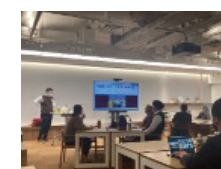
We are promoting a farmstay venture meant to generate profit in the sense that it creates hiring and income in rural areas. In March 2020, we signed a four-way partnership agreement with JA Zen-Noh, Nokyō Tourist Corporation and the Japan Countryside Stay Association. Through this agreement, we are working to realize regional revitalization through the establishment and promotion of the farmstay business. In addition to providing JA Bank's financial functions (such as farmstay loans), the bank offers partnership coordination via a broad trading infrastructure.

### Regional Revitalization Through Farmstays, Promotion of Farming Areas and Agriculture

From September 2021 to January 2022, as an effort to contribute to the revitalization of rural districts, the four organizations at left held farmstay-themed courses at Marunouchi Platinum University, which offers career courses for businesspeople. This initiative was supported by the Association for Creating Sustainability in Urban Development of the Otemachi, Marunouchi and Yurakucho Districts (commonly known as the Ecozeria Association). The association cooperates and/or collaborates with entities in or nearby the Dai Maru Yu Area and promotes the environmental symbiosis of city planning in the area. This course aimed to create sustainable local communities through exchanges between rural and urban areas to solve problems and create fans. In addition to six classroom lectures, fieldwork studies were conducted in the farmstay area to deepen exchanges between urban and rural residents.



### Learning in Tokyo



### Interaction with the regions



Rural-urban exchanges, building communities (creating fans of regions)





### Resolving Sustainability Issues by Supporting the Employment of People with Disabilities in Agriculture

The labor shortage in domestic agriculture has become increasingly severe. Meanwhile, supporting the employment and self-reliance of people with disabilities is a social issue. To resolve these issues, the Maebashi Branch of the Bank introduced a disability welfare service office for relevant farmers who require staffing, in collaboration with the Gunma Agricultural Corporations Association. The Bank thus is working in the agriculture-welfare sectors to ensure staffing in agriculture and support the self-reliance of people with disabilities. Furthermore, in collaboration with JA, the Bank is supporting sales channels for agricultural products to expand employment options for people with disabilities.



President MATSUMURA, Gunma Agricultural Corporations Association, and Branch Manager HATA, Maebashi Branch of the Bank (from the left), entered into a comprehensive partnership agreement to enhance the employment of people with disabilities in agriculture and other industries.

### Conserve the Natural Environment as a Foundation of the AFF Industries

#### Tree Planting in Collaboration with Companies

In December 2021, in collaboration with the Kunigamison Forest Owners' Cooperative, the Bank conducted a forest preservation activity for the "Yambaru-no-Mori," a forest that was registered in July 2021 as a UNESCO World Natural Heritage site.

The Bank coordinated such activities as tree planting, the expelling of exotic species and wood-use education, together with children from the Kunigami village. Also participating were companies affiliated with the OKINAWA SDGs Project, in which local companies in Okinawa Prefecture make efforts to fulfill the SDGs.

The participants in the activity deepened their understanding about the importance of preserving the natural environment to realize a sustainable world. In the future, we intend to address the preservation of a sustainable natural environment in collaboration with forest owners' cooperatives, the industrial world, local communities and so forth.



Snapshots from a day of tree planting

### Reduction in Food Loss via Donations to Food Banks

In April 2022, Nochu Information System Co., Ltd., of The Norinchukin Bank Group donated to a food bank activity group. The role of food banks is increasingly important not only to reduce food loss but also to support people in need. The Norinchukin Bank Group intends to continue the reduction in food loss by utilizing food banks and other related organizations to resolve both environmental and social issues.



Donation to a food bank

## Create Business Innovation

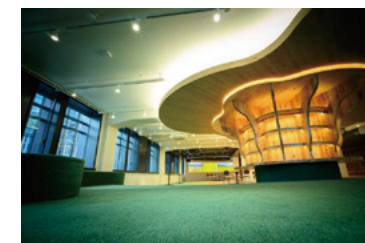
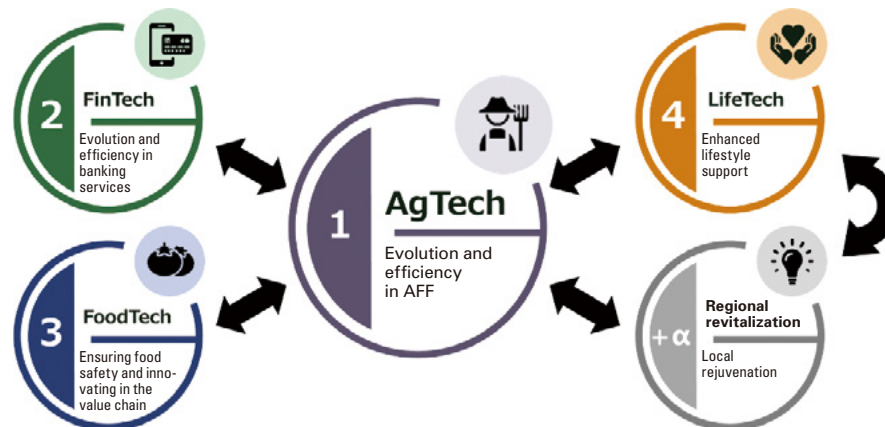
### AgVenture Lab: A Hub for Open Innovation

In 2019, JA Group established AgVenture Lab, an innovation laboratory, in Otemachi, Tokyo. AgVenture Lab is based on the concept of cultivating the next generation of agriculture, closely supporting daily lives of local communities, and connecting places and people.

At this lab, the various businesses of JA Group connect with start-ups, partner companies, universities, government actors and others who possess technology, ideas and other assets. These players utilize a variety of knowledge and technologies to create new businesses, develop services and resolve social issues. On the hard side, we have set up coworking spaces for start-ups. On the soft side, we work to accelerate innovation based on the JA Accelerator Program, which seeks to generate new business models, soliciting business plans from start-ups and other companies and leveraging the JA Group's strengths.

In 2020, we held a business plan contest to select companies that would participate in the 2nd JA Accelerator Program; in this contest, eight companies passed the selection process. The program adopts the key phrase of "innovation of food, agriculture and life", and covers the wide range of businesses operated by JA Group. It solicits business plans not only in FinTech but also AgTech, FoodTech, LifeTech and others leveraging JA Group's strengths (e.g., physical storefronts and other infrastructure, customer networks) in an attempt to generate new business models.

### AgVenture Lab Initiative Areas



### 3rd JA Accelerator Program Business Plan Contest Award Recipients

<Business Plan Contest Merit Award> 3rd JA Accelerator Program Participating Companies	
EF Polymer Pvt. Ltd.	Invented an organic polymer made from garbage that could help resolve such issues as drought and soil degradation
Aeronext Inc.	Enabled a new smart logistics utilizing space
Engate, Inc.	Created the "world's first" sports-specific SNS gifting
Ciamo INC.	Realized sustainable agriculture and fish culture using waste-based photosynthetic bacteria
Business Innovation Partners Co., Ltd.	Collaborated with the AFF industries regarding its vegetable-derived bioplastic "HEMIX"
JIMOTO COMPANY inc.	Operates a catalog gift platform "JIMOTO-no-Gift" to deliver regional specialty goods, together with product stories about their creation
Tokyo Robotics Inc.	Helps resolve labor shortages in fruit-sorting areas with its autonomous, collaborative robots
MISOVATION Inc.	Intends to provide an innovative application of soybean paste (Miso) soup in preventive medical care globally
KAERU Inc.	Offers a standard settlement for customers in an ultra-aging society by operating a shopping assistant application "KAERU"
<Innovation Award> Apart from this program, companies subject to consideration for alliance or support:	
IB inc., Excelsior Inc., AUDER, LTD., Kisui Tech, forent, inc., and Momo co., ltd	

# The Initiatives of the JA Group

## JA Group SDG Initiatives

In addition to the world's governments, private-sector organizations and businesses are expected to play a role in achieving the SDGs. Cooperative organizations also have a role to play. Based on these circumstances and high expectations for cooperative associations, the JA Group summarized and published the JA Group SDGs Declaration, reflecting the group's basic philosophy, in May 2020. As a member of JA Group, The Norinchukin Bank will continue to promote initiatives to achieve the SDGs.

## SDGs and JA Group

<https://org.ja-group.jp/challenge/sdgs/>

## Initiatives to Revitalize Various Regions

Regions throughout Japan are confronted by shrinking workforces, aging populations and COVID-19. At the 29th JA National Convention, it was resolved that two points would be confronted nationwide: "Creating a future that features a symbiosis of sustainable agriculture and communities" and "JA will try to revitalize various regions by increasing the related populations in local communities and strengthening health promotion activities toward the realization of an inclusive regional society."

In view of this policy, JA Bank will promote initiatives to play a more in-depth role in revitalizing local communities being the origin from which JA Bank started. We will continue to provide powerful support for JA's creative and original initiatives tailored to the actual conditions and requirements of local communities in an effort to demonstrate the role of broadly defined financial intermediary functions.

### Topics

#### "JA Smartphone Class" Aimed at Eliminating the Digital Divide Throughout the Country

Triggered by the spread of COVID-19, the very concept of "connectedness" is undergoing dramatic changes, and the importance and presence of digital services in our daily lives is rapidly increasing. Smartphones are already an important link in individual's lives.

The importance of the countermeasure to "digital divide" is of increasing importance in today's society—this includes ensuring the same levels of convenience anywhere in the country and communicating with friends and family who live in remote locations.

JA Group has offered the JA Smartphone Class nationwide since July 2021 to meet the needs of local residents. As of March 31, 2022, the Class had been held approximately 1,100 times with approximately 14,000 participants. JA Group will continue its efforts to eliminate this digital divide by helping people experience the new opportunities provided by digital services.



参加無料！要予約

## スマホ体験教室開催

スマホアドバイザーがしっかりサポート！  
体験用スマホは無料貸出！

～これは簡単！入門編～  
基本的な使い方やよく使う機能まで、楽しく学べる講座です！

スマホの  
基本

カメラ  
機能

地図機能

文字入力  
機能

まだスマホを持っていない方や  
持ったばかり、持っているけど自信のない方向け

日時	
会場	
定員	20名（要予約：ご参加の際は下記までお電話ください）
参加費	<b>無料</b>
講師	スマートフォンアドバイザー（社） ※ 社と契約のない方もご参加可能 ※ 嫉妬は致しません！

定員に達した場合、ご参加希望に添えない場合がございますので承知おきください。

参加のご連絡はこちらにお電話ください！

JA

## JA Bank Efforts Toward Renewable Energy Demand

The ratio of renewable energy in Japan's power supply compositions is roughly 20% (as of fiscal 2020), lower than that of other developed economies.

At the same time, Japan's Sixth Basic Energy Plan calls for a renewable energy mix of 36%–38% by fiscal 2030. Therefore, we can expect future government policies and public-private initiatives to support the spread of renewable energy.

JA Bank handles products compatible with solar power generation facilities to encourage members of JA to adopt renewable energy.

Furthermore, we launched a partnership with four renewable energy power construction and sales companies.

Our goal here is to adopt agricultural solar sharing and encourage the effective use of idle land, contributing to higher incomes among members of JA and greater regional revitalization.



### Topics

#### Support for the Introduction of Agricultural Solar Sharing

By partnering with renewable energy power generation equipment manufacturers and distributors, we are encouraging members of JA to introduce solar sharing. Our Utsunomiya Branch, together with our partner West Energy Solution Inc. (West), held an explanatory meeting for JA in Tochigi Prefecture about solar sharing.

JA Shimotsuke, also in Tochigi Prefecture, held a promotion session for its members conducted by an agricultural economics liaison officer and a sales representative from West, and JA Ashikaga promoted the spread of solar sharing through explanatory meetings for its local community members.

While leveraging the strengths of JA Bank such as providing loan products that can support the introduction of solar sharing, we will contribute to the spread of renewable energy.

#### From the Front Lines



Utsunomiya Branch

**MISEKI Jun**

I am in charge of supporting planning for the agricultural loans and promotional activities implemented by JA staff. Agriculture is the foundation of JA Group and is the key sector that has proven a high degree of contribution to regional and global environments. We can contribute not only to improving farmers' income but also to maintaining farmland and protecting the natural environment by providing members of JA, who are mainly farmers, with investments, financing and solutions. I believe this proven fact is a distinct feature of the Bank.

Although solar sharing requires an initial capital investment, it has the possibility of helping farmland provide agricultural income and helping space above farmland become a revenue source from sales of electric power, thereby becoming a stable income source for farmers. Consequently, implementing solar sharing could lead to the continuation of future agricultural activities and help revitalize/utilize unused farmland. In this sense, I believe solar sharing is a useful initiative that could contribute to sustainable AFF industries. In the future, I would like to introduce a branding policy for crops grown under solar sharing facilities as "products taking into consideration the global environment" in the pursuit of higher income for farmers.

Looking forward, we would like to take on the challenges of "revitalizing devastated farmland" and "local production for local consumption of energy" based on the exchange of opinions with public administration.



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	<b>We contribute to realizing a sustainable society through responsible investments and loans that provide consideration for environmental, social and governance aspects.</b>
Topic 2-2	Contribute to sustainable energy utilization	<b>We contribute to promoting sustainable energy utilization.</b>
Topic 2-3	Realize financing for everybody	<b>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.</b>

## 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.

Focus Area 3

# Promote Sustainability Management

In this focus area, The Norinchukin Bank strives to ensure environmental and social sustainability through business activities under highly objective and transparent business administration systems. In addition to implementing high-level information disclosure, the Bank is constantly reviewing and improving its sustainability management by regularly exchanging opinions with stakeholders and experts.

Topics		Direction of Our Initiatives
Topic 3-1	Ensure a transparent organizational governing structure	<b>We engage in ceaseless efforts toward realizing highly objective and transparent business administration systems.</b>
Topic 3-2	Reinforce the management of environmental and social risks	<b>We continually identify material sustainability topics based on social conditions and the voice of our stakeholders as well as review risks and business opportunities. We also conduct high-level information disclosure.</b>
Topic 3-3	Reinforce stakeholder engagement	<b>We continually engage in dialogues with stakeholders, reflecting their opinions in business creation and social contribution activities that are unique to the Bank.</b>

## Major Initiatives

- Establishment of a Sustainability Advisory Board
- Exchange opinions on sustainability with stakeholders
- Enhance alliances with cooperative organizations, such as national-level cooperatives

## Related SDGs



## Ensure a Transparent Organizational Governing Structure

### Management System

Our decision-making is split and coordinated between the Norinchukin Bank Act–stipulated Supervisory Committee and the Board of Directors, while remaining in compliance with decisions by the Council of Delegates.

The Supervisory Committee decides important matters concerning cooperative organizations, as well as items to submit/report to the Council of Delegates. This committee also holds supervisory authority related to director business execution, and is allowed to request explanations from directors, request to the Council of Delegates that directors be dismissed and take other such actions. The Board of Directors makes decisions on business execution, excluding those matters determined by the Supervisory Committee, and conducts mutual oversight of director business execution.

### Strengthening Internal Control

To fulfill its fundamental mission and social responsibility, The Norinchukin Bank considers the establishment of a business management system as a top priority issue. As such, to ensure compliance with corporate ethics, laws and regulations, as well as ensure appropriate risk management and appropriateness in business execution, we have established basic policies for internal control.

### Risk Management

Based on the Basic Policies for Risk Management, which define risk types as well as management systems/methods, we assess risks faced in business operation for materiality, identify risks under the scope of management and manage each risk according to its particular characteristics. Furthermore, the Bank uses quantification methods to comprehensively understand these risks and carry out integrated risk management that manages risks and compares risks to our financial strength.

## Reinforce Stakeholder Engagement

### Stakeholders of the Bank

- Members: Japan Agricultural Cooperatives (JA), Japan Fishery Cooperatives (JF), Japan Forestry Cooperatives (JForest), etc.
- Members of JA, JF and others (those engaged in the AFF industries); partner companies in deposits, savings and loans (e.g., companies affiliated with the AFF industries)
- Members of local communities
- Business partners covering all operations: financial institutions, market participants, subcontractors and more
- Government entities
- Staff

The trust relationships with these stakeholders (those who have interests in the Bank) who are closely related to our management and day-to-day business activities were not built overnight but rather steadily over our long history since we were established.

These trust relationships are important assets for the Bank, and it is important to maintain and build even stronger trust relationships not only with the aforementioned stakeholders but also with the younger generation so that we can fulfill our fundamental mission and social responsibility with an eye to the future.

To that end, we will continue to make efforts to build a highly transparent organizational culture by emphasizing disclosure and accountability to our stakeholders.

## Exchange of Opinions with Members

We are exchanging opinions with members toward implementing sustainable management for all systems. Together with national level JA Zenchu, JA Zen-Noh, JA Kyosairen and other entities, JA Group also participates in the SDG Liaison Conference that discusses the current situation on sustainability as well as initiatives toward the sustainability of the AFF industries and of regions. We are also exchanging opinions with JA Shinnoren at the prefectural level regarding JA Bank initiatives. In fiscal 2021, we exchanged opinions regarding how JA Shinnoren should respond to climate change and the nature of its disclosure. Exchanges of opinions are also under way with JForest Zenmoriren on forests and the forestry industry, and with JF Zengyoren on the fisheries industry.



## Dialogues with Diversified Stakeholders

The Bank is active in dialoguing with a variety of stakeholders inside and outside Japan. We will further support clients' sustainability-focused efforts and help them create business opportunities.

### Topics

#### Dialogue with Young People Who Will Lead the Next Generation

AgVenture Lab (page 49), an innovation laboratory, held a business plan contest to support student entrepreneurs who aim to solve social issues.

We selected 10 finalists from among 76 entries submitted by applicants from universities, graduate schools, technical colleges and vocational colleges nationwide that qualified for participation in the contest. At the award ceremony held in February 2022, the respective finalists presented their business plans and deepened their collaboration with each other. JA Group proactively encourages dialogues with young people to promote collaboration and cooperation.



A snapshot at the award ceremony

### Topics

#### Dialogue with Clients at the Bank's European Subsidiary

Norinchukin Bank Europe N.V. supports its clients centering on Japanese-affiliated companies to identify business opportunities through the provision of sustainability-related market research information to its clients and dialogues therewith.

#### From the Front Lines

Norinchukin Bank Europe N.V.  
Senior Research Analyst

#### Rick Tervoort



To support the Bank Group's customers in acquiring new business opportunities, I cover and discuss important sustainability topics with them. To provide value-added market research functions to our customers, I liaise closely with important institutions such as Wageningen University & Research (WUR), a well-known food & agri research university in the Netherlands, as well as agricultural co-operative banks such as Rabobank and Crédit Agricole. NBE launched a recurring thesis research internship program with WUR in which a Master of Science student from WUR joins NBE for a six-month research internship to collaborate in conducting research on important sustainability topics. I presented this research during the external webinar "Alternative Protein opportunities in Europe & the Netherlands" organized by the Netherlands Foreign Investment Agency (NFIA) Tokyo Office in March 2022. For our customers, market developments in sustainability such as plant-based proteins are important for the future of their businesses.

## Alliances with Cooperative Organizations

A cooperative organization is one established under the slogan of one for all, and all for one, rooting themselves in local communities and promoting mutual assistance between people to stabilize their lifestyles, and playing the role of a revitalizing force in that local community.

The Bank is a member of the International Co-operative Alliance (ICA), a global coalition of 318 cooperative organizations from 112 countries. These cooperatives are based in a variety of fields, from agriculture to fishery to forestry to co-ops. Also, in 2013, the National Council to Commemorate IYC (the International Year of Cooperatives) was formed in Japan; in fiscal 2019, the Japan Co-operative Alliance took on the mantle of that council. The Bank is a participant in the JCA, promoting cooperation with other cooperative organizations.

### Cooperative Organizations and the SDGs

Cooperative organizations tackle issues such as poverty and hunger, and are positioned as one important set of stakeholders for achieving the SDGs. The ICA also encourages cooperatives around the world to combine forces and work to achieve the SDGs. In Japan, the government explicitly mentions cooperative organizations in its SDGs Implementation Guiding Principles. In this way, there are great expectations at home and abroad for the role that cooperative organizations play in achieving the SDGs.

Focus Area 4

# Secure Highly Capable Human Resources

In this focus area, to ensure the growth and sustainability of the AFF industries, The Norinchukin Bank trains high-quality human resources with both local and global perspectives. Moreover, at worksites, we ensure diversity and create a corporate culture where diverse human resources can perform to their fullest potential, striving to improve organization-wide creativity and innovative capabilities.

Topics		Direction of Our Initiatives
Topic 4-1	Improve diversity and equal opportunities	<b>We engage in initiatives to create an inclusive and diverse work environment where women, people with disabilities and middle-aged to older workers can perform to their fullest potential. Also, we utilize and/or employ highly capable external human resources.</b>
Topic 4-2	Enhance human resources development	<b>We develop human resources capable of demonstrating their strengths in a self-starting fashion and taking on challenges boldly from the viewpoint of cooperatives and from a global perspective.</b>

## Major Initiatives

- Create a work environment where diverse human resources including women, people with disabilities and older workers can perform to their fullest potential
- Investment in human capital
- Efforts to nurture a sense of sustainability among employees

## Related SDGs



## Improve Diversity and Equal Opportunities

### Basic Principles

#### Basic Policy on Human Resource Management

##### Basic Policy

- Form a group of capable, motivated human resources capable of catching the winds of change in the business environment and executing new business strategies
- Nurture high employee satisfaction by helping each employee to understand the strategies and goals of the bank and its cooperative group, as well as helping them to grow through tenacious engagement in their business duties with self-motivated passion for contributing and tackling challenges

##### Future Vision

- Develop essential human resources and cultivate employee engagement to realize our mission of becoming a leading bank that supports the AFF industries, food production and consumption, and the daily lives of local communities

In line with this basic policy, our efforts are focused on the planning and management of personnel systems, including performance and competency assessment systems, as well as on personnel development.

In interviews between superiors and subordinates, goals are set and achievements are verified. Furthermore, employee competencies demonstrated in a variety of work-related situations are reviewed. The repetition of this process allows us to promote employee awareness and effort toward contributing to performance and developing their own talents. We also offer support for these efforts with extensive training options.

Based on this system, we are building a structure to provide fair wages to each employee.

### Communication Between Management and Staff

For the purpose of fostering employee engagement, The Norinchukin Bank conducts executive seminars as an opportunity for employees to talk with directors. Specifically in these seminars, we set up forums for open discussion with executives, whom employees would otherwise have limited opportunities to interact with, to exchange opinions, share thoughts from day-to-day work with management and get a more intimate sense of where management stands. In this way, we are working to deepen bidirectional communication.

### Employee Satisfaction Survey

The Bank conducts a staff awareness survey for all employees one or more times a year. We have implemented an engagement survey effective from Fiscal 2021. The surveyed results are reported to the Board of Directors and other in-house bodies to analyze what they think about their works and identify the tasks. The resulting employee awareness visualized through the above procedure is used as a basis for effective measures to be pursued and implemented by the Bank, which aims to improve employee engagement and, by extension, enhance organizational vitality by having employees more content with their job and make worksites more valuable.

### Anti-Harassment Measures

To prevent sexual or power harassment as well as harassment on the basis of pregnancy, childbirth and child- or nursing-care leaves, we engage in a wide range of activities such as providing e-Learning and position-by-position education, guidance and consultation by the persons in charge of human rights issues throughout the organization, and external contacts for consultation.

We have established and are operating a harassment hotline with which employees can conduct individual consultations, and are seeking to ensure a broad awareness that employees can quickly access the harassment hotline whenever they need to. Further More, we strive to protect the privacy of the persons concerned and to take prompt action.

So that we can ensure psychological safety in the workplace, we are focusing our initiatives on preventing harassment and strengthening the harassment hotline function.

### Initiatives for Hiring People with Disabilities

The Bank strives to make a workplace where people with disabilities can carry out their duties in a vibrant manner, with a sense of fulfillment and security.

To this end, we established Norinchukin Business Assist Co., Ltd., an organization mainly engaging in finance-related administrative work outsourced by the Bank and group companies to expand the employment of people with disabilities.

Norinchukin Business Assist Co., Ltd.'s management philosophy is to assist each director and employee in working with earnestness and integrity so that they can develop their abilities and strive for self-realization through their work, and to create a workplace where directors and employees can always feel a sense of security and fulfillment in their work, valuing the consideration and communication of all individuals and enabling them to carry out their duties in a vibrant manner.

To offer a pleasant working environment, offices are designed to provide bright and spacious room for working comfortably, while providing single-occupancy relaxation spaces and a break room where people can lie down.

### Supporting the Success of Senior Talent

To support the success of senior talent, the Bank offers career design training for understanding of self, understanding of environmental changes, and consideration of their personal and professional lives with a view on a post-retirement second career.

In addition, we have introduced a senior staff system, a meister system (a system for training skilled laborers) and more as options for them to continue to play an active role in our organization in the form of re-employment after retirement.

### Initiatives for Work-Style Reform

The Bank has for some time operated a flexible work hour system designed to contribute to the diversification of employee work styles and the improvement of productivity. Since fiscal 2019, as part of efforts toward work-style reform, we have newly introduced a telecommuting system, as well as full-scale work interval systems and staggered shift systems. A work interval system is a health issue prevention measure stipulating that certain intervals be ensured between the end of work on the previous day and the start of work on the following day.

A staggered shift system allows employees to select their own start and end work times; this focused work improves productivity, streamlines working hours and raises employee awareness.

Furthermore, a telecommuting system allows employees to work from home, shared offices or other locations, in line with the diversification of workplaces. Given the developments in work styles stemming from the spread of COVID-19, we have further relaxed the telecommuting and staggered shift systems. Furthermore, we have introduced the flextime and hourly paid leave systems effective from fiscal 2022.

#### Results of Work-style Reforms

	FY2019	FY 2020	FY2021
Actual Work Hours	1,854	1,862	1,895
Average Overtime Hours			
All Employees	11.0	11.1	12.4
Career Track	14.6	14.8	16.7
Regional	6.7	6.5	6.6
Rate of Paid Leave Taken	72.7%	70.1%	69.6%

#### Major Work-Style Reform Systems

- **Half-day paid leave system**  
→ System allowing annual paid leave to be taken in half-day units
- **Hourly paid leave system**  
→ System allowing annual paid leave to be taken in one-hour units
- **Work interval system**  
→ System requiring a certain time interval between the end of a day's work and the beginning of the next shift
- **Flextime system**  
→ System allowing employees to decide their own allocation of daily working hours
- **Telecommuting system**  
→ System allowing employees to work from home, in shared offices or other locations for the purpose of improving work productivity
- **Staggered shift system**  
→ System by which employees can move their start and end times back or forward a certain time within a set range to give a more flexible work schedule
- **Flexible work hour system**  
→ System allowing employees agreeing to fall under the system to work in a manner that is not constrained by prescribed start/end work times

### Initiatives Supporting the Raising of Next-Generation Children and Promoting the Active Participation of Women

The Norinchukin Bank is working to support a work-life balance and the ability to both raise a child and have a career. We are also encouraging male employees to take parental leave. In addition to these measures and our efforts to increase the rate of women among new graduate hires, we are helping to build a network among female employees by holding Women Employee Career Forums.

To promote the active participation of female employees based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace and the Act on Advancement of Measures to Support Raising Next-Generation Children, we have established a General Employers Action Plan and are making efforts in this area. Our first action plan from 2016 has been completed and was succeeded by a new plan launched in April 2019.

The Bank will continue to make multifaceted efforts to enhance the vitality of the organization and to create a work environment in which diverse employees can fully demonstrate their abilities and individuality, as well as remain active over a long period.

#### Results of Promotion of Active Participation of Women

	FY2019	FY2020	FY2021
Ratio of Women Hired			
Career Track	26%	34%	26%
Specified Roles	100%	67%	100%
Regional	75%	90%	78%
Share of Women Employees	34.2%	34.6%	34.9%
Share of Women Managers	6.2%	6.3%	6.6%

#### Action Plan for the Act on the Promotion of Female Participation and Career Advancement in the Workplace and the Act on Advancement of Measures to Support Raising Next-Generation Children (FY2019–FY2021)

- Target 1  
Share of women in career-track/specified role new graduate hires: 20% → **Target met**
- Target 2  
Implement and entrench various measures to promote work-style reforms → **Target met**

#### Action Plan for the Act on the Promotion of Female Participation and Career Advancement in the Workplace and the Act on Advancement of Measures to Support Raising Next-Generation Children (FY2022–FY2024)

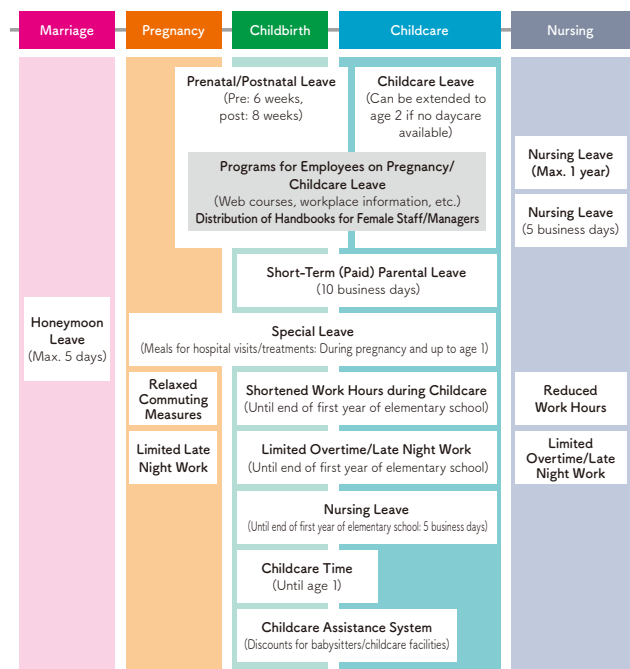
- Target 1  
Rate of parental leave taken by men: 100%
- Target 2  
Initiatives to “Implement, entrench various measures to promote work-style reforms“
- Target 3  
Share of women in career-track/specified role new graduate hires: Approximately 40%

### Childcare Support

To enhance our work-family balance support system, we have implemented a variety of systems to support employee childcare. Specifically, we have set up systems for employees to take special leave for pregnancy and childbirth, as well as a childcare leave systems We have also set up a short-term parental leave system so that male employees can offer further support for childcare. In addition, we have developed services that let employees access online courses (e.g., return to work courses) and company intranet message boards. These services are part of a program to provide information to employees who are on

pregnancy or childcare leave. We also provide a number of support options for childcare, such as offering pre-return interviews to employees who have taken pregnancy and/or childcare leave so that they can smoothly return to work. Based upon our General Employers Action Plan, the Bank supports the ability to both raise a child and have a career.

As such a company, we have held Kurumin Certification from the Ministry of Health, Labour and Welfare since 2011. However, in recognition of our introduction of these systems and their utilization, we subsequently received Platinum Kurumin Certification in fiscal 2020.





### Occupational Health and Safety

The Norinchukin Bank engaged in developing working environments where employees can perform their duties in good health and with a sense of security.

Our health management policy is formulated each year by the Occupational Hygiene Committee. This policy prescribes measures to be taken to reinforce the management of the physical and mental health of employees and help promote their health.

While ensuring that all employees take regular health checkups, we urge their families to take health checkups as well.

According to the results of these checkups, health guidance is provided by industrial doctors and medical staff. Efforts are also being made to reduce working hours, considering the possible adverse impact of long hours of labor on employee health.

As part of its efforts to ensure mental health at the workplace, we advise self-care methods for employees, offer counseling and other consultation opportunities, and conduct position-by-position mental health education. In addition, we carry out stress checks, offer readily available self-checking functions and have the Mental Health Consultation Room in place to provide consultations as required at the medical office in the head office of the bank.

To increase the health consciousness of employees and establish the practice of doing moderate exercise on a regular basis, we offer a wide range of educational programs and welfare services. Specifically, we subsidize sports club memberships and have health leaders lead health promotion activities.

### Labor Relations

The Norinchukin Bank has an employee union as a counterpart organization to its management. In addition, this employee union employs a union shop system. As a general rule, all employees become union members on joining the Bank. Our employee union has the authority to negotiate with management on important matters such as the maintenance and improvement of labor conditions for its members. Furthermore, surveys are conducted with members to aid in negotiation with management, and forums have been established for offering various recommendations to management. For any changes in personnel and labor-related systems that would exert significant impact on the lives and work styles of union members, management is required to come to an agreement with the employee union, whether through the management committee, the labor committee or other negotiations.

## Investment in Human Capital

### Enhance Human Resources Development

In realizing the Purpose and the Mission of the Bank, the most important management resource is human capital. We intend to enhance human resources development through ongoing investments in human capital that are compatible with management strategies and tasks. Such efforts include establishing a human resources portfolio looking ahead to the changes in the business environment and ensuring human resources who can create innovation or added value.

For the development of employee careers, we deploy and assign the right personnel in the right job based on the competency, aptitude and career perspective of each person, as well as support self-fulfillment through work, by adopting the Career Challenge Program (a job transfer application system) and the Career Change Program. In addition, the Bank is aggressively recruiting and employing highly competitive external human resources.

When recruiting and assigning employees, care is taken not to exercise any type of discrimination.

With the goal of training core personnel in each headquarters, the Bank is actively providing opportunities for them to develop their skills in order to support the self-motivated efforts of each and every employee. For example, in addition to subsidy programs for correspondence courses, certification exams, foreign language study, and sending employees to overseas study and cross-industry seminars, we hold after-work training for each headquarters. We also hold after-work training, group study and other programs for employees based on their years of service and/or rank.

### New Employees

In addition to the three-week entry training, new employees are sent to JA and agricultural corporations so that they can have diverse experience in Japan and overseas. The Bank also provides on-the-job training and offers a mentoring system for

each new employee.

### Young, Mid-Career and Manager-Level Employees

For young, mid-career and manager-level employees, we help them develop their careers for further growth through such measures as placing them in temporary posts at JA and JA Shinnoren.

We are also deepening employee understanding of our fundamental mission by holding workshops led by specialists in the cooperative system and the AFF industries. These are designed to develop human resources who can play a role as employees of a cooperative organization.

### Management-Level Employees

To raise the management capabilities of management-level employees, we offer programs for study at European and U.S. business schools, as well as personal coaching to help managers implement our management plan.

### Career Development Support System

To help employees proactively work on their own career development, the Bank has implemented the Career Development Support System. Employees are able to take inventory of their own abilities and clarify their goals thanks to our career development training and career development interviews conducted with their superiors. After defining their career goals, they are encouraged to carry out career development based on the job capability requirements of employees in each headquarters.

## Principal Human Resource Programs

### Group Training

- Career development training: Foster an awareness of career development by taking an inventory of employee abilities and through self-analysis
- Management training: Acquire and improve knowledge and business skills needed for management, including leadership, junior staff development, vision making and work efficiency
- Managerial development training: Acquire and improve knowledge required for organizational management, division and branch management, etc.
- The Norinchukin Bank Business School: Improve and deepen understanding of basic business management theory and consulting abilities, and build cross-departmental networks

### Personal Development Support

- Financial support for online learning content, correspondence courses, gaining external certifications and foreign language training: Support for employee self-directed career development by partially subsidizing various studies

### Outside Studies

- Graduate School of Business (managers program): Acquire advanced management skills at domestic and overseas universities
- Overseas study: Acquire specialized knowledge and global viewpoints through attendance at an MBA or LL.M program
- Overseas branch trainee system: Foster global perspectives in less-experienced staff by posting them at overseas branches
- Exchange personnel and acquire specialized knowledge by sending staff to cross-industry training, asset management companies, JA and JA Shinnoren

### New Employee Training

- Workplace training system for new employees, instructor training, mentorship system
- Entry training, on-site training at JA, on-site training at agricultural corporations

### Other

- After-work training
- Lectures by specialists from cooperatives, fostering of awareness as employees of the cooperative system through staff workshops
- Business English language lessons
- e-Learning

### Development and Skills Enhancement of Cooperative Member Human Resources

In alliance with Norinchukin Academy Co., Ltd., a training specialist for cooperative members, The Bank is working to develop human resources that meet the trust and expectations of individual members and customers, targeted at the senior management and employees of JA Bank, JF Marine Bank and JForest Group, by pursuing initiatives to 1) nurture and strengthen the power of Reform Leaders who promote the practice of prefectural and JA strategies and 2) promote the acquisition and enhancement of specialized skills and knowledge. We have offered online personnel training sessions to reduce the risk of COVID-19 infection, in addition to gatherings in the conventional meeting format.

### Strengthened Human Resource Training Initiatives to Achieve JA Bank Medium-Term Strategies

We continue to hold the JA Bank Central Academy—Managers Course targeted at directors in charge of JA's banking business, the Senior Executives Course targeted at senior managers in charge of JA's banking business, the Seminar for JA Presidents/Board Chairpersons targeted at JA presidents/board chairpersons and the Block Symposium targeted at JA's branch managers and mid-career employees. Through these training courses designed to develop human resources who can lead the reform of JA and JA Shinnoren, we have supported the business reform of JA Bank.

We are also engaged in the development of the human resources required to promote the measures of the JA Bank Medium-Term Strategies by offering training options allowing them to acquire specialized skills and financial knowledge, including group trainings, correspondence courses and qualifying tests.

### Human Resource Training Initiatives at JF Marine Bank

For JF Marine Bank, we are focused on developing the human resources necessary to enhance the fishery financial function by continuing its group trainings, such as the JF Marine Bank Innovative Leader Training: Course targeted at store managers of JF Shingyoren and the Step-Up Seminar targeted at fishery industry financial consultants and other staff, as well as offering online training that allows trainees to learn a variety of basic knowledge required for fishery finance.

### Supporting Human Resources Training at the JForest Group

We support JForest Group's organizational reform initiatives by helping to nurture the human resources leading the organization. We do this through holding the Seminars for JForest targeting top executives at JForest and JForest Moriren (Prefectural Federations of Forestry Cooperatives), as well as JForest Cooperatives Counsellor Training aimed at personnel holding the title of counsellor, who support the backbone of JForest's practical management.

### Personnel Exchanges between the Bank, JA, and JA Shinnoren

The Norinchukin Bank has enhanced personnel exchanges with JA and JA Shinnoren, and has been working to achieve mutual understanding and sharing of know-how within JA Bank Group. Specifically, we accept trainees from JA, educating them so that they can play a key role in the banking business and gain wide-ranging business know-how. We also accept staff and trainees seconded from JA Shinnoren, who work in various areas such as retail planning, administration, systems, agricultural and corporate loans, and securities investment.

Moreover, we second staff to cooperative organizations (e.g., JA and JA Shinnoren) in order to deepen their understanding of the actual work of cooperatives from the point of view of employees of the central organization for cooperatives and of a financial institution for farmers, fishermen and foresters.

## Workshop on Sustainable Food Systems

To better understand the trends and issues in the world to ensure the sustainability of the AFF industries and the food and agriculture value chains and connect them to future initiatives, in June 2021 we held the “Workshop on Sustainable Food Systems” targeting officers and employees across the country (online format was also adopted). We invited KUBO Maiko, Minister’s Secretariat and Director, Global Environment Policy Office, Ministry of Agriculture, Forestry and Fisheries, and KIKUCHI, Minister’s Secretariat and International Affairs Officer, International Organizations Division, International Affairs Department, Ministry of Agriculture, Forestry and Fisheries, to the workshop as lecturers. Thanks to their comments, the participants fostered a better understanding of the domestic and global trends toward the realization of “Sustainable Food Systems” and exchanged opinions regarding future initiatives of the Bank.

## e-Learning Course

To improve knowledge and foster awareness about sustainability among executives and employees, we held an e-Learning course in November 2021 for all senior management and employees themed on sustainability management.

It consisted of 12 questions ranging from basic knowledge to recent trends and the Bank’s efforts and was designed for participants to deepen their understanding through repeating the course until reaching the criteria to pass.

We plan to hold e-Learning courses annually in fiscal 2022 and beyond.

### e-Learning Example Questions

Q: Of the following, which is incorrect regarding the AFF industries and the issue of climate change?

- (1) Given that it takes place in nature, agriculture is one of the few industries that can contribute to solving the problem of climate change.
- (2) In excess of 80% of greenhouse gases from agriculture comprise methane (CH<sub>4</sub>) from fermentation in the digestive tract of cattle emitted as burps and from paddy fields, and nitrous oxide (N<sub>2</sub>O) generated from agricultural soil, fertilizers, waste management and similar.
- (3) The AFF industries are susceptible to the problem of climate change, and high temperatures are already acting as barriers to growth and reducing product quality. However, there are also opportunities in this, such as increased arable land because of higher temperatures.
- (4) The Japanese government is also working on initiatives to reduce greenhouse gas emissions from the AFF industries. These include measures to reduce emissions from horticultural and agricultural machinery, energy-saving measures on fishing boats, measures to reduce emissions from agricultural soil, and carbon sequestration in forests and agricultural soil.

Correct answer: (1)

Explanation: Greenhouse gas emissions from agriculture account for about 10% of total worldwide emissions and are one cause of accelerating climate change.

## Topics

### JA Farming Volunteer Team

The Bank will soon celebrate the 100th anniversary of its founding in 2023. As a commemorative event, we have launched an original project. The project encourages Bank employees to search and discover a local community with which he/she would like to be involved in its future development. In other words, this Purpose Relevance project aims to support the Purpose of the Bank through personal involvement.

The Bank participates in the “JA Farming Volunteer Team,” which works to dispatch farming volunteers who are formed within JA Group as part of this project.

Along with fewer foreign farmers due to the expanded contamination of COVID-19, the labor shortage at farms (local communities) has become aggravated in Japan. Given such adverse circumstances, the JA Farming Volunteer Team consists mainly of about 30 younger employees engaged in harvesting operations at two farms.

One harvest operation occurred in December 2021 at a mandarin orange farm in Fujieda City, Shizuoka, and the other was in March 2022 at a leek farm in Kasukabe City, Saitama.



A snapshot at the mandarin orange farm

Focus Area 5

# Maintain Customer Trust as a Financial Institution

As a financial institution whose business is founded first and foremost on trust and confidence, The Norinchukin Bank places a priority on ensuring that individual directors and employees conduct their business with a heightened sense of ethical responsibility.

Amid increased social interest in diverse work styles, we strive to ensure compliance with laws and regulations.

Topics		Direction of Our Initiatives
Topic 5-1	Further reinforce our compliance framework	<b>Striving to ensure compliance includes appropriate responses to laws and regulations, measures against money laundering and terrorist funding, severing transactions with antisocial forces and the enhancement of information security</b>

Major Initiatives
<ul style="list-style-type: none"> <li>● Ensure compliance</li> <li>● Protect human rights</li> </ul>

Related SDGs




## Further Reinforce Our Compliance Framework

### Further Reinforce our Compliance Framework

As a financial institution whose business is founded first and foremost on trust and confidence, the Bank recognizes the importance of not only creating an effective compliance framework but also of continuing to improve effectiveness. To fulfill our fundamental mission and social responsibility as well as prove ourselves worthy of customer and member trust and expectations in light of changes in the social and business environment, we continue our unceasing efforts in the area of compliance by managing its business in accordance with societal norms by fully complying with laws and regulations based on the principle of total self-reliance. We also constantly endeavor to achieve a higher degree of transparency by emphasizing proper disclosure and accountability. In addition, we disseminate the Code of Conduct to all senior management and employees to present the standards for their judgments and behaviors toward sincere and fair job performance as a premise of business activities, as well as to show concrete ideas on how to practice these “shared values.”

### Provision of Compliance Seminars

The Bank provides compliance seminars to all employees to raise compliance awareness and promote ethical practices in business activities. In Fiscal 2020, we invited a specialist from a law firm to further the knowledge of our executives regarding harassment prevention and the compliance required of management. Employees learned about smooth communication based on diversity, and the necessity of acting appropriately both in public and private while addressing day-to-day risks.

### Measures against Counter Money Laundering and Financing of Terrorism

The Bank has positioned measures against counter money laundering and the financing of terrorism as important issues for management, and by appointing a manager in charge, is developing a more robust risk management system to handle these issues, and to maintain and develop a sound financial system.

We also take appropriate measures against the use of financial institutions for crimes such as the use of bank accounts to receive money generated by fraud or other crimes, to contribute to the establishment of a safe and secure society.

### Prohibiting Relations with Antisocial Forces

The Bank has a zero-tolerance policy regarding antisocial forces, which threaten the safety and order of civil society, and thoroughly prohibits relations therewith. We reinforce our organizational framework to systematically avoid transactions related to antisocial forces under unified cooperation among the front (Divisions in charge of business transactions), middle (Management and Compliance sections) and back (Internal Audit section).

### Strict Information Management

Directors and employees of the Bank have access to records concerning customer assets, credit, privacy and other sensitive information. Strict measures are in place to ensure that such customer information is not leaked by the relevant persons while employed or after leaving. Extra care is taken to ensure compliance with the rules and regulations to prevent insider trading when significant but not yet announced facts concerning listed or other important customers is obtained.

### Protection of Personal Information

As a Business Operator Handling Personal Information and Person in Charge of Processes Related to Individual Social Security and Tax Numbers, The Norinchukin Bank has created a framework to facilitate the proper handling of such material and provides education and training for employees to ensure compliance.

### Whistleblowing System

The Bank has installed a Compliance Hotline to enable employees to report on compliance issues to the Legal Affairs and Compliance Division or outside lawyers by telephone or e-mail.

When a compliance issue is reported, we maintain close contact with the whistleblower and make necessary improvements and implement corrective measures. The Bank's compliance operation prioritizes protecting whistleblowers such as prohibiting disadvantageous treatment of a whistleblower and keeping the information of reported content secret. Thus, we are making efforts to improve employees' trust in the Bank.

## Fostering a Sound Corporate Culture

To prevent large-scale scandals that might damage trust among customers and in financial markets, we strive to foster and enshrine a sound corporate culture as a part of our business strategy. We have clearly defined a desirable and sound corporate culture, and we have established the Code of Ethics and Code of Conduct to ensure the full awareness of all directors and employees and to ensure that all employees engage in legal and ethical practices in every aspect of business.

### Definition of a Sound Corporate Culture

#### 1. Respecting risk management while continuing to pursue approaches to new tasks and ensuring appropriate returns

Individual directors and employees are expected to fulfill their basic roles for the Bank and aggressively attempt new business to establish a stable profit structure that ensures organization-wide sustainability. Individual directors and employees are expected to fully recognize the risks they take on or that might arise and always be aware of the need to maintain a balance of returns, corporate strength and risk.

#### 2. Securing business transparency and acting with a heightened awareness of responsibility

Individual directors and employees are expected to act with strict discipline and responsibility to achieve a higher degree of transparency and accountability through appropriate internal and external communication in order to serve the needs of society.

#### 3. Respecting diverse ideas through communication to promote cooperation

Individual directors and employees are expected to develop a work environment that encourages active, free communication as well as respect for diverse ideas while promoting a sense of cooperation that enables all employees to fulfill their potential.

#### 4. Understanding The Norinchukin Bank sense of value and management policy to execute business with a spirit of unity

Individual directors and employees are expected to share our sense of value while directors and managers are expected to practice strong leadership in providing clear and easy-to-understand communication to ensure that all employees fully understand management policy.

#### 5. Developing a sound corporate culture as a part of corporate governance

Directors and managers are expected to take account of the business environment and employee awareness to develop a sound corporate culture based on an appropriate system for business performance evaluations and remuneration.

## Initiatives Based on Environmental Policy and Human Rights Policy

The Bank has formulated human rights and environmental policies that clarify its basic position on environmental issues and respect for human rights and is working to resolve such issues.

### Respect for Human Rights

In the Code of Conduct, The Norinchukin Bank emphasizes respect for human rights and the building of a workplace that enables employees to work with a sense of security. Discriminatory words and acts based on race, creed, gender, age, nationality, ethnic group, religion, social status and physical features are unacceptable in or outside the workplace. All directors and employees of the Bank are strictly prohibited from engaging in such acts or using such language under any circumstances.

In addressing global human rights, we adhere to and respect international standards, including the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights, the ILO Declaration on Fundamental

Principles and Rights at Work, and the UN Global Compact. We also comply with the domestic laws of the nations in which we operate, and we prepare or update rules and regulations on operations concerning human rights in the course of our business activities. Recently, awareness of human rights is increasing not only within bank operations but also throughout the entire supply chain. While referring to the UN Guiding Principles on Business and Human Rights, the Bank will continue to address issues from various angles, including compliance, with the UK Modern Slavery Act 2015.

### Response to UK Modern Slavery Act 2015

The UK Modern Slavery Act 2015 requires any commercial organization with a certain annual turnover to produce a statement detailing their approaches to the prevention of slavery, forced or compulsory labor, and human trafficking in their business and their supply chain. This important statement has been posted on our English website since September 2016. The statement stresses that acts of slavery, forced or compulsory labor, and human trafficking are contrary to the Bank's mission and sets out our efforts to prevent such acts.

### Educational Activities to Heighten Awareness of Human Rights

The Bank’s business operations are supported by its stakeholders. It is important that all directors and employees of the Bank have a heightened sense of human rights with respect for the position and personality of others. To fulfill the Bank’s fundamental mission, each director and employee are expected to respect the position of individual stakeholders and treat all with sincerity, acquire deep insights and highly professional knowledge, and behave as valued members of society.

Toward the establishment of a highly transparent organizational culture based on the concept of respect for human rights, we continue conducting educational activities on human rights in line with the policy decided by the Board of Directors after discussion at the Human Rights Subcommittee.

To prevent sexual or power harassment as well as harassment on the basis of pregnancy, childbirth and child- or nursing care leaves, we engage in a wide range of activities such as providing e-learning and position-by-position education, guidance and consultation by the persons in charge of human rights issues throughout the organization, and external contacts for consultation.

In light of the Act for Promotion of the Employment of Persons with Disabilities and the Act for Eliminating Discrimination against Persons with Disabilities, we have set up a Consultation Desk for People with Disabilities at each branch and in the Legal Affairs and Compliance Division, and this is working to respond to actual issues faced by people with disabilities.

### Environment and Human Rights Seminars

The Bank provides environment and human rights seminars annually, and all senior management and employees and employees at the Bank are required to participate in at least one. We invite specialists from a wide range of fields to present seminars to enlighten and disseminate the concept of respect for environmental preservation and human rights under broad themes.

In fiscal 2021, in view of COVID-19 restrictions, we provided nine online sessions delivered to all business sites via a remote conference system.

### Human Rights Impact Assessment (HRIA)

The UN Guiding Principles on Business and Human Rights (UNGPs) endorsed by the UN Human Rights Council in 2011 clarifies the corporate responsibility for human rights protection stating that business enterprises should carry out human rights due diligence, avoid infringing on the human rights of others and address adverse human rights impacts with which they are involved.

Based on this concept, we clearly state in our Human Rights Policy that we strengthen efforts to carry out human rights due diligence to prevent or reduce adverse human rights impacts that the Bank’s financial services might have and conduct human rights impact assessment by the entire organization and in business activities.

Specifically, given that all the business activities of the Bank are in the scope of coverage, we identified human rights risks by leveraging employee questionnaires and outside specialized knowledge. We then assessed the priorities of the identified human rights risks from the standpoint of their importance and relevance to our business activities. Consequently, we determined “Investment and Loans to Sectors with High Human Rights Risks” and other risks to be priority issues. The Bank handles these priority issues in accordance with the “Policy on Environmental and Social Considerations in Financing and Investment Activities” (see page 39 for details).

#### Human Rights Impact Assessment Processes



## Respect for Customers

The Norinchukin Bank considers it important to provide smooth access to necessary funds to customers engaging in the AFF industries, and small and medium-sized enterprises. To meet the needs of customers through the provision of customer-oriented services, we engage in ongoing efforts to enhance our functions and services with careful attention to customer requests.

As a provider of financial products and services, the Bank regards it as important to seriously consider customer protection from the customer's perspective and to provide information that helps customers make appropriate decisions. In particular, when we help customers carry out transactions for financial products that require highly specialized knowledge, it is essential that we carefully explain contracts in easy-to-understand language. For this purpose, we have established a wide range of committees and set rules and regulations for customer protection.

## Customer Consultations and Complaints

Customer consultations and complaints are systematically handled by the relevant departments, and the relevant departments communicate with and report to concerned departments in accordance with the rules and regulations for customer support and related services that specify the use of financial alternative dispute resolution (ADR) measures to resolve financial disputes out of court.

The Consultation Service Center of the Bank publicizes the content of the consultations and complaints from customers via our official website, etc.

### JA Bank Consultation Service Center

JA Bank has internal rules and systems in place for the handling of customer consultations and complaints in a swift, fair and appropriate manner in consideration of financial ADR measures. Customer consultations and complaints are accepted through the JA Bank Consultation Service Center, a fair and neutral third-party organization, as well as the Consultation Service Centers at the Japan Agricultural Cooperatives (JA) and JA Shinnoren. With the consent of the customer, we urge the relevant JA or JA Shinnoren to promptly resolve all issues. In addition, we address areas of operation that might require improvement relative to consultations and complaints we receive and take measures to prevent recurrence by uniting the entire JA Bank organization.

### JF Marine Bank Consultation Service Center

JF Marine Bank has internal rules and systems in place for the handling of customer consultations and complaints in a swift, fair and appropriate manner in consideration of financial ADR measures. Customer consultations and complaints are accepted through the JF Marine Bank Consultation Service Center, a fair and neutral third-party organization, as well as the Consultation Service Centers at the Japan Fishery Cooperatives (JF) and JF Shingyoren. With the consent of the customer, we urge the relevant JF or JF Shingyoren to promptly resolve all issues. In addition, we address areas of operation that might require improvement relative to consultations and complaints we received and take measures to prevent recurrence by uniting the JF Marine Bank.

# ESG Data

## Environment

### GHG Emissions

	Unit	FY2018	FY2019	FY2020
GHG emissions (Scope 1)	t-CO <sub>2</sub> e	1,515	1,389	1,256
GHG emissions (Scope 2)	t-CO <sub>2</sub> e	25,794	20,760	19,057
GHG emissions (Scope 3)* <sup>1</sup>	t-CO <sub>2</sub> e	1,404	1,305	1,265
GHG emissions (total of Scope 1-3)	t-CO <sub>2</sub> e	28,712	23,454	21,578

### Energy Consumption

	Unit	FY2018	FY2019	FY2020
Electric power consumption	kWh	52,941,711	44,341,378	41,040,001
Kerosene consumption	kl	77	78	84
Light oil consumption	kl	2	3	3
Heavy oil consumption	kl	34	18	20
City gas consumption	Thousand m <sup>3</sup>	522	484	432
Gasoline consumption	kl	402	361	347

### Use and Discard of Resources

	Unit	FY2018	FY2019	FY2020
Water volume consumed (water supply)	m <sup>3</sup>	93,985	88,143	72,161
Water volume consumed (sewage)	m <sup>3</sup>	69,735	65,919	54,424
Paper quantity consumed* <sup>2</sup>	t	—	237	163
Waste generated* <sup>3</sup>	t	199	192	157
Recycled volume	t	72	64	43

The scope of tabulation covers all the domestic sites of the Bank. However, regarding "Waste generated" and "Recycled volume," only the corresponding respective volumes from the head office building (DN Tower) are stated here.

\*1 Activities related to fuel and energy, and business trips

\*2 Quantity of copy paper delivered

\*3 Total of general waste (recycled volume derived from used paper, etc., and waste burned) and industrial waste

## Society

### Basic Human Resources Data

		FY2019	FY2020	FY2021
No. of employees* <sup>4</sup>		3,645	3,584	3,536
Men	No.	2,398	2,343	2,303
	(%)	65.8	65.4	65.1
Women	No.	1,247	1,241	1,233
	(%)	34.2	34.6	34.9
No. of non-core employees		540	548	545
Men		437	448	444
Women		103	100	101
No. of dispatched employees		58	50	67
Men		1	1	1
Women		57	49	66
No. of seconded employees		324	395	477
No. of overseas local hires		163	169	169
Age structure				
20s and below	No.	936	900	826
	(%)	26	25	23
30s	No.	1,050	1,059	1,126
	(%)	29	30	32
40s	No.	875	851	832
	(%)	24	24	24
50s	No.	779	771	748
	(%)	21	22	21
60s or higher	No.	5	3	4
	(%)	0	0	0

	FY2019	FY2020	FY2021	
Average age	39	39	39	
Men	40	40	40	
Women	38	38	39	
Average length of service	13.4	13.6	13.7	
Men	12.9	13.0	13.2	
Women	14.4	14.6	14.7	
No. of new graduate hires	102	90	92	
Men	57	47	54	
Women	45	43	38	
No. of mid-career hires	34	9	33	
Men	No.	29	7	26
	(%)	34	13	33
Women	No.	5	2	7
	(%)	10	4	16
Share of employees retained for 10 consecutive years of service (%)* <sup>5</sup>	72.0	74.2	72.3	
Men		82.5	83.3	78.7
Women		57.2	62.3	63.9
Turnover (%)	2	1	1	
Men		1	1	1
Women		2	2	1
Average monthly salary (Thousand yen)* <sup>6</sup>	517	521	538	
No. of persons with disabilities hired	142	139	130	
Share of persons with disabilities hired (%)* <sup>7</sup>	2.71	2.67	2.52	
No. of post-retirement age employees* <sup>8</sup>	284	303	299	

\*4 Including those who are retiring at the end of the current fiscal year

\*5 Percentage of employees hired nine to 11 fiscal years ago who continue to work as of this report

\*6 "Equal treatment for equal duty" policy is applied, with no gender discrimination or regional gaps within the country

\*7 Aggregate hiring ratio from the Bank, Group subsidiaries and special subsidiaries

\*8 Employment using the senior staff and the meister systems



### Results of Work-Style Reforms

	FY2019	FY2020	FY2021
Actual work hours	1,854	1,862	1,895
Average overtime hours			
All employees track	11.0	11.1	12.4
Career track	14.6	14.8	16.7
Regional	6.7	6.5	6.6
rate of paid leave taken	72.7%	70.1%	69.6%

### Results of Promotion of Active Participation of Women

	FY2019	FY2020	FY2021
Ratio of women hired			
Career track	26%	36%	24%
Specified roles	100%	67%	100%
Regional	75%	90%	78%
Share of women employees	34.2%	34.6%	34.9%
Share of women managers	6.2%	6.3%	6.6%

### Childcare/Nursing-Related Data

	FY2019	FY2020	FY2021
No. of employees taking childcare leave	113	148	155
Men	78	97	101
Women	35	51	54
Share of employees taking childcare leave	66	88	93
Men* <sup>1</sup>	61	80	94
Women* <sup>2</sup>	113	91	93
Share of employees returning after childcare leave* <sup>3</sup>	97	100	100
Days of nursing leave taken	459.5	290	379
No. of employees taking nursing care leave	1	3	2

### Customer Consultations and Complaints

	FY2019	FY2020	FY2021
No. of received customer consultations and complaints	65	52	28

\*1 The number of employees taking childcare leave divided by the number of dependents of employees giving birth (if leave and childbirth do not fall in the same fiscal year, these figures are counted toward the fiscal year where the leave began)

\*2 The number of employees taking childcare leave divided by the number of employees giving birth (if leave and childbirth do not fall in the same fiscal year, these figures are counted toward the fiscal year where the leave began)

\*3 Percentage of female employees who gave birth who continued to work (including periods of childcare leave) until their child's first birthday

## Governance

### Governance System

	Unit	As of July 1, 2020	As of July 1, 2021	As of July 1, 2022
Supervisory Committee members	No.	13	20	17
Women therein	No.	1	1	1
Directors and Executive Officers	No.	19	15	15
Women therein	No.	0	1	1
Audit and Supervisory Board members	No.	5	5	5
Women therein	No.	1	1	1

	Unit	FY2019	FY2020	FY2021
Number of Supervisory Committee meetings	No.	13	14	13
Average rate of attendance at Supervisory Committee meetings	%	94.6	92.7	91.8

Please see the ESG Data on the Bank's website, <https://www.nochubank.or.jp/en/sustainability/disclosure/esg/> for the latest data.

# GRI Guideline Comparison Table

GRI 102: General Disclosures		
1. Organizational profile		
102-1	Name of the organization	Sustainability Report 2022: P4 Annual Report 2022: P246 Value Report 2022: P38 Web: Corporate Outline
102-2	Activities, brands, products and services	Annual Report 2022: PP20–21, PP73–78 Value Report 2022: PP13–14 Web: Our Businesses
102-3	Location of headquarters	Sustainability Report 2022: P80 Annual Report 2022: P246
102-4	Location of operations	Annual Report 2022: P244
102-5	Ownership and legal form	Sustainability Report 2022: P4 Annual Report 2022: P246 Value Report 2022: P38 Web: Corporate Outline
102-6	Markets served	Annual Report 2022: P8 Value Report 2022: PP13–14 Web: Our Businesses
102-7	Scale of the organization	Sustainability Report 2022: P4 Annual Report 2022: P246 Value Report 2022: PP13–14
102-8	Information on employees and other workers	Sustainability Report 2022: P72–73
102-9	Supply chain	Value Report 2022: PP13–14
102-10	Significant changes to the organization and its supply chain	—

102-11	Precautionary Principle or approach	Sustainability Report 2022: PP19–28, P34, PP38–39, P53, P57, P68, P70 Annual Report 2022: PP31–32, PP44–45, PP51–52, PP64–72 Web: Business Management
102-12	External initiatives	Sustainability Report 2022: P14 Annual Report 2022: P16
102-13	Membership of associations	Sustainability Report 2022: P14 Annual Report 2022: P16 Web: Business Management
2. Strategy		
102-14	Statement from senior decision-maker	Sustainability Report 2022: PP2–3 Annual Report 2022: PP4–10
102-15	Key impacts, risks and opportunities	Sustainability Report 2022: P5, P7, PP19–28 Annual Report 2022: PP17–19, PP44–45, PP64–72
3. Ethics and integrity		
102-16	Values, principles, standards and norms of behavior	Sustainability Report 2022: P8, P10, P69 Annual Report 2022: P7, P53 Value Report 2022: PP15–16
102-17	Mechanisms for advice and concerns about ethics	Sustainability Report 2022: P68, P71 Annual Report 2022: PP53–57 Web: Business Management
4. Governance		
102-18	Governance structure	Sustainability Report 2022: P12, P57 Annual Report 2022: PP33–43 Web: Business Management
102-19	Delegating authority	Sustainability Report 2022: P12 Annual Report 2022: PP33–39 Web: Business Management, Disclosure based on the Corporate Governance Code
102-20	Executive-level responsibility for economic, environmental and social topics	Sustainability Report 2022: P12

102-21	Consulting stakeholders on economic, environmental and social topics	Sustainability Report 2022: P11, P12, PP16–17 PP57–58 Annual Report 2022: P16
102-22	Composition of the highest governance body and its committees	Annual Report 2022: PP33–43, P241 Web: Business Management
102-23	Chair of the highest governance body	Annual Report 2022: PP33–35, P241 Web: Business Management
102-24	Nominating and selecting the highest governance body	Annual Report 2022: PP33–36 Web: Business Management, Disclosure based on the Corporate Governance Code
102-25	Conflicts of interest	Annual Report 2022: PP33–43
102-26	Role of highest governance body in setting purpose, values and strategy	Annual Report 2022: PP33–35, P241 Web: Business Management
102-27	Collective knowledge of highest governance body	Annual Report 2022: PP33–38
102-28	Evaluating the highest governance body's performance	Web: Business Management, Disclosure based on the Corporate Governance Code
102-29	Identifying and managing economic, environmental and social impacts	Sustainability Report 2022: PP5–7, PP11–12, PP19–28, P34, P38–39, P53, P57, P70 Annual Report 2022: PP16–19
102-30	Effectiveness of risk management processes	Sustainability Report 2022: P34, P38 Annual Report 2022: PP64–72
102-31	Review of economic, environmental and social topics	Sustainability Report 2022: P12
102-32	Highest governance body's role in sustainability reporting	Sustainability Report 2022: P12 Annual Report 2022: PP33–39 Web: Business Management
102-33	Communicating critical concerns	Sustainability Report 2022: P12 Annual Report 2022: P33–39 Web: Business Management
102-34	Nature and total number of critical concerns	—

102-35	Remuneration policies	Annual Report 2022: P39, PP233–238 Web: Business Management, Disclosure based on the Corporate Governance Code
102-36	Process for determining remuneration	Annual Report 2022: P39, PP233–238 Web: Business Management, Disclosure based on the Corporate Governance Code
102-37	Stakeholders' involvement in remuneration	Annual Report 2022: P39, PP233–238 Web: Business Management, Disclosure based on the Corporate Governance Code
102-38	Annual total compensation ratio	—
102-39	Percentage increase in annual total compensation ratio	—
5. Stakeholder engagement		
102-40	List of stakeholder groups	Sustainability Report 2022: P8, P57
102-41	Collective bargaining agreements	Sustainability Report 2022: P63
102-42	Identifying and selecting stakeholders	Sustainability Report 2022: P8, P57
102-43	Approach to stakeholder engagement	Sustainability Report 2022: PP16–17, PP57–58 Value Report 2022: PP3–8, PP25–28
102-44	Key topics and concerns raised	Sustainability Report 2022: PP16–17 Value Report 2022: PP3–8, PP25–28
6. Reporting practice		
102-45	Entities included in the consolidated financial statements	Annual Report 2022: PP79–82, PP90-91, P243
102-46	Defining report content and topic boundaries	Sustainability Report 2022: P1, P10
102-47	List of material topics	Sustainability Report 2022: P11, P44, P52, P56, P59, P67
102-48	Restatements of information	Not applicable
102-49	Changes in reporting	Not applicable
102-50	Reporting period	Sustainability Report 2022: P1
102-51	Date of most recent report	Sustainability Report 2022: P1
102-52	Reporting cycle	Sustainability Report 2022: P1
102-53	Contact point for questions regarding the report	Sustainability Report 2022: P80

102-54	Claims of reporting in accordance with the GRI Standards	Sustainability Report 2022: P1, PP74–77
102-55	GRI content index	Sustainability Report 2022: PP74–77
102-56	External assurance	—

**GRI 201: Economic Performance**

	Management approach disclosures	Annual Report 2022: P83–132
201-1	Direct economic value generated and distributed	Annual Report 2022: P83–132 Web: Financial Information
201-2	Financial implications and other risks and opportunities due to climate change	Sustainability Report 2022: PP19–28 Annual Report 2022: PP17–19
201-3	Defined benefit plan obligations and other retirement plans	Annual Report 2022: PP101–104

**GRI 203: Indirect Economic Impacts**

	Management approach disclosures	Sustainability Report 2022: P8, PP34–35 Annual Report 2022: PP58–60 Value Report 2022: PP21–24, PP29–36
203-2	Significant indirect economic impacts	Sustainability Report 2022: PP32–33, PP45–49 Annual Report 2022: PP58–60 Value Report 2022: PP21–24, PP29–36 Web: Initiatives

**GRI 205: Anti-Corruption**

	Management approach disclosures	Sustainability Report 2022: P53
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**GRI 207: Tax**

	Management approach disclosures	Annual Report 2022: P12
207-1	Approach to tax	Annual Report 2022: P12
207-2	Tax governance, control and risk management	Annual Report 2022: P12
207-4	Country-by-country reporting	Annual Report 2022: P12

**GRI 302: Energy**

	Management approach disclosures	—
302-1	Energy consumption within the organization	Sustainability Report 2022: P72

**GRI 305: Emissions**

	Management approach disclosures	Sustainability Report 2022: P8, PP19–28 Annual Report 2022: PP17–19
305-1	Direct (Scope 1) GHG emissions	Sustainability Report 2022: P28, P72
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Report 2022: P28, P72
305-3	Other indirect (Scope 3) GHG emissions	Sustainability Report 2022: P72

**GRI 306: Waste**

	Management approach disclosures	—
306-2	Waste by type and disposal method	Sustainability Report 2022: P72

**GRI 401: Employment**

	Management approach disclosures	Sustainability Report 2022: PP60–62
401-1	New employee hires and employee turnover	Sustainability Report 2022: P72
401-3	Parental leave	Sustainability Report 2022: P62, P73

**GRI 402: Labor/Management Relations**

	Management approach disclosures	Sustainability Report 2022: P63
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**GRI 403: Occupational Health and Safety**

	Management approach disclosures	Sustainability Report 2022: P63
403-3	Occupational health services	Sustainability Report 2022: P63
403-4	Worker participation, consultation, and communication on occupational health and safety	Sustainability Report 2022: P63
403-6	Promotion of worker health	Sustainability Report 2022: P63

GRI 404: Training and Education		
	Management approach disclosures	Sustainability Report 2022: P64 Annual Report 2022: PP61–63
404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Report 2022: PP64–65 Annual Report 2022: PP61–63
GRI 405: Diversity and Equal Opportunity		
	Management approach disclosures	Sustainability Report 2022: PP42–43, P60 Annual Report 2022: P63
405-1	Diversity of governance bodies and employees	Sustainability Report 2022: PP42–43, PP60–62, P72–73
GRI 412: Human Rights Assessment		
	Management approach disclosures	Sustainability Report 2022: P10, PP69–70
412-2	Employee training on human rights policies or procedures	Sustainability Report 2022: P70
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Sustainability Report 2022: P10, PP38–39



## SASB Reference Table

The Sustainability Accounting Standards Board (SASB) is an independent standards-setting organization that promotes the disclosure of important sustainability-related information to meet the needs of investors. The following table refers to Commercial Bank standards as defined by the Sustainable Industry Classification System (SICS) and shows where each topic is reported.

Prepared: July 2022

Topics	Indicator	Code	Reporting location
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	FN-CB-230a.1	—
	Description of approach to identifying and addressing data security risks	FN-CB-230a.2	Annual Report 2022: P72
Financial Inclusion & Capacity Building	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	FN-CB-240a.1	Annual Report 2022: P73
	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	FN-CB-240a.2	—
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	FN-CB-240a.3	—
	Number of participants in financial literacy initiatives for unbanked, underbanked or underserved customers	FN-CB-240a.4	—
Incorporation of Environmental, Social and Governance Factors in Credit Analysis	Commercial and industrial credit exposure, by industry	FN-CB-410a.1	Annual Report 2022: P169, PP148–156
	Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis	FN-CB-410a.2	Sustainability Report 2022: PP34–39
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice or other related financial industry laws or regulations	FN-CB-510a.1	—
	Description of whistleblower policies and procedures	FN-CB-510a.2	Annual Report 2022: P49, PP53–57
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	FN-CB-550a.1	Annual Report 2022: P212
	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy and other business activities	FN-CB-550a.2	Annual Report 2022: P64

Activity Metric	Code	Reporting location
(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	FN-CB-000.A	—
(1) Number and (2) value of loans by segment: (a) personal, (b) small business and (c) corporate	FN-CB-000.B	—

## From the Expert



**KANIE Norichika**

Professor, Graduate School of Media and Governance, Keio University

After having previously served as an associate professor at the Tokyo Institute of Technology, currently serves at the position above. Director, Keio Research Institute at SFC xSDGLab KANIE Norichika serves as a visiting professor at the University of Tokyo Institute for Future Initiatives, a member of the Sustainable Development Goals (SDGs) Promotion Roundtable Meeting (SDGs Promotion Headquarters of the Japanese government), and a member of the Expert Committee for the Promotion of SDGs in Regional Governments (Secretariat for Regional Development, Cabinet Office), among other positions.

Having read through this report, I have the impression that The Norinchukin Bank has made steady progress in its sustainability management. It is a positive step that the Bank established the Sustainability Advisory Board and developed the governance structure that incorporates outside expert's opinions and monitors its various initiatives like a fixed-point observation. In addition, the report's chapter composition, according to which field staff's feedback on diverse cases is introduced in "From the Front Lines," helps the Bank to communicate its direction to readers in an easy-to-understand manner. Given the current situation in which the disclosure methodology of non-financial information has not yet been determined, I believe this report composition nicely adheres to the Bank's original disclosure style.

As for climate change scenario analysis, the Bank's disclosure on the agricultural sector regarding anticipated physical risks is laudable from the viewpoint of responding to risks. Research in this sector is anticipated to evolve in the future. It is my hope that the Bank discloses relevant data and information, with updates as needed on a continuing basis, while closely cooperating with outside partners.

I have high expectations for the Bank's approaches, including initiatives to form value chains for businesses related to food and agriculture; reduce the impact of microplastics on marine ecosystems and fisheries; and promote forestry and wood distribution, although these are challenging, because the AFF industries are the foundation of the Bank.

It is admirable that the Bank is dedicated to advancing "diversity & inclusion" initiatives. Meanwhile, gender equality is expected to be achieved by 2030, as set forth in Goal 5 of the SDGs, "Achieve gender equality and empower all women and girls." The relevant initiatives in the diversity & inclusion field are under way globally. Although this theme involves difficult issues, I expect much progress in the Bank's future initiatives from the perspective of diversified work styles, as well as of human diversity, including people with disabilities and LGBTQIA+ individuals.

Having extended the content of disclosure of ESG data is also estimable. As such, data comparison for the past three years has become feasible, thereby making continuous analysis available. On the other hand, given that much non-financial information cannot be quantified, a combined listing of qualitative trends arranged in chronological order could result in improved evaluation of corporate value.

In conclusion, I have recognized anew that the AFF industries are deeply associated with the sustainability field by reviewing the content of this report. In considering global-scale issues such as the pandemic, war, climate change and so forth, discussions have taken place on the appropriate distance to be kept between human beings and nature. I believe that people are focusing particular attention on how the AFF industries should be as a means to secure such

appropriate distance. In other words, could we say that the AFF industries are in a key position in deliberating the relationship between the Earth and humans? I have high expectations for The Norinchukin Bank to understand these issues on a global scale and further advance its sustainability management.

### Responding to the Expert

Managing Executive Officer  
Chief Sustainability Officer

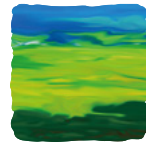
**KITABAYASHI Taro**



I want to thank Prof. KANIE for his valuable opinions. Since 2021, we have practiced sustainability management, for which the Purpose is designated as the starting point. I feel that, as is introduced in this report, every employee has gradually embraced the Purpose by dealing with the relevant work as a part of his/her own operations. From now on, fully considering the feedback received today, as well as the opinions and expectations of stakeholders, we will advance sustainability management with a conscious awareness of what The Norinchukin Bank can and should do regarding its activities.

**Contact regarding this Sustainability Report:**

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