

Sustainable Finance

The Norinchukin Bank Sustainable Finance

As a member of a cooperative organization supporting agriculture, fishery and forestry industries, the Norinchukin Bank understands that our businesses are part of the life, natural environment, and the affluent lives of community members sustained through these industries. As such, we aim to resolve environmental and social issues through sustainable finance.

We set a target ¥10 trillion in new finance between fiscal 2021 to 2030.

Our sustainable finance refers to the following:

- Investment and finance with ESG-related third-party certification
- Investment and finance that integrate ESG/SDGs factors into investment strategy and decision-making
- Investment and finance for environmental and social businesses
- Procuring sustainability related financing

Sustainable finance includes loans originated through our group company the Norinchukin Trust & Banking Co., Ltd., external management contracts of ESG funds managed by Norinchukin Zenkyoren Asset Management Co., Ltd., as well as investment and finance through Norinchukin Australia Pty Limited and Norinchukin Bank Europe N.V.

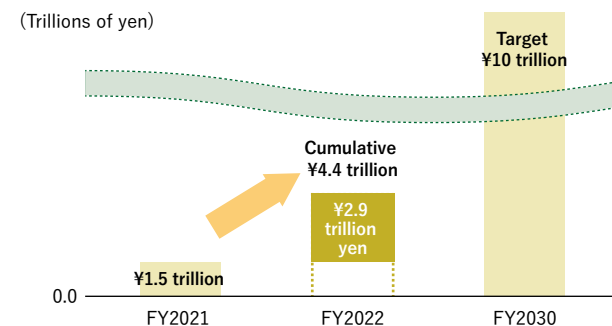
ESG Integration

The Bank incorporates ESG integration into our investment and lending cases as a measure toward environmental and social risk management.

Our investment decisions are based on a comprehensive evaluation integrating financial analysis and ESG assessment related to the customer. We learn the concerns and issues of our customers through engaging in dialogue throughout this process. In doing so, we support the sustainability initiatives of our customers and create new business opportunities.

Results

As of March 31, 2023, we achieved ¥4.4 trillion (including ¥2.0 trillion in the environmental sector) of our ¥10 trillion new sustainable finance transaction target for fiscal 2030.



Breakdown by Asset/Product

Investment and loan	Marketable assets, etc.	Approx. ¥2.3 trillion
	Project finance	Approx. ¥1.2 trillion
	ESG-linked loans	Approx. ¥0.7 trillion
	Investment and finance total	Approx. ¥4.2 trillion
	(Environmental sector)	(approx. ¥2.0 trillion)
Procurement	Green bonds and green deposits	Approx. ¥0.3 trillion

Initiatives for Impact Creation and Visualization

The impact investment and lending approach creates positive environmental and social impacts while generating appropriate economic returns. This approach has been attracting increasing interest in recent years as a way to directly contribute to solving environmental and social issues through investment and financing activities. In addition to making steady progress toward the aforementioned sustainable finance target, the Bank also implements Impact Measurement and Management ("IMM," below). This enables the visualization and quantitative management of the impact of our investment and lending activities on environmental and social issues.

The image of impact investment and lending (balancing economic returns with solutions to environmental and social issues)



Examples of Impact Creation

The Bank began issuing green bonds from 2021. Funds raised through green bonds are used to invest in finance projects that contribute to improving the environment, such as renewable energy projects. They are additionally used to measure and disclose the impact of such investments and finance. As of March 31, 2023, funded renewable energy projects contributed to an annual CO₂ reduction of approximately 640,000 tons (of the Bank's share).

Impact Investment Initiatives

In collaboration with its group company Norinchukin Zenkyoren Asset Management Co., Ltd., ("NZAM," below), the Bank launched an investment program that allows for up to ¥15 billion in Impact Private Equity Fund* investments in FY2022. We funded a total of four funds and ¥10 billion in the program as of March 31, 2023, aiming to create a positive impact on climate change, educational opportunities, healthcare, welfare, and other issues.

In addition, the Bank and NZAM participate in the ESG Data Convergence Project, which aims to standardize ESG reporting in the private equity sector. Historically, ESG reporting has been conducted differently by each individual investment company. This project works to bring together more than 100 investors and investment companies in the private equity sector to collaborate to standardize and improve the quality of ESG reporting and clarify the status of ESG initiatives. Through these initiatives, the Bank will encourage expansions in impact investments and contribute to the creation of a sustainable environment and society.

*Private equity funds that intend to generate economic returns and environmental and social impact at the same time.

Investment and Finance for the Resolution of Environmental and Social Issues

Investment in the Clean H2 Infra Fund S.L.P.

The Bank entered into an agreement to invest in a hydrogen infrastructure fund, the Clean H2 Infra Fund S.L.P. (the "Fund," below).

The Fund is one of the world's largest hydrogen infrastructure funds. Hydrogen-related companies such as Air Liquide, Total Energies, and VINCI, participate in the fund, which targets investments that cover the entire hydrogen value chain from hydrogen production to hydrogen station operations. Hydrogen is a next-generation energy source that does not emit CO₂. As such, the Fund aims to accelerate the implementation of hydrogen throughout society to achieve a decarbonized society. Additionally, the Fund falls under Article 9 of the Sustainable Finance Disclosure Regulation (SFDR), the European Union's disclosure regulation on sustainable finance for financial institutions. Funds falling under this article are defined as products with sustainable investment objectives.

→ Resolving Social Issues Through Finance P.74

Signing the Japan Impact-driven Financing Initiative

- The Bank signed the Japan Impact-driven Financing Initiative on November 1, 2022.
- This declaration is an initiative under the auspices of the Secretariat of the Social Innovation Foundation (SIIF) that promotes the practice of impact-oriented investment and financing through the cooperation of financial institutions. These institutions share the belief that financial institutions should serve to comprehensively understand impacts and be leaders in resolving environmental and social issues.
- The Bank will collaborate with other signatory institutions and participate in the Japan Impact-driven Financing Initiative in addition to other related subcommittee activities. Through this, we will advance our efforts, such as expanding our understanding of IMM, to create and visualize impacts of the Bank.

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 financing.

Project Finance Case Studies

Environmental Sector

Loan balance: ¥1,028.4 billion

The Bank provides financial support for renewable energy projects such as offshore wind and submarine transmission lines in the UK and continental Europe, as well as solar power generation in the Middle East and Japan.



Social Sector

Loan balance: ¥1,056.1 billion

The Bank provides financial support for water treatment projects in Australia and the Middle East, as well as other social infrastructure projects such as schools, hospitals, and other public facilities in Australia, the UK, and the Middle East.



As of March, 31 2023

ESG Loans such as Sustainability-Linked Loans

The Bank handles ESG loan products to advance initiatives for solving the environmental and social issues faced by customers in business strategy and supporting their medium- to long-term corporate value.

Sustainability-linked loans involve Sustainability Performance Targets (SPTs) based on the business strategies of our borrowers. Linking loan conditions with progress toward achieving SPTs motivates customers to achieve their goals. The Bank also launched loan products with limitation on the use of funds compliant with the Green Loan Principles. These include green loans (for environmentally friendly businesses), social loans (for socially friendly businesses), and sustainability loans (for environmentally and socially friendly businesses). In addition, we began offering transition loans to finance companies' transition efforts toward decarbonization. Through these loan products, we support customer efforts to solve environmental and social issues.

Product name	Cumulative amount of new loan transactions from FY2021 to FY2022 (billion yen)	Fund Usage	
Sustainability Linked Loans	3,153	Unlimited (set SPTs)	
Green Loans	2,105	Limited to use of proceeds	Environmentally friendly businesses
Social Loans	298		Socially friendly businesses
Sustainability Loans	142		Environmentally and socially friendly businesses
Transition Loans	376	Restricted/Unrestricted Climate Change Initiatives	
Positive Impact Finance	767	Unlimited	

GHG Measurement and Financial Support for Agricultural Corporations

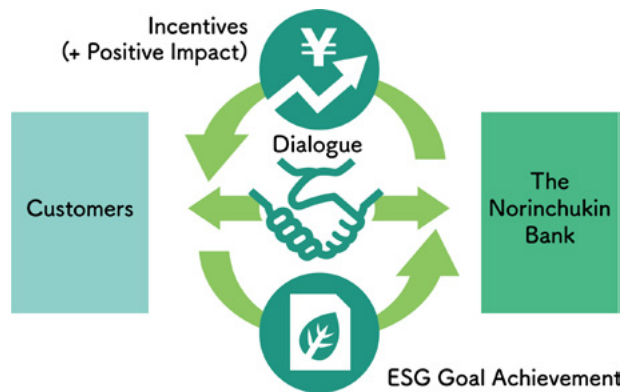
The Bank entered into a Sustainability Linked Loan Agreement in December 2022 with Suzunari Inc., an agricultural corporation in Shizuoka Prefecture (the "Company," below). The agreement targets reducing the Company Scope 1-2 GHG emissions. The Company measures GHG (Scope 1-3), with the help of the Bank and the CO₂ visualization, reduction, and reporting services of Asuene Inc.

→ Initiatives to reduce environmental burden in agriculture P.70

Initiatives to Solve Environmental and Social Issues in Cooperation with Electric Power Companies

Hokuriku Electric Power Company (the "Company," below) commits to sustainability management through the stable supply of electric power.

The Bank has collaborated with the Company in various ways, including through a joint investment to establish the FreDelish Corporation. FreDelish produces and sells lettuce in a fully-artificial plant factory and aims to solve problems faced by local communities and agriculture, such as a decrease in the number of farmers and poor growth of vegetables due to unfavorable weather conditions. In addition, the Bank has utilized our unique knowledge and network in the agriculture, fishery and forestry industries to continue discussions with executives and employee regarding future carbon neutrality strategies. Through these collaborations and dialogues, the Bank sympathized with the philosophy and strategy of the Company to decarbonize power sources for carbon neutrality. In light of their priority initiatives, the Bank entered into a Sustainability Linked Loan Agreement with the Company in August 2022, setting these two priority initiatives as Sustainability Performance Targets (SPTs). These initiatives include ⁽¹⁾ newly constructing and re-powering hydrogen generation and ⁽²⁾ increasing the ratio of biomass co-firing in coal-fired power generation. The Bank will contribute to the creation of a sustainable society through business partnerships and financing.



Solving Climate Change Issues through Collaboration with Companies and Other Cooperatives

The Bank participates with Mitsubishi Estate Co. Ltd., (the “Company,” below) in a wide range of SDGs that work to improve the city, such as the Daimaruyu SDGs ACT5. Various companies collaborate in this act and promote SDG activities in the Otemachi, Marunouchi, and Yurakucho areas. The Bank deepens the conversation among executives and employees through such activities. As such, we entered into the Sustainability Linked Loan Agreement in October, 2022. This agreement sets SPTs that contribute to solving climate change issues (FY2025: 100% transition to renewable energy, FY2030: 70% reduction in Scope 1-2 emissions and 50% in Scope 3 compared to 2019)

The Bank will contribute to solving climate change issues by collaborating with companies and encouraging customer initiatives.

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

Fish Farm Mirai LLC (the “Company,” below) is a rainbow trout onshore farming business that takes measures against environmental and social issues. Their efforts include the prevention of marine pollution, the preservation of biodiversity, sustainable provision of foods, and the revitalization of local industries.

The Bank entered into a sustainability loan agreement with the Company in March 2022 to provide financial support for initiatives that help resolve diverse environmental and social issues. We assist the Company in many areas including financial support..

This business was highly evaluated on the effects on social benefits and environmental improvement, and obtained the highest rating of SU1 (F) by the Japan Credit Rating Agency, Ltd.



Preserve under a demonstration experiment

Contributions to sustainable environments and society through investments

The Bank tackles the equity needs of customers to expand our finance tools for helping customers resolve their environmental and social issues. We contribute to a sustainable environment and society by returning investees' initiatives and technologies to our customers and member organizations.

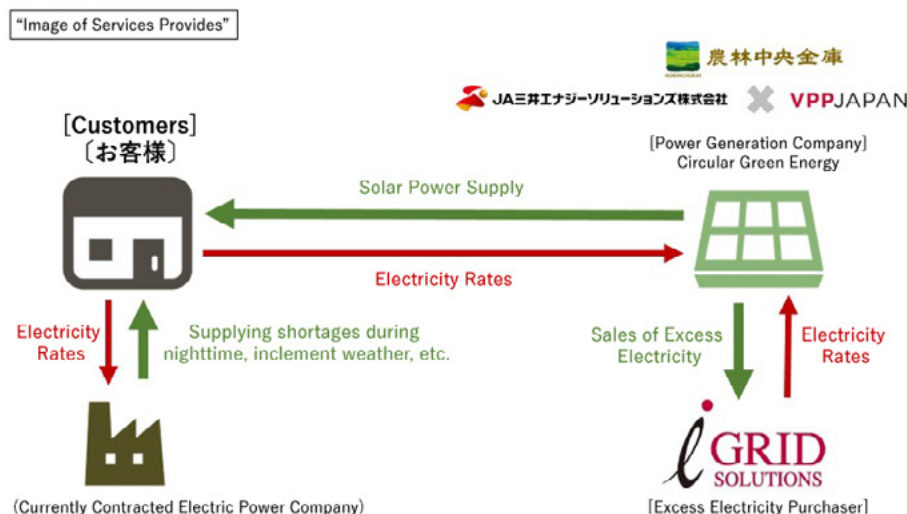
Topics

Business Alliances for Decarbonization and The Establishment of a New Company - Excess Electricity Circulation Solar PPA* Service -

*Power Purchase Agreement

The Bank partnered with JA Mitsui Leasing, Ltd., ("JA Mitsui Leasing," below), JA Mitsui Energy Solutions, Ltd., iGrid Solutions, Ltd., and VPP Japan, Ltd., to establish the Circular Green Energy LLC (the "Company").

In addition to providing on-site consumption services for solar power generation facilities, the Company began offering the Excess Electricity Circulation Solar PPA Service. This service effectively utilizes the excess energy generated by such facilities. Users of this service can install solar power for their own consumption with no maintenance or initial investment allowing users to reduce GHG emissions and power costs, procure stable power, and have access to emergency power sources. The Bank will work towards decarbonization through the installation of these systems on the roofs of buildings owned by customers of JA Mitsui Leasing or the Bank, and affiliate organizations such as JA.



Green Procurement Initiatives

Issuance of Green Bonds

The Bank issues U.S. dollar-denominated Norinchukin Bank debentures as green bonds in overseas markets. Norinchukin Bank debentures are bonds authorized to be issued under the Norinchukin Bank Act to raise funds for the Bank.

This is the first green bond issuance for the Bank and limits the use of proceeds to investments and loans for projects that help improve the environment, such as renewable energy projects. Prior to issuance, we developed the Green Bond Framework to ensure compliance with the Green Bond Principles 2021 of International Capital Markets Association (ICMA).

We will contribute to the creation of a sustainable environment and society through the issuance of green bonds and the investment and finance of the proceeds.