

Responsible Finance

Responsible Investments and Loans

To conduct investments and make loans in Japan and overseas using funds entrusted with JA Bank and JF Marine Bank, The Norinchukin Bank has formulated policies for appropriate operations and engages in such activities in a well-structured manner.

Basic Policy on Finance

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

As the basic principles for fulfilling these missions, the Bank has formulated the “Basic Policy on Finance.” With strong recognition of the Bank’s public nature and social responsibility as an important part of Japan’s financial system, the Bank has formulated this policy from the perspective of compliance, and based on the Bank’s Code of Ethics, Basic Policies for Risk Management and other internal rules.

The 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 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 at the time of investments and loans and even thereafter.

In addition, the “Compliance Manual” clarifies, as the code of conduct of directors and employees, that they must always keep in mind the soundness of operations despite the enthusiastic execution of business and should not set excessive plans and performance goals for investments, loans and other businesses.

Finance Facilitation Initiatives

Policies on Finance Facilitation

As the financial institution founded on agricultural, fishery and forestry cooperatives, the Bank considers one of its most important roles is to provide necessary funds smoothly to its customers engaging in agricultural, fishery and forestry operations and SMEs, and conducts initiatives under basic policies for finance facilitation, including the flexible handling of loan applications from customers, making changes to financing conditions in response to customers’ request for reduction of debt repayment burdens, proactive response to management consultation from customers, and support for their initiatives for management improvement.

In addition, in order to proceed with these initiatives properly, the Bank has developed a structure through discussion and reporting at meetings attended by relevant directors and executive officers, the designation of the department in charge of financing facilitation, the assignment of a financing facilitator at each branch who can collaborate with the department in charge of financing facilitation, and the creation of a customer service counter to respond to consultations and complaints from customers.

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Management Support Initiatives for Customers

The Bank focuses on providing services to customers who need support for management improvement and business reconstruction with due consideration to the impact on their local communities and other factors, and divisions and branches that handle customer transactions, together with a department in charge of financing facilitation, assist with the customers' efforts in the development and execution of plans, and review their progress and revise them as appropriate. We also collaborate with external parties, including consulting firms, Small and Medium-size Enterprise Revitalization Support Councils (SMERSCs) and Regional Economy Vitalization Corporation of Japan (REVIC) as the need arises, using various tools to achieve the best solution.

Policy to Address the Guidelines for Management Guarantee

Based on the Guidelines for Management Guarantee published in December 2013, the Bank has developed a structure for compliance with the guidelines, and we will continue efforts to address the issue of personal guarantees by business owners in good faith based on these Guidelines.

Initiatives for the Equator Principles

What is the Equator Principles?

The Equator Principles is an assessment framework used by private financial institutions when financing large-scale development projects to assess whether the development project has appropriate attention to the natural environment and local communities. This framework is widely used in the project finance field as a method to identify, evaluate and manage environmental and social risks.



The financial institutions that have adopted the Equator Principles are required to include the Equator Principles in their internal policies and procedures, and establish a system for administering and operating them appropriately. Such financial institutions do not finance projects that fail to meet the criteria of the Equator Principles.

Thus, as a system for directing fund flows to foster environmental and social considerations, the Equator Principles promote the social responsibility of financial institutions to contribute to the realization of a sustainable environment and society.

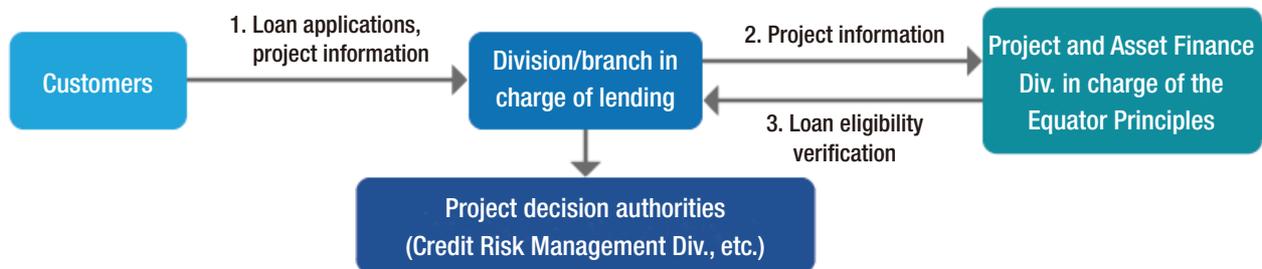
The Norinchukin Bank's Initiatives

The Bank has a basic policy to make investments and loans with a high-level of public responsibility and a broad range of social responsibilities, including considerations relative to the sustainable maintenance of the environment. Based on the increasing public awareness of environmental and social issues and society's expectations of financial institutions, from the viewpoint of realizing a higher level of consideration toward the sustainable maintenance of the environment, the Bank adopted the Equator Principles in May 2017.

Specifically, based on the Basic Policy on Finance, the Bank has formulated the Basic Policy Regarding the Equator Principles and the Administration Guidelines for the Equator Principles, deployed in the Project and Asset Finance Division the staff dedicated to verifying the eligibility of applying projects according to the Equator Principles. The Bank continues to request that customers address environmental and social considerations at the required level according to the project category.

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Equator Principles Loan Eligibility Verification Flow Chart



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

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Promotion of Environmental Conservation Projects

The Norinchukin Bank backs up business partners' advanced environmental conservation activities mainly by developing and offering financial products and services that contribute to environmental conservation.

Environmental Finance Initiatives

Against the background of increasing interest in environmental issues such as global warming prevention, the finance industry is in an expanding trend of supporting pro-environmental business activities and projects from a financial perspective. Based on such a trend, the Bank is engaged in initiatives for environmental finance.

The Bank has introduced the Agricultural, Forestry, Fishery and Ecology Rating System in 2010 to evaluate its customers which practice pro-environmental activities. The Bank added its own evaluation items to those of the system, including initiatives for environmentally sound agriculture, fishery and forestry industries and for the sixth industrialization.

Moreover, in March 2012, the Bank began acting as a broker of domestic emission credit (J-VER) trading. The J-VER System is the domestic emission trading scheme operated by the government. The Bank aims to support initiatives for environmentally-responsible agricultural and forestry operations such as forest improvement and environmental measures of companies by acting as a broker of J-VER trading derived from the agriculture, fishery and forestry industries.

In fiscal 2018, at an event cosponsored by the Bank, we implemented a carbon offset utilizing a J-VER scheme organized by JForest cooperatives.

Event at which a carbon offset was implemented	CO ₂ reduction	J-VER organizer
November 10-11, 2018 The ninth "Farmers' & Kids' Festival 2018"	5 tons in total	JForest Kashimo (Gifu)