

Corporate Governance

■ The Norinchukin Bank's Management System

The Bank is both the national-level organization for Japan's agricultural, fisheries and forestry cooperatives as well as an institutional investor that plays a major role in the financial and capital markets through investment of large amounts of funds in Japan and overseas. Naturally, the Bank adheres to decisions made within the Council of Delegates comprising representative members of all shareholders. At the same time, the Supervisory Committee and the Board of Directors, as stipulated by the Norinchukin Bank Law, are organized to share duties as well as coordinate the Bank's decision-making, while taking into consideration the internal and external situations of the cooperatives.

■ Supervisory Committee

The Supervisory Committee is responsible for submitting agendas for discussion and reporting to the Council of Delegates as well as for making decisions on important issues related to agricultural, fishery and forestry cooperatives. The Supervisory Committee also has the authority to oversee business activities performed by directors. This includes the authority to request that board members attend meetings to explain their business activities and to request the Council of Delegates to dismiss board members. The Supervisory Committee members have been selected from among board members of cooperative organizations, people engaged in the agriculture, fishery and forestry industries, as well as individuals with an in-depth knowledge of finance. Supervisory Committee members are recommended

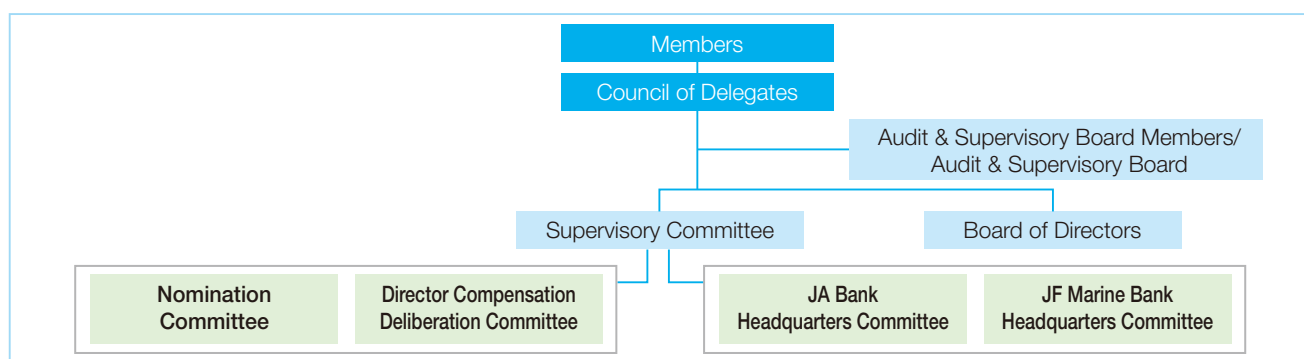
by the Nomination Committee, which mainly consists of representatives of the Bank's members, and are then appointed by the Council of Delegates. Regarding the Bank's compensation structure for directors, the Bank established the Director Compensation Deliberation Committee to deliberate on compensation issues, as a subcommittee of the Supervisory Committee.

Under the jurisdiction of the Supervisory Committee are the JA Bank Headquarters Committee and the JF Marine Bank Headquarters Committee, which are composed of representative committee members of cooperatives and the Bank's directors. These committees deliberate on basic policies of the banking business conducted by the agricultural and fishery cooperative organizations as well as on operational guidance for the Bank's members acting in the name of the headquarters.

■ Board of Directors

The Board of Directors makes decisions regarding the execution of business activities, excluding those matters under the jurisdiction of the Supervisory Committee, and performs a cross-checking function on the exercise of directors' business affairs. Members of the Board are elected by the Supervisory Committee and assume their positions upon approval of the Council of Delegates. Of the seven board members, two of them are appointed as members of the Supervisory Committee. Hence, decisions made by the Supervisory Committee and the Board of Directors are closely coordinated.

Management System of the Bank



■ Audit & Supervisory Board Members/Audit & Supervisory Board

Audit & Supervisory Board Members are elected directly by the Council of Delegates, and are responsible for auditing the decisions of the Supervisory Committee and the Board of Directors as well as for general oversight of the Supervisory Committee and board members' business activities. Moreover, the Audit & Supervisory Board, comprised of Audit & Supervisory Board Members, is established in accordance with the Norinchukin Bank Law. In addition, of the five Audit & Supervisory Board Members, three of them satisfy the conditions stated in Article 24-3 of the Norinchukin Bank Law*, and are equivalent to external auditors in publicly traded companies.

* According to Article 24-3 of the Norinchukin Bank Law, at least one of the Audit & Supervisory Board Members must satisfy all of the following conditions:

- (1) The member must not be a director or employee of a corporation that is a member of The Norinchukin Bank.
- (2) The member must not have held the positions of director, member of the Supervisory Committee, or employee of The Norinchukin Bank, or the position of director, accounting advisor (if the advisor is a corporation, then an employee who performs such duties), executive officer or employee of one of the Bank's subsidiaries, in the five years prior to their appointment.
- (3) The member must not be the spouse or relative within the second degree of kinship of a Norinchukin Bank director, Supervisory Committee member, manager or other important employees.

■ Basic Policy on Governance

In light of the spirit of the Corporate Governance Code, the Bank has formulated a Basic Policy on Norinchukin Bank Governance.

Framework for Business Administration (Risk Appetite Framework (RAF))

■ Basic Approach

The business environment surrounding financial institutions is changing radically. For the Bank to maintain its high soundness and continue to meet stakeholders' expectations and perform its basic roles, the forward-looking recognition of risks and the appropriate risk controls as well as the risk taking in a disciplined manner are increasingly important.

To implement such measures, the Bank has introduced the Risk Appetite Framework (RAF) for business administration. Under the RAF, the Bank is aiming to achieve the goals of the management plan and working to foster and disseminate a sound risk culture that supports its business administration framework.

■ Risk Appetite Framework (RAF)

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 are acceptable to the Bank) and managing them in an integrated manner. Under the RAF, by allocating finite management resources (such as the general and administrative expenses and staff) effectively, with the aim of an optimal balance between risk and return, the Bank further improves its soundness while adjusting to changes in the surrounding environment.

■ Implementation of the RAF

The Bank has issued its “Risk Appetite Statement” and has formulated and documented 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) in light of 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, decides the allocation of management resources and formulates the management plan.

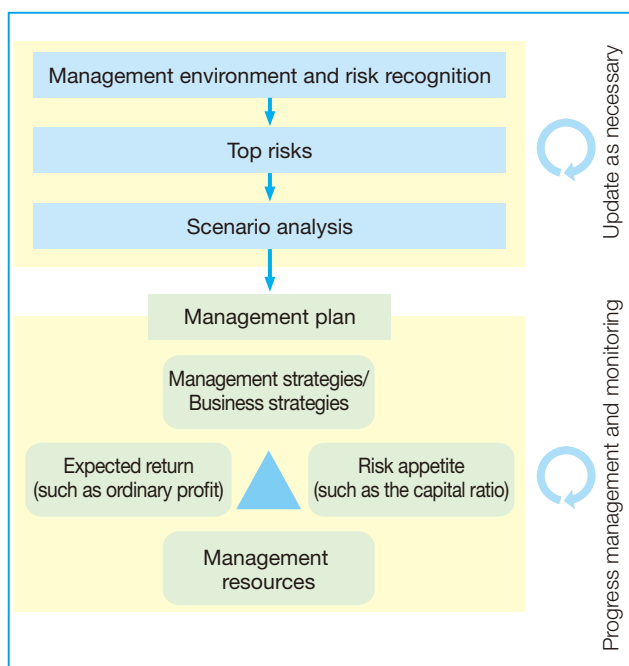
The Bank has clarified the policies for managing the expected return and risk appetite and set the Key Goal Indicators (KGIs) and Risk Appetite Indicators. During a fiscal year, while updating the information on the management environment and the risk recognition, the Bank monitors the status of management strategies, business strategies and expected return as well as the risk appetite, and reviews them if necessary. Thus, the RAF is implemented with the PDCA cycle of the management plan.

■ Risk Culture

It can be said that the corporate culture is something multifaceted that is formed by the organizational code of conduct and sense of value built on the thoughts and behavior of each director and employee of the company. To maintain its soundness and continue to perform its roles consistently as a financial institution with social responsibility, it is necessary to ensure profitability through a certain level of risk taking. To this end, the “risk culture” that is shared by directors and employees throughout the organization concerning risk recognition, risk taking and risk management is especially important for the appropriate implementation of the RAF.

For all directors and employees of the Bank to be able to share the required standard of behavior and way of thinking and act always to establish and maintain trust with diverse stakeholders, the Bank defines the future vision of an ideal organization as a goal and disseminates that vision throughout the Bank, thereby working to foster a sound risk culture and disseminate such a culture throughout the entity.

Outline of the RAF



Initiatives for Strengthening Internal Control

■ Basic Approach

For the Bank to fulfill its fundamental mission as the central organization for Japan's agricultural, fisheries and forestry cooperatives as well as its social responsibility, the Bank views the construction of management control systems as its highest priority. It has established basic policies for internal control to secure compliance with corporate ethics rules and relevant laws and regulations, proper management of risks, as well as appropriate business activities in general.

■ Basic Internal Control Policy

● Systems for Ensuring Duties Exercised by Directors and Employees Conform to Relevant Laws and the Articles of Association

- (1) To ensure sound management through compliance with laws and regulations, the Bank has established its Code of Ethics and Compliance Manual. It has taken steps to ensure that all directors and employees are fully aware of the importance of strict observance of laws and regulations, and performance of their duties with integrity and fairness.
- (2) To ensure that directors act in compliance with laws and regulations, their activities are monitored and audited by other directors and Audit & Supervisory Board Members. In addition, the Compliance Division, which supervises the Bank's overall compliance matters, reviews important decisions in advance.
- (3) With regard to compliance matters, the Bank has set up the Compliance Hotline System, which allows employees to turn to the Compliance Division or outside lawyers for advice or to file a report.
- (4) The Bank institutes a Compliance Program each fiscal year, which includes systematic compliance promotion and education and training programs for employees.
- (5) The Bank takes a strong and resolute stance against anti-social elements that pose a threat to social order and security, and blocks all relationships with them.
- (6) With regard to internal controls on financial reporting, the Bank has in place measures to ensure that such reporting is reliable and appropriate.

● Systems for Retaining and Managing Information Related to Directors' Execution of Duties

- (1) Important documents related to the execution of directors' duties, such as minutes of Board of Directors meetings and other important meetings, as well as documents requiring approval, are properly managed by specifying their retention period and management standards.
- (2) The Bank's business units are obligated, upon the request of directors, executive officers and Audit & Supervisory Board Members, to present information related to the performance of their duties for their inspection.

● Rules and Other Systems for Managing the Risk of Loss

- (1) The Bank views the proper implementation of risk management as a major business challenge for maintaining a business that is safe and sound while simultaneously establishing a stable profit base. Accordingly, the Bank has established basic policies for risk management that set out the types and definitions of risks that the management must be aware of, and risk management systems and frameworks.
- (2) Risks that need to be managed are divided into two types. The first type consists of risks that the Bank takes on proactively and deliberately with the goal of generating profit. These risks include credit risk, market risk and liquidity risk. The second type of risk is operational risk. Based on the nature of these various kinds of risks, the Bank has established risk management policies and procedures, and undertakes risk management for the Bank and its group companies from a comprehensive and unified perspective. To properly carry out these risk management activities, the Bank has established decision-making bodies and units to be in charge, clearly defined each of their roles and responsibilities, and taken steps to implement an appropriate risk management system.
- (3) The Bank carries out comprehensive and more sophisticated risk management through economic capital management, which measures various kinds

of risks and ensures that total risk capital remains within the limits of the Bank's regulatory capital requirement.

- (4) To comply with requirements for ensuring management soundness set forth in the Norinchukin Bank Law, the Bank conducts regulatory capital management based on the conditions stipulated in laws and regulations.
- (5) In the case of a major natural disaster, the Bank makes necessary preparations to maintain its business continuity.

● **Systems for Ensuring Efficient Execution of Directors' Duties**

- (1) The Bank establishes its medium-term management plans, business plans and other plans for business execution, and periodically assesses their progress.
- (2) To ensure that decision making by the Board of Directors is efficient, the Bank has formed committees composed of directors and executive officers to which the board delegates specific matters and tasks for implementation. The Bank has also formed councils to discuss management issues on a regular or as-needed basis. Their duties include the discussion of proposals on matters to be decided by the Board of Directors.
- (3) To ensure that directors and employees perform their duties efficiently, the Bank takes steps to improve its organizational system by clearly establishing its organizational structure, authorities and responsibilities.

● **Systems for Ensuring that Operations are Conducted Properly at the Group Companies of the Bank and its Subsidiaries**

- (1) To ensure the proper operation of the Norinchukin Bank Group, the Bank has established basic policies for the operation and management of its group companies according to the group company's type of business, scale and importance.
- (2) Based on business management agreements concluded between the Bank and each group company, matters relating to management, matters relating compliance, matters relating to risk management and matters relating to internal audits to be discussed and reported, to

ensure smooth and appropriate operation within the group have been decided, and the status of execution of business at each group company is monitored.

- (3) In group companies, the Bank provides appropriate guidance, advice and supervision and conducts performance reviews in order to improve rules and other systems for managing the risk of loss, systems for ensuring the efficient execution of directors' duties and systems for ensuring duties exercised by directors and employees conform to relevant laws and the Articles of Association.

● **Internal Audit System**

- (1) To contribute to the proper operation of its business, the Bank has created the Internal Audit Division, which is independent of units that carry out business operation. The Bank strives to maintain a system to ensure that internal audits are effectively carried out for its entire operations.
- (2) Internal audits are conducted for the Bank and group companies that have concluded agreements for audits, and are implemented based on an auditing plan approved by the Board of Directors.
- (3) The Internal Audit Division periodically reports a summary of audit results to the Board of Directors and related divisions.
- (4) Members of the Internal Audit Division meet periodically and as needed with Audit & Supervisory Board Members and accounting auditors to exchange views and information as well as to better coordinate their auditing activities.

● **Details regarding Staff who Support Audit & Supervisory Board Members and Their Independence from Directors, as well as Details to Ensure the Effectiveness of Instructions Given to Such Staff.**

- (1) The Office of Audit & Supervisory Board Members, an independent unit, has been formed by the Bank to assist Audit & Supervisory Board Members in fulfilling their duties.
- (2) In principle, three or more full-time employees are assigned to the Office of Audit & Supervisory Board Members to perform clerical work to help administer

the Audit & Supervisory Board and other tasks specified by its members.

- (3) Employees assigned to the Office of Audit & Supervisory Board Members work in accordance with the instructions of the Audit & Supervisory Board Members.
- (4) Full-time Audit & Supervisory Board Members' views on the performance evaluations of the employees assigned to the Office of Audit & Supervisory Board Members and their reassignment to other departments are obtained in advance and duly respected.

● **Systems for Directors and Employees to Report to Audit & Supervisory Board Members and Other Systems for Reporting to Audit & Supervisory Board Members**

- (1) When a director discovers information that could cause serious damage to the Bank and the Bank Group, it must be reported immediately to the Audit & Supervisory Board.
- (2) When the Compliance Division discovers information that is important from a compliance perspective or that is vital to the compliance system in general in the Bank and the Bank Group, the division must

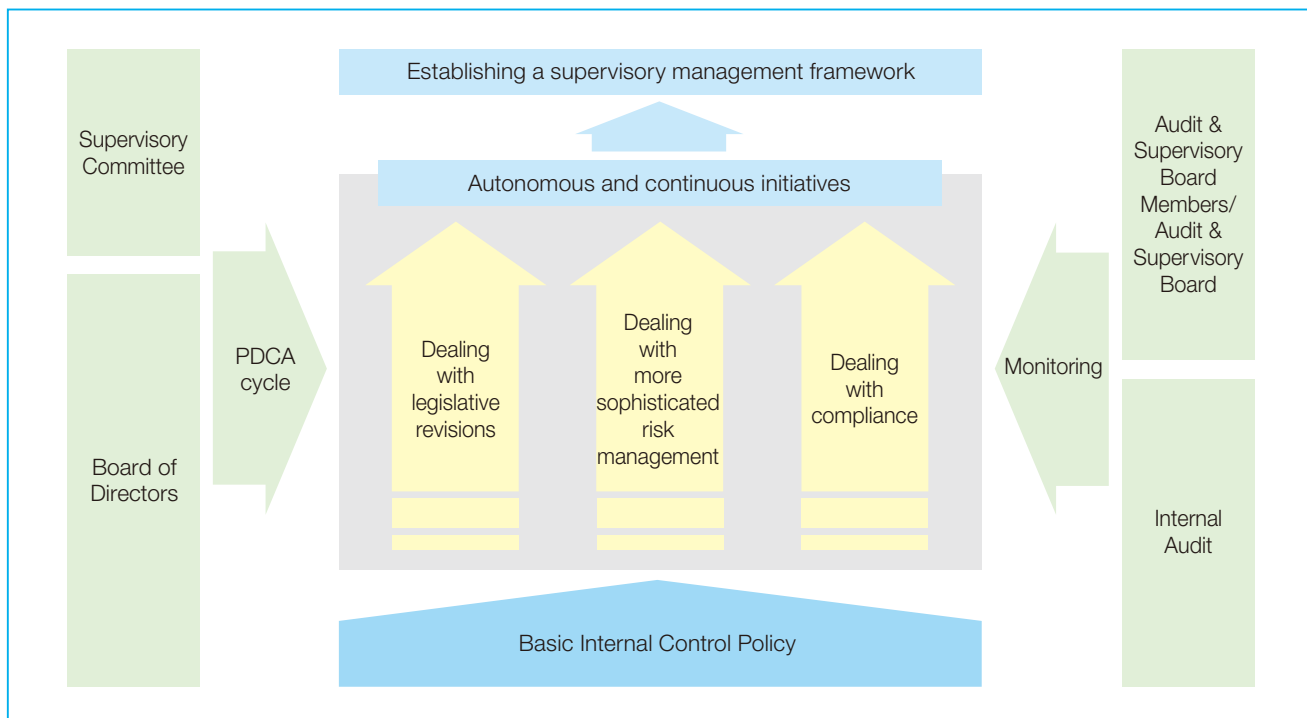
report these matters to Audit & Supervisory Board Members.

- (3) The Internal Audit Division reports its findings regarding internal audits to Audit & Supervisory Board Members, and the two groups engage in discussion periodically.
- (4) Documents related to major decisions and other important documents related to business conduct are provided to Audit & Supervisory Board Members for review.

● **Systems for Directors and Employees of a Group Company, or Persons Receiving Reports from Said Directors and Employees, to Report to Audit & Supervisory Board Members**

In addition to reports based on the provisions of the preceding paragraph, the Compliance Division receives reports on the internal reporting situation in group companies from the department in charge of the group company internal reporting program and reports to Audit & Supervisory Board Members.

Initiatives for Strengthening Internal Control



- **Systems to Ensure that Persons who Report to Audit & Supervisory Board Members Are Not Discriminated Against for Reasons of Having Made the Report**

Ensures that directors and employees of the Bank and those of the group companies who report to Audit & Supervisory Board Members for appropriate purposes are not discriminated against for reasons of having made the report, and that this is thoroughly understood and enforced.

- **Policy Pertaining to Expenses Arising Due to Performance of Duties by Audit & Supervisory Board Members**

In order to defray expenses, etc., arising due to the performance of duties by Audit & Supervisory Board Members, an appropriate budget framework shall be established, and except when deemed not necessary for the performance of duties by Audit & Supervisory Board Members, all expenses claimed by Audit & Supervisory Board Members shall be borne by the Bank.

- **Other Systems to Ensure Effective Conduct of Audits by Audit & Supervisory Board Members**

Fully aware of the importance and value of audits by Audit & Supervisory Board Members, the following systems have been created to ensure that they are conducted effectively.

- (1) Audit & Supervisory Board Members are allowed to attend Board of Directors meetings, Supervisory Committee meetings and other important meetings, and are free to express their opinions.
- (2) Representative directors and Audit & Supervisory Board Members periodically meet to exchange views.
- (3) Directors, executive officers and employees must cooperate with Audit & Supervisory Board Members' investigation and interview requests.
- (4) In general, directors, executive officers and employees must comply with the matters set forth in the Rules of the Audit & Supervisory Board and the Standards for Audits.

Internal Audit System

■ Position of the Internal Audit

The Bank defines internal audit as objective and rational verification and evaluation of the appropriateness and effectiveness of the internal management system by an independent internal audit unit based on the Bank's business characteristics and risk conditions.

The objective of internal audit is to contribute to the proper execution of business by helping audited divisions develop corrective action plans to resolve issues that have been identified as a result of verification and assessment, and then by verifying the effectiveness of these plans.

The scope of internal audit includes all operations and assets managed by all divisions and branches of the Bank. Internal audits are conducted on affiliates that have signed agreements for business audits and on contractually outsourced businesses for which business audit contracts have been signed as long as these audits do not infringe on the scope of agreements, contracts, laws and regulations. For businesses of affiliates and contractually outsourced businesses that are not subject to audit, internal audits are conducted on the management status of relevant businesses by responsible divisions.

■ Outline of the Internal Audit System

The Bank's Board of Directors has established the Internal Audit Policy, which sets out basic internal auditing functions, including the definitions, objectives, scope and positioning of auditing within the organization.

Based on this policy, the Bank has established the Internal Audit Division as an internal auditing unit that is independent from other business divisions.

In addition, the Bank has formed the Internal Audit Committee, which includes representative directors. The purpose of the committee is to consider and discuss matters related to internal audits in general, including planning, implementation and improvements, and to facilitate reporting of internal audit matters to the management and follow up of audit results.

Moreover, the Internal Audit Division, Audit & Supervisory Board Members and accounting auditors meet to exchange views and information on a periodic

and as-needed basis in order to strengthen their cooperative efforts.

■ Preparation of Internal Audit Plans

Internal audits are implemented by instituting individual audit execution plans based on medium-term and annual internal audit plans approved by the Board of Directors.

An efficient and effective audit execution plan is established after first understanding the status of risk management in the department to be audited, and confirming the sufficiency of required auditing resources, and then taking into account the frequency and depth of the audit based on the type and extent of risks.

■ Implementation of Effective Internal Audits

The Internal Audit Division is conducting audits conforming to IIA* standards, as well as conducting audits in the spirit of the internal auditing standards of various countries including Japan where the Bank is based.

Furthermore, to ensure the effectiveness and improvement of internal audits, personnel with highly specialized knowledge are assigned to the Internal Audit Division. After assignment, they continue to upgrade their knowledge and skills through training and are encouraged to obtain external qualifications.

In addition, the Internal Audit Division makes use of a variety of auditing methods to conduct internal audits effectively and efficiently. They include off-site audits for which on-site auditing is not required, off-site monitoring to gather daily audit-related information, and unannounced audits.

* IIA (The Institute of Internal Auditors Inc.) is an international body relating to internal auditing that aims to improve the expertise of internal auditors and establish their professional status.

■ Reporting of Audit Results and Follow-Up

After audits are completed by the Internal Audit Division, the audited divisions or branches are notified of the results by the Internal Audit Division. The audited divisions or branches are to take corrective actions on the recommendations by the Internal Audit

Division by specified deadlines. They prepare corrective action plans when necessary, and report them to the Internal Audit Division.

The Internal Audit Division reports and explains its audit results together with the audited divisions' report to a director in charge and Audit & Supervisory Board Members. In addition, the director in charge reports a summary of the audit results to the Board of Directors on a quarterly basis, and reports on the performance of internal audits are presented to the Supervisory Committee periodically. Matters of special importance must be immediately reported to President and Chief Executive Officer, Audit & Supervisory Board Members and the Board of Directors, and, when deemed necessary, to the Supervisory Committee as well.

■ Quality Assessment of Internal Audits

In order to ensure the effectiveness of internal audits and aim to upgrade and improve them, the Internal Audit Division carry out ongoing review of internal audit quality and self-evaluations once a year, as well as hav-

ing quality assessments carried out at least once every three years, in principle, by an external specialist, such as an auditing firm.

■ Auditing of Assets

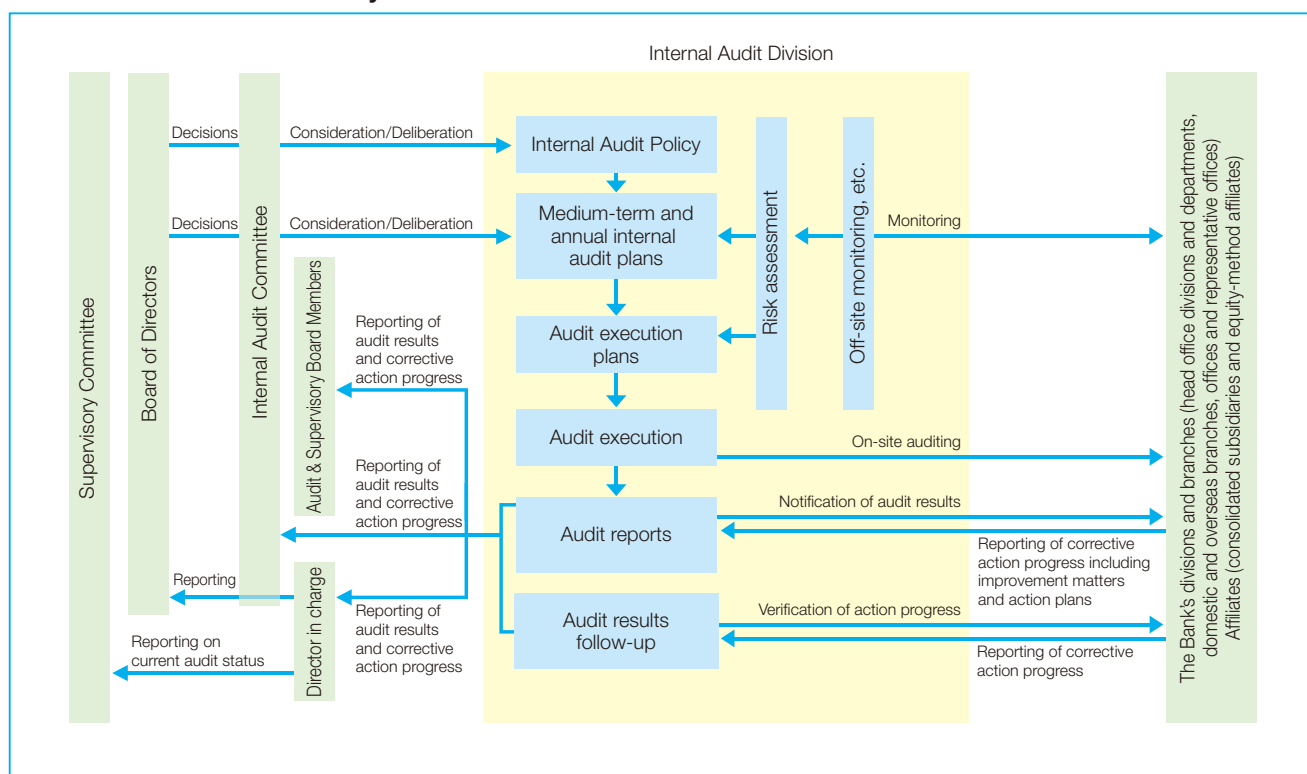
The Internal Audit Division audits the Bank's assets and verifies the accuracy and appropriateness of the Bank's internal ratings, self-assessments, loan write-offs and amounts of capital set aside for reserves.

■ Implementation of Assessment of Internal Control Systems Pertaining to Financial Reporting*

The Internal Audit Division performs assessment of internal control systems pertaining to financial reporting in accordance with generally accepted assessment standards for assessment of internal control systems pertaining to financial reporting published by the Business Accounting Council.

* *Financial reporting refers to the consolidated financial statements included in business reports created in accordance with the provisions of Article 80, paragraph 2, of the Norinchukin Bank Act and Article 111, paragraph 2, of the Ordinance for Enforcement of the Norinchukin Bank Act.*

Overview of Internal Audit System



Continuing as a Financial Institution Trusted by the Public

COMPLIANCE INITIATIVES

■ Basic Compliance Policies

As a financial institution whose business is founded first and foremost on trust and confidence, the Bank recognizes that the creation of an enhanced and more effective compliance framework is becoming an increasingly important management objective, especially in light of strong public criticism of corporate and other organizational improprieties and the significant expectations behind them today.

As a global financial institution that plays a central role in Japan's financial system, and the national-level financial institution serving as the umbrella organization for JA Bank and JF Marine Bank, the Bank is committed to fulfilling its basic mission and social responsibilities. To prove itself worthy of its customers' and members' trust and expectations in light of changes in the social and business environment, the Bank continues its unceasing efforts in the area of compliance by managing its business in accordance with societal norms, for instance by fully complying with laws and regulations based on the principle of total self-reliance. We are also constantly working

to achieve a higher degree of transparency by emphasizing proper disclosure and accountability.

As part of this effort, we have defined our basic compliance policy in our Code of Ethics and a code of conduct for all directors and employees. To further ensure full compliance awareness among all directors and employees, we have incorporated in the Compliance Manual the following sections: the "Interpretation of laws and regulations to be observed by directors and employees of the Bank." These measures will ensure that compliance awareness is thoroughly understood and practiced by all directors and employees as they go about their daily business.

In response to recent growing societal demand for greater customer protection, based on its Customer Protection Management Policy, the Bank has taken steps to reinforce its management systems as part of its compliance efforts aimed at winning customer trust. These steps include providing explanations to customers, handling customer complaints and inquiries, managing customer information, managing contractors in the case of outsourcing customer-related business, and managing transactions that may involve a conflict of interest with customers.

Code of Ethics

1. Fundamental Mission and Social Responsibility

We are always aware of the importance of our fundamental mission and social responsibilities, and commit to forging even stronger bonds of societal confidence by fulfilling the mission and responsibilities through sound business operations.

2. Offering High-Quality Services

We meet the need of customers by offering customer-oriented services, and fulfil a role as a national-level institution engaged in cooperative banking business and contribute to economic and social development through offering high-quality services which are supported by enhancements in security levels to prepare for natural disaster and for cyber-attack which threaten the civil life and corporate activities, and by ensuring business continuity at the time of disaster.

3. Strict Compliance with Laws and Regulations

We comply with all relevant laws and regulations, and conduct business operations in an honest and fair manner in response to society's expectation and trust.

4. Severing Anti-Social Forces and Combating the Threat of Terrorism

We have a zero-tolerance policy against anti-social forces which threaten the safety and order of civil society, and thoroughly sever any relations with them. We endeavor to enhance measures against money laundering and financing of terrorism, recognising the current heightened risks of international society being under threat of terrorism, etc.

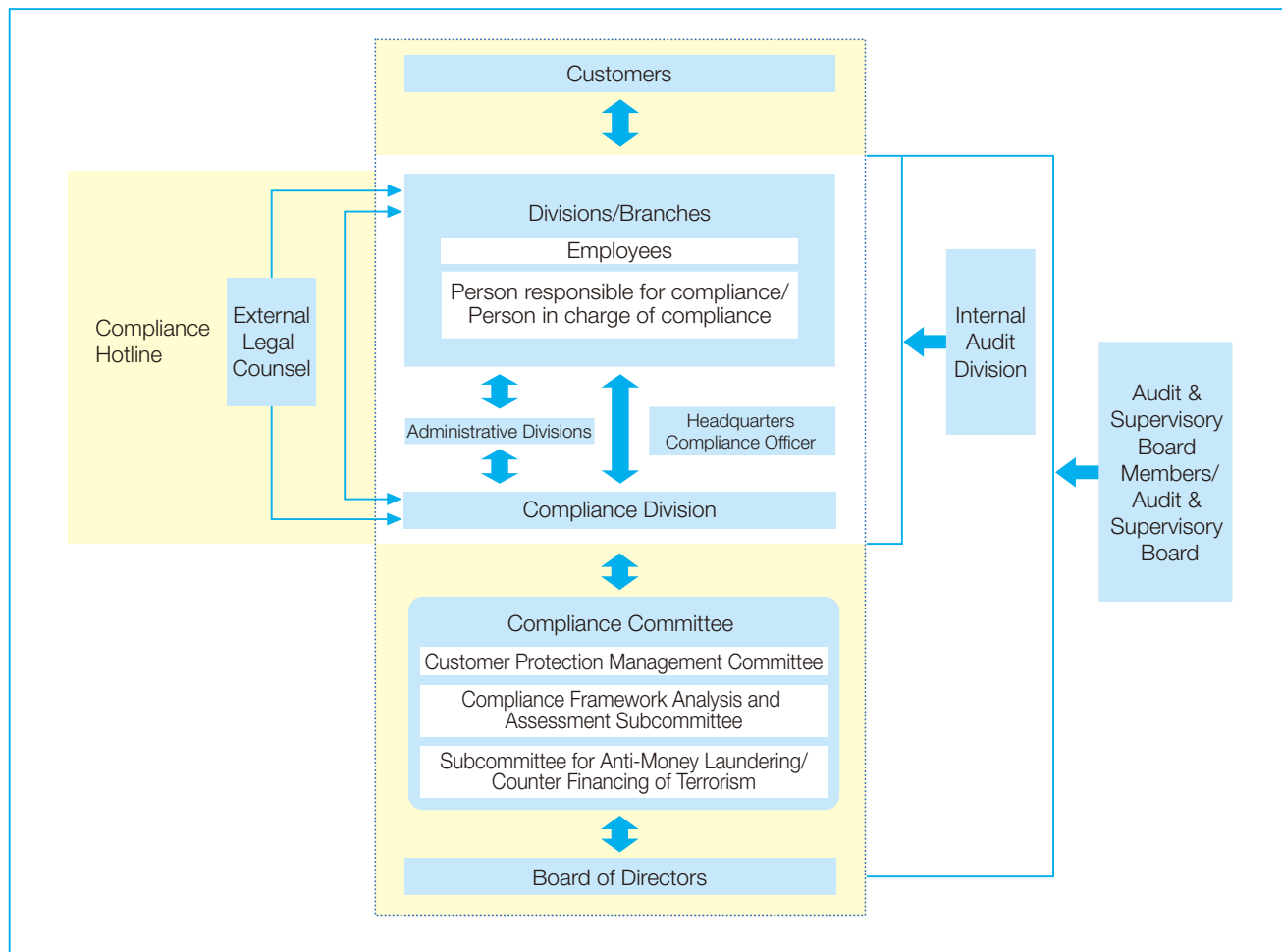
5. Building Highly Transparent Organizational Culture

We build a highly transparent organizational culture by respecting employee's individuality and by ensuring pleasant working environment considering employee's health and safety, while endeavoring to enhance communication and maintain satisfactory relationships with society, including proactively and fairly disclosing business information.

6. Contribution to Sustainable Society

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 an environmental issue, and we seek to contribute to the realization of sustainable society.

Compliance Framework



■ Compliance Activities Directly Linked to Management

The Bank's compliance framework is comprised of the Compliance Committee, the Compliance Division (in charge of overall compliance activities), the Headquarters Compliance Officer (established in July 2017) and the administrative divisions of relevant businesses, as well as personnel responsible for compliance, those in charge of compliance and compliance leaders assigned to the Bank's divisions and branches. The Compliance Committee has been established as a body under the Board of Directors to deliberate on basic compliance issues. Topics of high-level importance discussed by the Compliance Committee are subsequently approved by or reported to the Board of Directors.

In addition, the PDCA cycle pertaining to the operation of the framework is being strengthened by the Customer Protection Management Committee, the

Compliance Framework Analysis and Assessment Subcommittee and the Subcommittee for Anti-Money Laundering/Counter Financing of Terrorism, which are subcommittees under the Compliance Committee.

The Bank also has clarified its efforts to disseminate a sound risk culture and systematically prevent inappropriate behavior as part of its risk handling policy in the RAF.

■ Compliance Practices within the Bank

The Bank's compliance framework at branches and divisions is based on the combined efforts of each and every employee, primarily centered on the General Manager of each branch or division as the person responsible for compliance, together with a person in charge of compliance and a compliance leader. Directly appointed by the General Manager of the Compliance Division, persons in charge of compliance over-

see all compliance-related matters at their branches or divisions. They are expected to keep track of day-to-day compliance activities by using checklists to handle requests for advice or questions from other members of staff, to organize branch or divisional training and educational programs, and to liaise with, report to, and handle requests to the Compliance Division.

Since July 2017, the Headquarters Compliance Officers appointed in the Food & Agri Banking Business, the Retail Banking Business and Global Investments have been responsible for supporting each headquarters' operations from the aspect of compliance.

The Compliance Division, supervising overall compliance activities, acts as the secretariat for the Compliance Committee. It strives to strengthen the Bank's compliance framework by conducting compliance reviews, responding to requests from branches and divisions for compliance-related advice, and conducting compliance monitoring, which includes visiting branches and divisions to verify their compliance practices directly while providing guidance.

The Compliance Division has also installed a Compliance Hotline to enable employees to report on compliance issues to the Compliance Division or outside lawyers by telephone or email.

The Compliance Division supervises compliance activities in the area of customer protection as well, and ensures that branches and divisions are practicing compliance while collaborating with other related divisions.

■ Compliance Program

Each fiscal year, the Bank institutes a Compliance Program incorporating its management frameworks for compliance and customer protection, as well as promotion of initiatives, education and training plans for them. The Compliance Division implements the Compliance Program and monitors its progress to further reinforce the Bank's compliance framework.

■ Cooperation with Group Companies

The Bank is taking steps to strengthen its group's compliance systems by promoting a common awareness of compliance issues discussed at regular meet-

ings with compliance divisions at its group companies.

■ Enhancing Disclosure

To improve and strengthen its disclosure initiatives, the Bank formed the Information Disclosure Committee in fiscal 2006 to discuss the appropriateness of its information disclosure initiatives.

■ Measures to Prevent Money Laundering

The Bank has established policies to prevent money laundering and is strengthening preventive measures in this area as part of an international cooperative effort.

■ Measures to Combat Bank Transfer Fraud

To help victims of bank transfer fraud and similar crimes, the Bank has established procedures based on the Law Concerning Remedies to Remittance Solicitation Fraud, and is taking steps to prevent such fraud.

■ Measures to Eliminate Anti-Social Elements

Under the Code of Ethics, the Bank takes a strong and resolute stance against anti-social elements that pose a threat to social order and security, and in order to block all relationships with such anti-social elements, the Bank has established a systematic exclusionary system, in line with the following basic principles, and strives to ensure sound management.

(1) Response as an organization

The Bank has established the foundation of express provisions under the Code of Ethics, and will respond as an entire organization, from the top management downward, and not simply leave it to the personnel or department in charge.

In addition, the Bank will guarantee the safety of employees who would respond to the unjustified demands from anti-social elements.

(2) Cooperation with outside agencies

In preparation for unjustified demands from anti-social elements, the Bank endeavors to establish continuing cooperation outside agencies such as the police, the

National Centers for the Elimination of Boryokudan.

(3) Blocking of relationships including business transactions

The Bank shall block all relationships with anti-social elements including business relationships. In addition, unjustified demands from anti-social elements will be rejected.

(4) Civil and criminal legal responses in times of emergency

The Bank shall reject unjustified demands from anti-

social elements and take legal action, if necessary, on both a civil and criminal basis.

(5) Prohibition of secret deals and provision of funds

Even in cases where the unjustified demands from anti-social elements are based on misconduct related to business activity or involving an employee, the Bank will absolutely not engage in secret deals. Furthermore, the Bank shall absolutely not provide funds to anti-social elements.

Disclosure Policy

As the national-level financial institution for Japan's agricultural, fishery and forestry cooperatives, the Bank places fulfillment of its basic mission and social responsibilities and management of its business to high standards of transparency by focusing on information disclosure and accountability as its key management priority. Accordingly, the Bank strives for appropriate information disclosure by complying with disclosure requirements under applicable foreign and domestic laws as well as securities and exchange laws.

Handling of Material Information

1. The Bank considers the following information material and subject to public disclosure:
 - (i) Information subject to mandatory disclosure under applicable domestic and foreign laws as well as securities and exchange laws.
 - (ii) Information not subject to mandatory disclosure as (i) above but may have a significant impact on investor decisions.

Methods of Disclosure

2. The Bank discloses information that is subject to mandatory disclosure under applicable domestic and foreign laws and securities and exchange laws using predefined disclosure procedures, such as the information distribution systems of domestic and foreign securities and stock exchanges. In addition, the Bank has taken steps to diversify its methods of information disclosure, for instance online disclosure.

Fairness of Disclosure

3. When disclosing the aforementioned information, the Bank observes the principle of fair disclosure so that information is disclosed timely and appropriately.

Disclosure of Forward-Looking Information

4. The Bank discloses information containing future forecasts to enable capital market participants to accurately assess its present condition, future outlook, debt repayment ability and other matters. This forward-looking information is based on estimates from information available at the time the forecasts were prepared, and contains elements of risk and uncertainty. For this reason, actual results may differ substantially from the forecasts because of changes in economic and business conditions affecting the Bank's operations.

Enhancement of Internal Systems

5. To disclose information in line with its Disclosure Policy, the Bank strives to upgrade and expand necessary internal systems.

Policy Regarding Market Rumors

6. The Bank's basic policy is to not comment on rumors once it is clear that the source of the rumors did not originate from within the Bank. However, when the Bank decides that the rumors could have a major impact on capital markets, or when stock exchanges or other parties demand an explanation, the Bank may comment on such rumors at its own discretion.

Revitalization of Local Communities and Finance Facilitation Initiatives

Revitalization of Local Communities

● Initiatives to Agricultural Entrant Support Program

To cultivate future farming leaders, the Bank has implemented the program to support entrants to the agriculture industry. In fiscal 2015, the Bank expanded the subsidy business we have implemented towards training provided to potential new farmers and launched a subsidy business towards farming operation costs incurred by independent agricultural entrants aimed at providing support for stabilizing their management soon after becoming an agricultural entrant.

In fiscal 2018, the Bank provided subsidies of ¥500 million for approximately 4,200 businesses that help independent agricultural entrants with their farming operation costs and subsidies of ¥200 million for approximately 800 businesses that accept potential agricultural entrants (trainees).



Leaflet for the "Agricultural Entrant Support Program"

● Training of Next-Generation Farm Operators

As the main sponsor of AgriFuture Japan, the Bank encourages the training of farm operators of the next generation by providing operational support for the Japan Institute of Agricultural Management and seminar business run by the general incorporated association.

Since the opening of the Japan Institute of Agricultural Management in April 2013, 72 students have graduated and started engaging in farming nationwide. At present, class of 2019 and 2020 students are studying hard, encouraging each other as colleagues sharing the same aspiration in the school located on one of the floors of The Norinchukin Bank Shinagawa Training Center.

● Environmental Finance Initiatives

The Bank introduced the Agricultural, Forestry, Fishery and Ecology Rating System in 2010 to evaluate its members and companies 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 2012, the Bank began acting as a broker of domestic emission credits (J-VER). The J-VER System is the domestic emission trading scheme operated by the government. In 2018, part of the CO₂ emitted from the "Farmers' & Kids' Festival 2018" sponsored by the Japan Agricultural Corporations Association was offset using J-VER, which was brokered by the Bank. The Bank continues 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.

● Agricultural, Forestry, and Fisheries Future Fund

To support the voluntary initiatives of agricultural, fishery and forestry workers/business entities and promote the dispatch of related information toward the further growth of the agriculture, fishery and forestry industries, the Bank established the "Agricultural, Forestry, and Fisheries Future Project" and, as the entity to implement the project, founded the "Agricultural, Forestry, and Fisheries Future Fund" in 2014, to which the Bank contributed ¥20.0 billion.

The "Agricultural, Forestry, and Fisheries Future Fund" has provided subsidies for a total of 37 projects. For fiscal 2019, the Fund started solicitation in June 2019.



Poster introducing the recipients of subsidiaries from the "Agricultural, Forestry, and Fisheries Future Fund"

● Stronger Collaboration with the Japan Agricultural Corporations Association

In February 2014, the Bank entered into a comprehensive partnership agreement with the Japan Agricultural Corporations Association, a public interest incorporated association with about 1,800 (2,003 as of March 31, 2019) pioneering agricultural corporation members nationwide. The partnership enables the association's members to more easily address issues they face, including their capital investments, management streamlining and value-adding to agricultural and livestock products, as well as provides a wide range of supports for the creation of new customers and export of products by utilizing the Bank's network.

In fiscal 2018, the Bank cosponsored the “Farmers’ & Kids’ Festival,” (cosponsored since fiscal 2010) at which agricultural corporations, etc., from throughout the nation display and sell agricultural products and offer workshops for consumers in the metropolitan area where the festival is held annually. The Bank also cosponsored the “Next Generation Agriculture Summit” (cosponsored since fiscal 2016) soliciting self-motivated young farmers. In addition, at the National Federation of Agricultural Labor Support Conference, the Bank promoted an alliance to eliminate the labor shortage problem.



Next Generation Agriculture Summit

● Initiatives for Food and Farming Education Projects

The Bank provides subsidies for “food and farming education” projects that aim to deepen children’s understanding of agriculture and food and to contribute to the development of local communities. We donate study materials for fifth graders as agriculture and food-related teaching aids, support initiatives to incorporate local agricultural products into school lunch menus, and organize cooking classes from the perspective of local production for local consumption. In fiscal 2018, we donated 1.33 million books to primary schools nationwide and provided approximately 2,000 subsidies, totaling of ¥500 million to local food and farming education activities. The Bank started to donate study materials in fiscal 2008 and has distributed more than 15 million books cumulatively to date. Since fiscal 2018, the Bank has distributed study materials to Japanese schools overseas—in Hong Kong (China), Beijing, Singapore, New York and London, etc.

Reconstruction Support Efforts

■ Outline of the Reconstruction Support Program

To provide full and multifaceted assistance for the recovery and reconstruction of the agriculture, fishery and forestry industries severely affected by the Great East Japan Earthquake, the Bank established the Reconstruction Support Program (support amount: ¥30.0 billion) in April 2011. Under this program, the Bank has provided the affected agricultural, fishery and forestry industry workers and affected members with multifaceted support tailored to the needs and situations of disaster-stricken areas.

1 Reconstruction Support for Farmers, Fishermen, Foresters and Local Communities

For the business reconstruction of disaster-affected farmers, fishermen and foresters, the Bank has provided long-term low-interest reconstruction loans (Tohoku Agricultural, Forestry, and Fisheries Industries Support Loan) and reconstruction fund (Tohoku Agricultural, Forestry, and Fisheries Industries Support Fund) through its affiliate, the Agribusiness Investment & Consultation Co., Ltd., as well as assistance to formulate reconstruction plans.

The Bank has been involved in large-scale reconstruction projects in disaster-stricken areas since their conceptual stages and is lending various kinds of support for the reconstruction of local communities. Further, the Bank has been offering a wide variety of financial assistance, such as providing interest subsidies for disaster funds extended by JA (Japan Agricultural Cooperatives) and JF (Japan Fisheries Cooperatives) to agricultural and fishery workers to help ease their interest burden, as well as providing lease subsidies to agricultural workers who acquire farm machinery and horticultural facilities through leasing.

In addition, the Bank has supported to agricultural workers for the cost of production materials and machines necessary to resume operations, fishery workers for the cost of cooling ice used in test operations, projects to promote reconstruction through agriculture, fishery and forestry industries and initiatives to realize advanced agriculture, fishery and forestry industries through reconstruction. The Bank also supports revitalization of disaster-stricken areas, such as by donating wooden products, etc., made using local timber.

Product	Number of loans, etc.	Amount
Reconstruction Loan (Tohoku Agricultural, Forestry, and Fisheries Industries Support Loan)	Number of loans 167	Loaned amount ¥51.5 billion
Reconstruction Fund (Tohoku Agricultural, Forestry, and Fisheries Industries Support Fund)	Number of investments 66	Invested amount ¥1.6 billion
Lease subsidies	Number of subsidies 1,908	Total lease amount ¥7.0 billion
Interest subsidies to JA/JF disaster funds	Number of support cases 4,059	Loaned amount ¥20.5 billion

*Cumulative total as of March 31, 2019

2 Reconstruction Support to Members and Customers

Both JA (Japan Agricultural Cooperatives) and JF (Japan Fishery Cooperation), to which the Bank has assisted in increasing capital under the Framework for Special Post-Earthquake Support, have repaid the funds they borrowed to help increase their capital.

Stable financial functions are provided to JA Bank and JF Marine Bank users with consultation services at JA Bank and utilization of movable terminals at JF Marine Bank. In addition, the Bank has also engaged in initiatives to restore customers' lives by supporting the Reconstruction Loan offered by JA Bank and JF Marine Bank and by appropriately responding to the double-loan problems and the project to promote collective relocation for disaster prevention. Based on the outcome of these support initiatives, in fiscal 2018, the Bank stopped

accepting new applications under the Reconstruction Support Program.

Eight years have passed since the Great East Japan Earthquake, and agriculture and fishing operations have resumed in many of the disaster-affected areas. Disparity has arisen among local communities in this situation, and although lifestyle reconstruction efforts are proceeding there are still approximately 14,000 people (as of March 2019) forced to live in temporary housing, and looking at the disaster-affected areas as a whole, there are regions where the reconstruction process is still only half-way complete.

We will continue to provide full and multifaceted support for the reconstruction of agriculture, fishery and forestry industries and local communities.

Response to the Principles of Fiduciary Duty

In March 2017, the Financial Services Agency announced the seven Principles of Fiduciary Duty, which are based on an awareness of the need to realize a mechanism to achieve a well-balanced portfolio of household financial assets toward a goal of "achieving the stable asset building of the Japanese nation." Under such a mechanism, financial business operators compete in offering customer-oriented, high-quality financial products and services and customers choose those that provide better products/services. To achieve the stable asset building of the nation, it is necessary to encourage a transition from the savings-centered management of household financial assets to a well-balanced portfolio.

Under the JA Bank Medium-Term Strategies (fiscal 2019–2021), JA Bank aims to shift the focus from promoting core products such as savings, pensions and credit cards, to making proposals tailored to life plans

desired by individual members and customers considering each individual's asset situation and specific needs.

This policy corresponds with the Principles of Fiduciary Duty announced by the Financial Services Agency. Accordingly, the Bank and the Bank's group companies, as well as JA and JA Shinnoren, both of which handle mutual funds, have adopted the seven Principles of Fiduciary Duty and announced the policies and measures to address those principles.

Through steady implementation of the items under those policies and making improvements mainly via regular reviews of the content to ensure that necessary updates are reflected, we will familiarize throughout the group our business operation, tailored to the business activities and lives of agricultural, fishery and forestry workers and community residents, as the corporate culture of JA Bank and the Bank's group.

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.

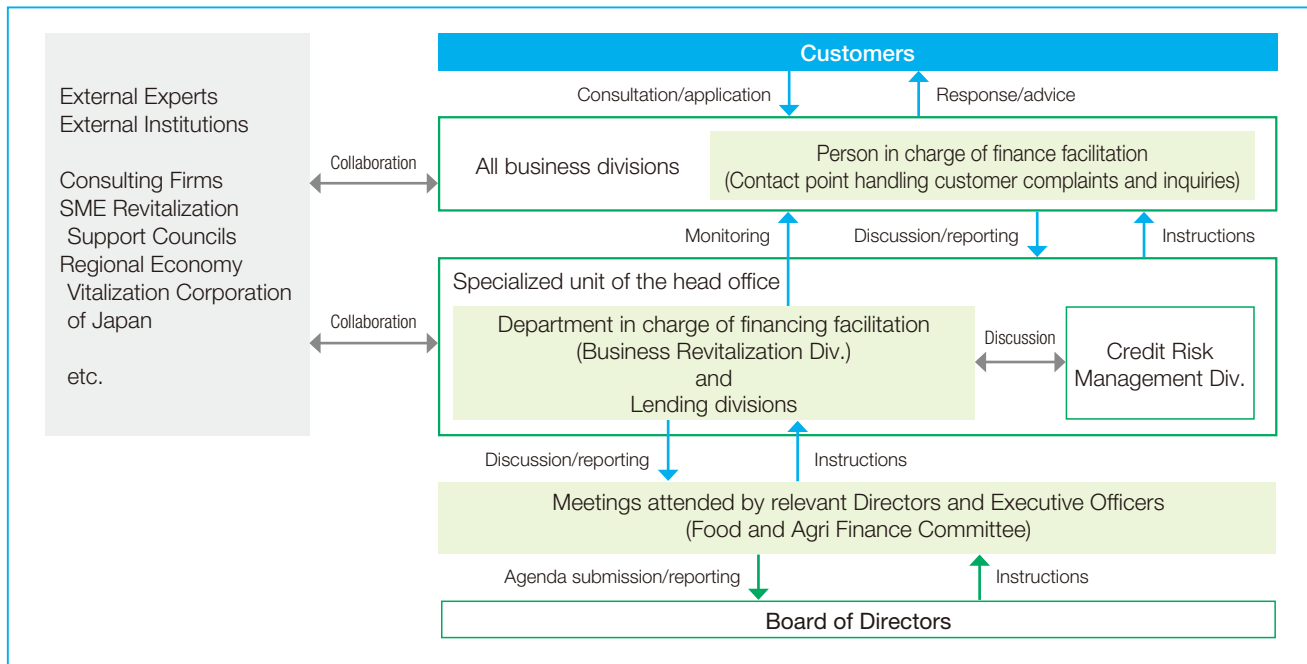
● Management Support Initiatives for Customers

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 necessary, 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.

Image of Finance Facilitation System



Develop Human Resources Essential to Achieve the Bank's Missions and Goals and Promote Employee Engagement

Basic Policy

To become a leading bank that supports the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities, the Bank has established the Basic Policy on Human Resource Management to develop human resources essential to achieve its missions and goals and promote employee engagement.

Basic Policy on Human Resource Management

Future Vision

- Develop human resources essential to achieve the Bank's missions and goals and promote employee engagement to realize its goal of becoming a leading bank that supports the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities

Basic Policy

- Form a group of self-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 and grow through tenacious engagement in each employee's business duties with self-motivated passion for contributing to the Bank and its cooperative group and tackling challenges.

In line with this basic policy, our effort is focused on the planning and management of personnel systems including performance and competency assessment systems and personnel development. Goals are set during interviews between superiors and their subordinates, their achievements are validated, and employee competency demonstrated in various work-related situations is reviewed. Through repetition of this process, the Bank promotes employee awareness and efforts to contribute to the Bank's performance and develop competency while also supporting it through extensive training options.

For the development of employees' careers, the Bank deploys and assigns personnel based on the competency, aptitude and career perspective of each person, and supports 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.

Furthermore, we promote our initiative to reduce overtime and facilitate flexible workstyles, and improve health management and benefit programs for employees so that they can work in a state of good health and with peace of mind. In health management, in addition to periodic health examinations, the Bank conducts activities to help employees live a healthier life and holds mental health counseling sessions with a medical specialist. The Bank is also focused on improving the work environment such that employees can devote themselves to business operations by providing stronger child-raising and nursing-care support and establishing a system of obtaining legal advice from a lawyer.

Human Resource Initiatives

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. In addition to subsidy programs for correspondence courses, certification exams, foreign language study and sending employees to overseas study and cross-industry seminars, the Bank holds after-work training based on required subjects in each business field. The Bank holds after-work training and group study, etc., by years of service or by rank.

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

For young, mid-career employees along with management-level employees, we are helping them develop their careers leading to further growth through such measures as sending them on loan to JA and JA Shinnoren. We are also deepening employee understanding of the Bank's basic mission by holding workshops led by specialists in the cooperative system and the agriculture, fishery and forestry industries to develop human resources who can play a role as employees of the cooperative system.

To raise the management capabilities of management-level employees, we offer programs to send employees to study at European and U.S. business schools to develop management skills, as well as personal coaching to help managers to implement the Bank's management plan.



Entry training for new employees



Overseas language training

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 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 correspondence courses, gaining certifications outside the Bank 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 viewpoint through attendance at an MBA or LL.M program
- Overseas branch trainee system: Develop a global perspective in less-experienced staff by posting them at overseas branches
- Exchange personnel and acquire specialized knowledge by sending staff to cross-industry training, 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 and overseas language training

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

■ Respect for Human Rights and Diversity

The Bank respects diversity and works to raise awareness regarding human rights issues throughout the Group, aiming to create a work environment where all directors and employees can participate actively.

Toward the establishment of a highly-transparent corporate culture that respects individual characteristics and creativeness/ingenuity, the Bank formulated a human rights-related educational and enlightenment policy, based on which the Bank strives to deepen the proper understanding of directors and employees about human rights issues by conducting human rights training for all directors and employees every year. Furthermore, to prevent harassment in the workplace, we are taking various measures such as appointing personnel in charge and responsible for human rights and setting up an outside consultation hotline.

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

The Bank received the Kurumin Certification for Childcare Support Company for its efforts to realize a work-life balance and support for balancing work with childrearing such as providing maternity leave before and after childbirth, a support program for employees who take childbirth and childcare leave, and a shortened working hour program for childcare. In addition, the Bank is promoting measures to introduce various initiatives to promote and familiarize workstyle reform such as ensuring a certain interval between work hours and arranging staggered work hours. 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.”



Women Employee Career Forum

■ Initiatives for Hiring People with Disabilities

In alliance with Group companies, the Bank established Norinchukin Business Assist Co., Ltd. to expand the employment of people with disabilities. The Bank is striving to make a workplace where people with disabilities can engage in business duties with high morale and feel secure and rewarded.