

# Message from a Supervisory Committee Member



**Fulfilling our role, and helping to solve various problems with a fresh perspective**

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Supervisory Committee Member

## The Norinchukin Bank's role is to meet our members' expectations

I believe the public has become much more aware that the increase in abandoned farmland and the decline of rural communities is no longer someone else's problem but affects Japan as a whole. People are beginning to envision the words of Tao Yuanming, "The countryside is becoming desolate," and have started to think about how we can revitalize agriculture and farming villages in society as a whole.

Supporting the AFF industries frontlines are the people of cooperative systems such as JA, JF, and JForest and members of the Norinchukin Bank. A major expectation that members have of the Bank is to appropriately manage funds and provide economic support, but in addition to this, they also seek advice and support for their activities. First and foremost, the Bank must deliver on those expectations.

## Toward AFF industries, communities, society, and the global environment

As a national institute of cooperative systems, the Bank is looked upon to deal with issues that affect AFF industries by providing a wide range of information to our members. But it is not enough to just provide information. The Bank must engage in activities alongside those on the frontlines. For example, it should be possible to demonstrate our consulting skills and provide the necessary financing. JA is an organization with people and resources rooted in the community, but it would be even better if we could expand community-building activities by working together with JA and other members.

The Bank is a financial institution with a large amount of funds, and sometimes the question is raised about whether these funds are being directed to AFF industries. Lately, I sense there is a stronger desire to see these funds directed at not only AFF industries but also at solving regional, social, or even global environmental issues. The Bank has set a goal of providing a cumulative total of 10 trillion yen in new sustainable financing by fiscal 2030, and it is important that we steadily move forward toward that goal.

## Leading monetizing schemes with a fresh perspective

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I have been working as a supervisory committee member since 2017. The Bank's supervisory committee functions much like the board of directors does in a private company, approving resolutions in accordance with legislation. But I believe the way the committee sits at the same table with representatives from JA, JF, and JForest, who are members of the Bank, and outside committee members to discuss issues is quite unique. There is also an opportunity for the informal exchange of opinions on specific topics in the form of roundtable meetings. The coverage of a wide range of topics, from agricultural policy to international financial affairs, serves as a reminder of the diverse business areas of the Bank.

Through these activities, I have recently become aware of the significant role the Bank has to play as a financial institution. That role is to lead the design of monetization

schemes from a fresh perspective. Forest-derived credit is a prime example of this. While forests play an important role in absorbing CO<sub>2</sub>, the desolation of forests is upon us faster than it is for the countryside, raising the issue of how to go about reforestation amidst serious labor shortages. Naturally, reforestation requires funding, but these challenges must be addressed not only by industries close to forests but also by all industries that benefit from the global environment. The Bank is collaborating with JForest to create a platform that links these activities with forest-derived credits. As society as a whole grows increasingly concerned about greenhouse gas emissions, I think we can advance efforts based on credits by creating a similar scheme in the agriculture and fisheries industries.

## The Norinchukin Bank's human capital management

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The foundation of the Bank is the idea of cooperation. All executives of the Bank value the role it should play and will promote the social integration of functions such as monetization by steadily generating and returning profits. It is important to know how to utilize capital and link it to wealth. Employees are the human capital that supports this.

I have been consistently involved in policies for women, and during my time as director of the gender equality bureau cabinet office, we decided to increase the number of women participating in policymaking in all fields to 30% by 2020. At the same time, the Bank has set a goal of increasing the number of female managers to 13% by fiscal 2030 and 30% by fiscal 2040, but I feel this pales in comparison with the general public. That said, it is not realistic to suddenly appoint women with limited experience to management positions. It is very important to create a pipeline that sends the message to new employees, male or female, that "we have high

expectations for you" from the time they join the company, give them ample opportunities to participate in projects and take on challenges to develop their human skills and competencies, and then promote them to managerial positions.

Additionally, firms and organizations are increasingly accepting not only women but also the elderly, foreign nationals, and people with disabilities, and I sense a similar trend in the agricultural field. It is also necessary to develop a diverse pool of human resources into so-called job-type advanced professionals. One of the strengths of the Bank is that it has many specialized and highly experienced personnel, including in the field of fund management. But now that international finance is gaining traction, I believe that our future direction will require us to accept foreign nationals as well. I believe it is important to maintain a balance between human resources and those who support the entire organization over the long term.