

Message from the Supervisory Committee Member

Taking the lead with “agility” and “dynamism” on the global stage, envisioning the future of agriculture, forestry, and fisheries

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Backcasting from future projections to achieve our Medium-Term Vision

The Japanese agriculture, fishery, and forestry (AFF) industries are facing a serious shortage of successors and a decline in the number of people working in production. In Japan, the number of core agricultural workers is said to be approximately 1.11 million*. This number is declining every year, seriously undermining the very foundation of the country's food security.

The Norinchukin Bank (the Bank) is expected to confront this reality head-on and identify critical challenges that must be addressed by adopting a “backcasting” approach based on future outlook. We must seriously envision a future for the AFF industries and take proactive actions to realize it. This involves

* Based on the number of core agricultural workers (individual farms) in 2024, according to Ministry of Agriculture, Forestry and Fisheries statistics on the agricultural labor force.

fundamentally reexamining of traditional methods from the ground up, thoroughly analyzing where resources should be focused, and collaborating not only within the JA Group but also with the government and the Ministry of Agriculture, Forestry and Fisheries. Against this background, the Bank has established a Medium-Term Vision that defines our “Vision for 2030” and determines the direction of its business operations. The members of the Supervisory Committee, who come from diverse backgrounds, exchange opinions and work together to achieve the Vision.

Addressing challenges head-on and being more proactive in disseminating information

I believe it is particularly important for the Bank to focus on the upstream segment of the food and agriculture value chain; namely, initiatives to enhance the appeal of production sites. If there is no hope for the future of AFF industries, young people will not be attracted to these fields, no matter how socially significant they are. The Bank works with JA, JF, and JForest as a trusted advisor to agricultural and fisheries producers. Moreover, we serve as a bridge across the food and agriculture value chain, tackling issues with solutions that extend beyond finance. I

hope we can strongly promote this approach to further energize the entire industry.

Going forward, the domestic market will inevitably experience shrinking demand due to population decline. To overcome this structural challenge, growth strategies must also focus on expanding into overseas markets. As a senior manager of a general trading company, I have observed the global market and have seen that Japanese food products enjoy strong popularity overseas for their quality, safety, and flavor. We must fully leverage this strength.

Strengthening the domestic food and agriculture value chain is also an urgent priority. Simply put, food products pass through production, processing, distribution, and sales before reaching consumers. It is crucial that the profits generated along this chain are appropriately returned to the primary AFF producers who are the original sources of these products.

To address the challenges faced by AFF producers, the industry, and the entire value chain, the Bank has diligently worked and trialed various approaches to resolve these issues and create new value. In addition to providing essential financial support, we have implemented initiatives to address challenges facing the AFF industries, including consulting services for primary producers through JA Bank and sales channel

expansion, including export support. We have also promoted collaboration between local companies and JA, JF, and JForest to support the creation of new business models, resulting in many successful cases nationwide. However, unfortunately, these efforts are not widely known to the public. As a member of the Supervisory Committee, I advocate not only accumulating success stories where solutions yielded new business opportunities and improved incomes for AFF producers, but also actively disseminating these successful cases. Demonstrating to both internal and external stakeholders how the Bank is working closely with members on the ground to maximize value creation will strengthen trust and collaboration with our stakeholders.

Clearly delineating offensive and defensive strategies

In fiscal 2024 we faced various financial challenges. As a result, we were unable to meet the expectations of our members and ended the fiscal year with a loss. However, I believe this situation has provided us with many valuable lessons and opportunities for reflection. The Supervisory Committee has conducted thorough review of fiscal 2024 and held extensive discussions regarding the direction for fiscal 2025. One thing we can say for certain is that sincere reflection will definitely strengthen the organization. From fiscal 2025 onward, the entire organization must work together to regain the trust of our stakeholders and achieve positive results by putting this reflection into practice.

To achieve this, it is essential to clearly delineate the

offensive and defensive aspects of our strategy. Until now, the Bank has focused on a more conservative defensive strategy that influenced many areas, including our organizational structure. However, rather than putting everything in a defensive stance, we must firmly protect what needs to be protected while taking appropriate risks. This kind of strategic decision-making is now required of us. In fiscal 2025, a new president has been appointed, and the entire executive team has been refreshed. I believe that these organizational changes will provide the opportunity for the Bank to reaffirm its commitment to both offense and defense. We, the members of the Supervisory Committee, will continue to actively express our opinions in support of this change in direction.

Applying external expertise and resources while leveraging 100 years of experience and know-how

From my perspective as a Supervisory Committee member, I have observed that the Bank's employees are highly responsible and smart. However, even with such talented individuals, there are situations in this rapidly changing business environment where traditional methods no longer work effectively.

At times, for addressing some of the social issues and customer needs, unique talents who take unconventional actions with "agility" and "dynamism" on the global stage are needed. Those unconventional actions might not have been always favored under the culture that the Bank has built up over the years, but this does not mean that we should avoid changing anything. We can, for example, connect agile external

partners with AFF producers and our members to create new products, services, and innovations for the world. Leveraging the knowledge and resources available outside the Bank and making full use of the diverse experience and expertise we have accumulated over the past century are, we believe, an essential approach for the future of the AFF industries. It also represents an important role for the Bank. Envision how the future of the AFF industries should be, determine what needs to be done now, and move forward the path of transformation together with people in AFF industries, our members, and a wide range of stakeholders— I firmly believe the Bank has the strength to lead this journey.