

Corporate Governance

■ The Norinchukin Bank's Management System

The Bank is both the national-level organization for Japan's AFF cooperatives and 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. Accordingly, while adhering to decisions made by the Council of Delegates, the Bank's decision-making duties are shared and coordinated by the Supervisory Committee and the Board of Directors, as stipulated by the Norinchukin Bank Act, while taking into consideration the internal and external situations of the cooperatives.

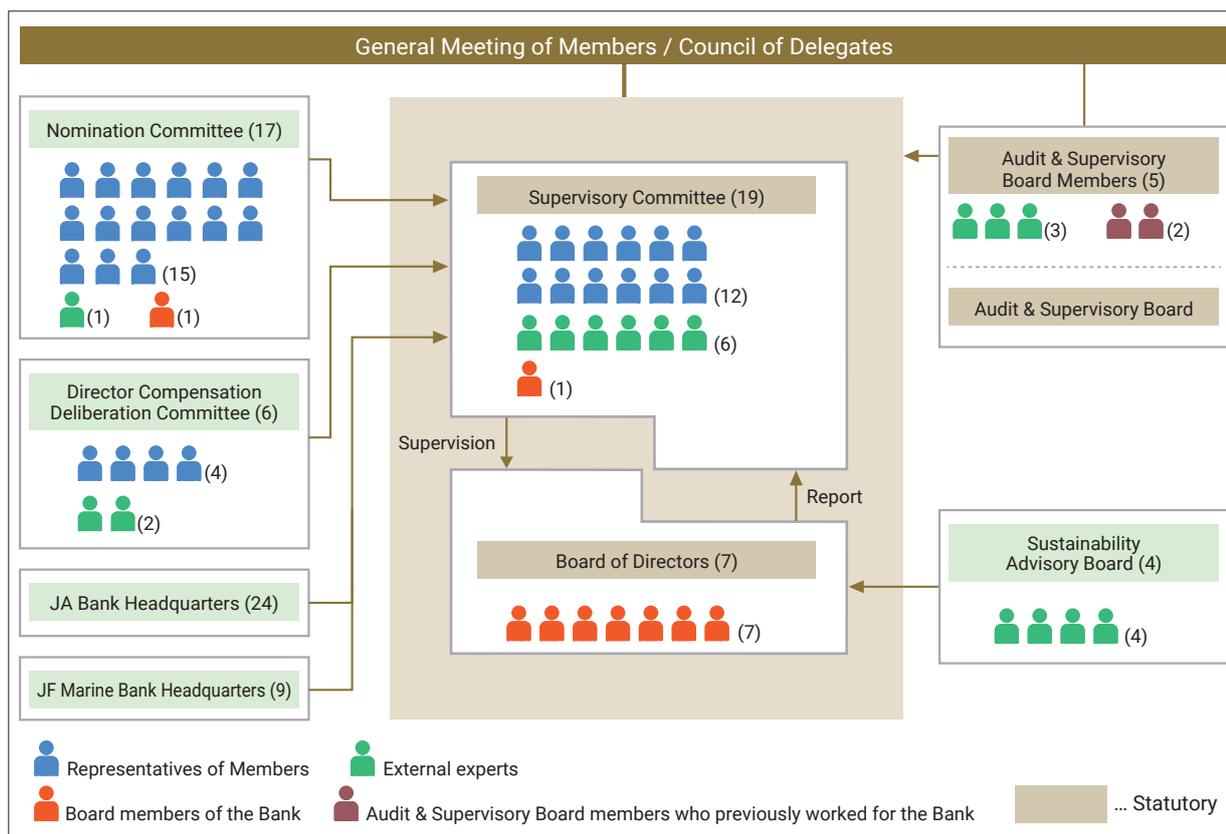
■ General Meeting of Members / Council of Delegates

The Norinchukin Bank Act and the Bank's Articles of Incorporation stipulate the General Meeting of Members as the supreme decision-making organization, and that the Council of Delegates is a decision-making organization that substitutes for the General Meeting of Members. The Bank's regular decision-making is based on the Council of Delegates.

Unlike stock companies, where one share represents one vote, the voting rights of the Delegates, who are elected by the mutual vote of members, are equal in principle at the Council of Delegates, regardless of the number of investment units they own, where organizational decisions are made on business reports and appropriation of surplus, as well as amendments to the Articles of Incorporation and the election of the Supervisory Committee Members.



Management System of the Bank (As of July 1, 2025)



■ Supervisory Committee

The Supervisory Committee makes decisions regarding issues to be proposed at or reported to the Council of Delegates as well as important issues related to the AFF 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 senior management of member cooperative organizations; people engaged in the AFF industries; and 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 member cooperatives,

and are then appointed by the Council of Delegates. As of July 1, 2025, the Supervisory Committee has 19 members, consisting of 12 members elected from among top management of the AFF cooperative organizations as the representatives of the Bank's members (shareholders), six external experts with in-depth knowledge of finance, and one board member of the Bank.

Under the jurisdiction of the Supervisory Committee are the Nomination Committee, the Director Compensation Deliberation Committee, the JA Bank Headquarters, and the JF Marine Bank Headquarters.

(For details, see [▶ page 75.](#))

Expected roles of representative members and external experts

The following roles are expected of representative members, from a standpoint of representing people engaged in the AFF industries and cooperative organizations, and of external experts from an independent and objective standpoint

Supervise the Directors' business execution and conflicts of interest

Contribute to achieving our Purpose of the Bank

Make appropriate decisions in response to proposals from the business execution side

Provide opinions, advice, and requests to the business executors and have discussions with them, based on skills and experience

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 the Directors mutually supervise the execution of their business affairs. Members of the Board are elected by the Supervisory Committee and assume their positions upon the approval of the Council of Delegates. Of the seven board members, one is appointed as a member of the Supervisory Committee. Hence, decisions made by the Supervisory Committee and the Board of Directors are closely coordinated.

Effectiveness Evaluation of the Supervisory Committee and the Board of Directors

The Bank conducts evaluations of the effectiveness of the Supervisory Committee and the Board of Directors periodically. Effectiveness analyses and evaluations of these management bodies are performed based on the questionnaires and interviews targeted at Supervisory Committee Members, Directors, Audit & Supervisory Board Members, and Executive Officers. The result of the evaluations is reported at the Supervisory Committee and Board meetings to improve management. A summary of the effectiveness evaluation for FY2024 is as follows.

(1) Supervisory Committee

In FY2024, the Bank took steps to make meetings more productive, specifically practicing efficient meeting management, reallocating time to discuss important themes considering the changing business environment, reviewing meeting materials, etc. It was confirmed that the Supervisory Committee has appropriately fulfilled its expected role. To advance the management of the Committee, we will work on continuous improvements by further (1) enhancing discussions on overall strategies and visions with a future perspective, (2) strengthening the organic collaboration between execution and supervision through following-up after execution, and (3) carrying out other efforts such as continually reviewing how materials are structured for deeper, more multifaceted discussions.

(2) Board of Directors

As part of the Board's constant efforts to improve effectiveness, in FY2024, the Bank endeavored to refine the overall direction of our management strategy by utilizing the Risk Appetite Framework and other tools to compare expected returns and allocated resources across strategies. We have also reviewed meeting materials to deepen discussions on more significant themes, taking into account the management challenges surrounding the Bank, thereby striving to further improve effectiveness.

Going forward, we will strive to further enhance effectiveness through: (1) strengthening collaboration between the meeting bodies to actively transform discussions from a supervisory perspective in the Supervisory Committee and execution status in meetings delegated by the Board of Directors into proactive actions by perceiving them from a broad perspective; (2) enriching discussions on medium- to long-term and cross-organizational themes such as business strategies; and (3) continuously reviewing meeting materials to enhance multifaceted discussions.

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, comprising Audit & Supervisory Board Members, is established in accordance with the Norinchukin Bank Act.

In addition, of the five Audit & Supervisory Board Members, three satisfy the conditions stated in Article 24-3 of the Norinchukin Bank Act and are equivalent to external auditors in publicly traded companies.

* According to Article 24-3 of the Norinchukin Bank Act, at least one of the Audit & Supervisory Board Members must satisfy all 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 principal employee.

▣ Functions under Supervisory Committee

Nomination Committee

In 2001, the Bank installed the Nomination Committee to deliberate on the selection of candidates for Supervisory Committee members, Directors, and Audit & Supervisory Board members and make recommendations to the Supervisory Committee and the Council of Delegates. As of July 1, 2025, the Nomination Committee has 17 members, consisting of 15 representatives of the Bank's members, one external expert and one director of the Bank.

Director Compensation Deliberation Committee

The Bank installed the Director Compensation Deliberation Committee in 2010 to deliberate on issues related to compensation and retirement benefits of officers as a subcommittee of the Supervisory Committee. As of July 1, 2025, the Director Compensation Deliberation Committee has six members, consisting of four representatives of the Bank's members and two external experts.

JA Bank Headquarters, JF Marine Bank Headquarters

The JA Bank Headquarters and the JF Marine Bank Headquarters mainly consist of senior management of member cooperative organizations, which represent the Bank's members, 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 members acting under the name of the headquarters.

As of July 1, 2025, the JA Bank Headquarters has 24 members, consisting of 22 external representatives of the Bank's members and two Directors of the Bank. In addition, the JF Marine Bank Headquarters has nine members, consisting of seven external representatives of the Bank's members and two Directors of the Bank.

▣ FY2024 Activity Status of Supervisory Committee and Subcommittee Meetings

Committee name	Number of meetings	Attendance ratio
Supervisory Committee	14 times	94.7%
Nomination Committee	2 times	97.1%
Director Compensation Deliberation Committee	1 time	100%
JA Bank Headquarters Committee	12 times	89.7%
JF Marine Bank Headquarters Committee	8 times	90.3%

▣ Sustainability Advisory Board

In April 2022, the Bank established the Sustainability Advisory Board as an advisory body to the Board of Directors to deliberate on the direction of the Bank's roles and adequacy of its initiatives to achieve its Purpose based on a good understanding of the domestic and overseas trends on sustainability issues.

Members of the Sustainability Advisory Board are external experts with in-depth knowledge in such fields as financial business and corporate management as well as the domestic and international trends of regulations concerning sustainability.

The Board has four members as of July 1, 2025.

Sustainability Advisory Board Members

Name	Organization
SATO Takafumi	Member of the Supervisory Committee of the Bank (Former Vice-Chairman of the IFRS Foundation)
TAKAMURA Yukari	Professor, The University of Tokyo Institute for Future Initiatives
TAKEGAHARA Keisuke	Professor, National Graduate Institute for Policy Studies
MATSUOKA Shinji	Chief Sustainability Officer, Managing Executive Officer, Meiji Holdings Co., Ltd.

(As of July 1, 2025, in Japanese phonetic order)

▣ Basic Policy on Governance

Given the spirit of the Corporate Governance Code of Japan issued by Japan Exchange Group, Inc. (JPX), the Bank has formulated the Basic Policy on The Norinchukin Bank Governance. Details are described in "About The Norinchukin Bank—Corporate Governance" on the Bank's website (<https://www.nochubank.or.jp/en/about/governance/>).

▣ Strategic Shareholdings—Holding Business Partner Firm’s Securities

Policy for Holding Strategic Shareholdings

Based on an understanding of the outline of the Corporate Governance Code, which the Bank has adopted, and the increasingly stringent environment around international financial regulations, the Bank has made it an overall policy to reduce the balance of its strategic shareholdings after detailed dialogue with its clients.

The Bank’s strategic shareholdings are regularly examined for their merit and effectiveness from a comprehensive perspective based on quantitative criteria combined with qualitative evaluations, and the results are reported to the Board of Directors. The strategic shareholdings deemed to have merit and effectiveness refer to such shareholdings that contribute to supporting the AFF industries and the food/agricultural value chain through the enhancement of the Bank and its cooperative organizations’ business value and the growth of food and agricultural businesses, based on the comprehensive business relationships with the business partners.

The Bank, in principle, will take action to sell the strategic shareholdings of which the merit and effectiveness of the holdings are not recognized as a result of its examination.

Criteria for Exercising Voting Rights

Concerning the voting rights associated with strategic shareholdings held by the Bank, the Bank exercises such voting rights, in principle, making judgment for or against each proposal based on the following criteria:

1. Whether the proposal contributes to improving the medium- to long-term corporate value of the business partner
2. Whether the proposal contributes to improving the value of the Bank’s business

In particular, regarding the following proposals that could have a significant impact on the above viewpoints, the judgment will be made upon due consideration through dialogue with the issuers and other means.

- Proposal on appropriation of surplus (in the case of a significant lack of balance between growth investments and internal reserves)
- Proposal on election of directors and corporate auditors (in the case of violation of law or misconduct, etc., or negative earnings successively for a certain period, etc.)
- Proposals on retirement benefits / increasing directors’ compensation (in the case of performance-based compensation, compensation increase despite the event of misconduct, etc.)
- Proposal on appointment of the accounting auditor
- Proposal on takeover defense measures
- Proposal on organizational restructuring (e.g., acquisitions, mergers)
- Shareholder proposals
- Proposals on social issues and environmental problems, etc.

▣ Directors' Compensation System

Directors' Compensation Policy

The Bank is a financial institution founded by AFF workers' cooperative organizations based on The Norinchukin Bank Act. Through the provision of financial and various other functions for these cooperative organizations, the Bank aims to contribute to the development of the AFF industries and the nation's economy. To help the Bank realize this aim, the Bank has designed its directors' compensation system.

Compensation Structure

The compensation for the Bank's directors consists of directors' compensation and retirement benefits, in principle. The compensation for Directors consists of fixed and variable compensation, whereas the compensation for Supervisory Committee Members and Audit & Supervisory Board Members consists only of fixed compensation from the standpoint of ensuring effective fulfillment of their responsibilities.

As for the retirement benefits, a common structure is applied for Directors, Supervisory Committee Members, and Audit & Supervisory Board Members.

Compensation Determination Process

The process for determination of the directors' compensation is as follows: Based on the result of deliberations by the Director Compensation Deliberation Committee, the Supervisory Committee determines proposals on the total amount of directors' compensation and presentation of retirement benefits. Said proposals are finally deliberated and adopted at a meeting of the Council of Delegates.

The individual amounts of compensation for Directors, Supervisory Committee Members, and Audit & Supervisory Board Members are decided by the Board of Directors, the Supervisory Committee, and by consultation among the Audit & Supervisory Board Members, respectively, within the range of the total amount resolved by the Council of Delegates. In addition, upon the resolution of the Council of Delegates, the specific amounts, etc., of retirement benefits for Directors, Supervisory Committee Members, and Audit & Supervisory Board Members are decided by the Board of Directors, the Supervisory Committee, and by consultation among the Audit & Supervisory Board Members, respectively.

Outline of the Compensation Structure for Directors

Type of compensation		Description	
Directors' Compensation	Fixed compensation	<ul style="list-style-type: none"> The fixed compensation is determined on the basis of the titles and positions, etc., of directors, while considering the Bank's special nature as the central bank and the specialized financial institution for cooperatives as well as the trends in cooperative organizations and other business sectors. 	70%
	Variable compensation	<ul style="list-style-type: none"> As a sound incentive for sustainable growth, goals are set based on annual initiatives under the Medium-Term Vision, which include the realization of a sustainable environment, society, and economy; the sustainable development of the AFF industries and local communities; value creation for the cooperative's members and customers; and the achievement of a flexible and resilient organization. The variable compensation is determined based on the attainment of these goals. Part of the variable compensation is offered according to the quantitative and qualitative evaluations, etc., based on the degree of achievement of targets in the annual initiatives entered by each director/officer. 	30%
Retirement benefits		<ul style="list-style-type: none"> Retirement benefits are calculated by applying a fixed weighting based on a director's term of office and his or her compensation during the term in line with the retirement benefit payment rule. 	