Roundtable Discussion with Members of the Supervisory Committee

Leveraging Diversity, Carrying Trust into the Future: What Only The Norinchukin Bank Can Do

The Unique Governance of the Norinchukin Bank that Bridges the Agriculture, Fishery, and Forestry Industries with Global Finance

KAWASHIMA: Discussion on governance aimed at enhancing corporate value, including the Corporate Governance Code, is gaining momentum. The Norinchukin Bank (the Bank) is entering a period of significant change in the governance framework following April 2026 revisions to The Norinchukin Bank Act, the law that underpins the Bank, including the appointment of external experts to the Board of Directors. As Executive Officer Responsible for the Secretariat of the Supervisory Committee, I am working to enhance the Bank's governance, but I would like to hear from both of you, drawing on your extensive experience as external directors of listed companies, regarding the distinctive features of the Bank's organizational structure and your expectations.

Before going into my questions, I would like to provide a little background on the Bank's governance structures. The Bank has two decision-making bodies corresponding to the board of directors of an ordinary company, each with a different role: the Supervisory Committee and the Board of Directors. Put simply, the Supervisory Committee decides significant operating policies and exercises oversight of the Board of Directors, while the Board of Directors is responsible for business execution based on those policies, under mutual oversight. This governance structure was first implemented with the establishment of the Supervisory Committee following the complete revision of The Norinchukin Bank Act, in 2001. The rationale behind the establishment of the Supervisory Committee was twofold. First, to reflect the opinions of the Bank's members in operational management. To provide further details, the Reorganization and Strengthening Act* was revised

at the time to provide the Bank with authority to provide guidance to JA and JF cooperatives, while at the same time creating the JA Bank and JF Marine Bank framework for the integrated and efficient operation of the Cooperative Banking Business. The Bank therefore came to play an even greater role as a nationwide institution. To facilitate the appropriate execution of this role, the Supervisory Committee was established as a body for reflecting the views of member cooperatives.

* The Act on the Reorganization and Strengthening of Credit Businesses by The Norinchukin Bank and Specified Agricultural and Fishery Cooperative Associations.

The second reason was that the Bank's operations, particularly its investment activities, are closely connected to financial markets in Japan and overseas. Accordingly, the Supervisory Committee includes not only representatives of member organizations but also individuals with expertise in the fields of finance and economics.
That was a long introduction, but now I would like to ask how you see the differences in governance frameworks with typical corporations.
KUNIHIRO: One distinctive feature of the Supervisory Committee is that both the representatives of member organizations and financial experts participate in decision-making at the same table. As a member of the cooperative system, The Norinchukin Bank emphasizes reflecting the views of its members, who correspond to shareholders in a typical corporation, in its management. Meanwhile, the Bank conducts large-scale investment activities in financial markets in Japan and overseas, and such decisions require a high degree of expertise. The current framework was adopted to ensure an appropriate balance between these two parties, and I believe this distinguishes the Bank from the boards of directors and other governance structures of ordinary stock companies.
What is even more important, however, is the public nature of The Norinchukin Bank. No one can live without food, and it is the agriculture, fishery, and forestry (AFF) industries that support people's daily lives and food supply—in other words, they support life itself. As The Norinchukin Bank is founded upon these industries, it could be said that its stakeholders are, in effect, the entire population of Japan. The Bank's role is not just that of a financial institution: it must secure earnings so it can fulfill its social mission of supporting the AFF industries. I believe the fact that the Bank's governance is built on these two objectives is highly distinctive.
BANDO: I have the same impression. The Norinchukin Bank's members are cooperative organizations such as JA and JF. The Bank receives funds from those member organizations, which in turn have received deposits from users and members based on the trust they have built up within their local communities. This structure of investing member deposits and returning the earnings to members is a major difference from conventional banks, which invest deposits that they have collected through their branches. The division of roles between the Bank and the JA and JF cooperative systems may not be immediately obvious, nor may the Bank's close relationship with JForest, which is a member organization despite not being involved in the Cooperative Banking Business (the financial business). I believe it is important for the employees of the Bank to fully understand these points.

Building on the support of our members Moving to the next stage

KAWASHIMA: Ms. Bando, you have served on the Supervisory Committee for nine years, and Mr. Kunihiro, you have served for three years. Of all the discussions held within the Committee, what stands out for you?
BANDO: For me, it was the response to the losses reported in fiscal 2024. Owing to the prolonged low interest-rate environment up till that point, the Norinchukin Bank had increased its investment in foreign bonds, which were generally regarded as relatively safe assets and offered comparatively higher yields. However, the sudden rise in European and US interest rates following the pandemic triggered a rapid change in the market environment. The need for an agile response to such drastic changes was a major challenge for the Bank, and it remains particularly memorable to me.
KUNIHIRO: I agree. As revaluation losses on overseas bonds increased, how to deal with them became a crucial question. Ultimately, the Bank decided to book substantial losses, but that was necessary.
If I ask myself now what I achieved as a member of the Supervisory Committee, which is tasked with oversight of business execution, I was particularly concerned not to put off the decision. As the likelihood of a substantial loss rose, management faced a situation in which it had no choice but to seek additional capital contributions from its members, and a range of management decisions had to be made to overcome those circumstances. Needless to say, some very strong opinions were voiced within the Committee, and I suspect that the Committee members who were representing the cooperatives had complex feeling that they did not represent in the Committee. Even now, the initiatives carried out to bring about the Bank's financial recovery have only just begun. My intention is not to condone losses, but I believe it was right not to postpone the decisions.

In the end, despite the significant concerns this situation caused, our members supported a capital enhancement of approximately ¥1.4 trillion. The Bank must not simply view this as something that worked well. It is important that we never lose sight of the fact that our members supported us firmly, and that we move forward with that awareness in mind.
BANDO: Despite the various management challenges faced by individual members, they nevertheless responded to the capital increase within a short period of time under those circumstances. I believe this was made possible by the strong relationships of trust built up by our predecessors over many years, and I also felt that it symbolized the spirit of mutual assistance in the cooperative system. Had a similar situation arisen at an ordinary company, I do not believe the outcome would have been the same. However, we must not take that support for granted.
KAWASHIMA: The capital enhancement was completed with the support of our members in a remarkably short period of time. While I certainly have much to reflect upon, I also feel strongly that we must honor the confidence shown to us by our members and steadily rebuild the Bank's financial position.

“Diversity” of talent crucial in era of major environmental change

KAWASHIMA: As I mentioned earlier, the domestic and overseas environment surrounding the Bank is undergoing significant change. I would like to ask for your candid views on the issues facing the Bank. I would also appreciate your advice on how to build even better governance structures.
BANDO: I feel that the most crucial factor going forward will be securing a diverse talent pool. The global financial market environment to which the Bank is connected will probably become more complex and sophisticated. It could become very difficult to meet those challenges solely through a conventional talent development program.
In addition to developing talent internally, it is important to combine a variety of approaches, including the recruitment of external talent and collaboration with other organizations. I believe it will be important to secure a diverse range of talent, including women and highly skilled professionals, not only at the Director level—as with the recent appointments—but also among employees.
KUNIHIRO: Picking up on Ms. Bando’s comments, I agree that diversity is very important, but it may not be easy to foster. When a diverse group of people come together, they bring diverse assumptions and values, which can undermine the efficiency of discussions. However, that inefficiency is itself crucial.
Decision making has conventionally depended on unspoken understandings and shared perspectives, which may appear efficient. However, this also harbors the risk of considerable mistakes when assumptions change. In discussions conducted on diverse assumptions, it is necessary to carefully confirm the rationale behind each thought and decision, but this results in a more resilient organization and promotes adaptability to change. In this sense, including external individuals in the Board of Directors, which is responsible for business execution, is one turning point for the Bank’s governance.
The global financial markets with which the Bank deals are changing daily. We need to intentionally increase diversity to maintain the capacity to play on the global stage.
BANDO: Listed companies are increasingly expected to disclose information regarding women in management positions and female executives. Although The Norinchukin Bank is not subject to the same market expectations as listed companies, I believe it is important that the Bank promote diversity as a model for the cooperative system.
A more diverse talent pool within the cooperative system would bring in greater diversity of values. As a result, whereas in the past unspoken rules would be understood without having to be stated, they will now need to be laid out clearly. This can be time-consuming, which may tempt people to think “this is more trouble than it’s worth”. However, it is important not to give up or shy away from the effort, but rather to change our mindset and recognize that this is something we need to do.
KAWASHIMA: So what you are saying is that simply changing the governance structure, such as the Board of Directors or the Supervisory Committee, will not secure the desired outcomes. Rather, the governance function is made up of people, and the key is increasing the diversity of the directors and employees overall.

The Norinchukin Bank’s unique strengths from a medium- to long-term perspective

KAWASHIMA: I would like to look ahead to the future now. Please tell me about your hopes for the Bank.
BANDO: It is extremely important to protect and foster the AFF industries so that they become resilient industries capable of supporting food security through greater scale and efficiency, and for The Norinchukin Bank to contribute to that effort. At the same time, I hope the Bank will not stop there, but will also create value from a broad perspective that encompasses

relationships with local communities and the environment, including issues such as the shortage of leaders resulting from an aging population, abandoned farmland and environmental challenges. While addressing the many challenges facing the AFF industries and regional communities, I would like to see the Bank play a bridging role between urban areas and farming and fishing communities in cooperation with the cooperative system organizations.
One of the strengths of The Norinchukin Bank, as an unlisted entity, is that it can carry out initiatives from a medium- to long-term perspective without being tied to short-term earnings. I would like to see the Bank leverage this strength and think about what it can do to support the health and resilience of the AFF industries in Japan as well as broader society and the overall economy, looking more to the next generation than to ensuring a visible impact in the next three or five years.
KUNIHIRO: I have been working in agriculture on the weekends for more than 10 years. What I noticed from participating in local community events and gatherings is that everyone has an extremely open mind. This is because, as people leave agriculture for various reasons, those who remain are very welcoming to newcomers from urban areas.
Based on these experiences, when considering how to further develop the AFF industries and regional communities, I agree with Ms. Bando that it is important for them to build broader connections with people outside their immediate circles, even if only gradually. Agricultural experience programs are a good example, as they encourage people to reflect on nature, the environment and food, as well as agriculture itself. This may not be part of The Norinchukin Bank's core business, and perhaps should be considered separately. However, initiatives of this kind are only possible because the Bank generates profits.
BANDO: I agree with Mr. Kunihiro. Implementing plans to gradually increase the number of people involved is impossible without financial resources. However, we can look for initiatives from organizations—like The Norinchukin Bank—that are familiar with local resources and possess both financial resources and extensive human networks. This is another reason it is important that the Bank plays its role in generating solid earnings through investment activities.
The Bank is working to support the creation and sale of nature-based carbon credits, and monetizing environmental value is also an important way of supporting and sustaining the AFF industries together with a range of stakeholders. I would like to see the Bank take on the challenge of researching and developing new frameworks to this end. While it may be challenging, I would also like to see the Bank try to explore opportunities beyond the AFF and food-related sectors and consider ways to contribute more broadly to people's overall quality of life, including physical and mental well-being.
KUNIHIRO: While The Norinchukin Bank shares certain characteristics with Japan's megabanks, including the scale of its assets and its participation in global financial markets, it is also important to communicate the differences, including the roots of its business activities and the origin of the organization itself.
One of The Norinchukin Bank's unique strengths is its close ties with the cooperative system and integrated business operations, which enables it to engage deeply with the AFF industries on the ground, as well as with the food and agriculture value chain as a whole.
Ms. Bando and I have talked about the various potential challenges and opportunities, and as members of the Supervisory Committee we would like to continue supporting The Norinchukin Bank as it takes on new challenges. Of course, there are priorities to be faced in the near term, including the restoration of the financial position, which must be tackled steadily. However, the Bank must also avoid excessive caution. One of our key responsibilities is to encourage the Bank to take on new challenges with confidence.
KAWASHIMA: Thank you both for your valuable insights today. This discussion has reaffirmed me that the Bank is an organization supported by its members and at the same time one that fulfills a public role in supporting society as a whole through the AFF industries and food. In particular, the capital enhancement undertaken in FY2024 was an opportunity for us to reassure our operations are built on the trust of our members and supported by the spirit of mutual assistance. It also reinforced my appreciation of the responsibility we have to live up to that trust.
I also appreciate your observations regarding the importance of diversity, which is not merely a matter of workforce composition, but a fundamental issue in enhancing the quality of organizational decision-making and building a resilient organization that is responsive to change.
Going forward, we will continue to take on new challenges by leveraging The Norinchukin Bank's unique strengths so that we can contribute to the sustainable development of the AFF industries, regional communities and society as a whole from a medium- to long-term perspective, while steadily rebuilding our financial position as a key priority.