Contribution to Climate Change Mitigation and Adaption

The agriculture and fisheries industries are prone to the impacts of climate change and, at the same time, have the potential of amplifying climate change.
We think the response to climate change is important for the development of the agriculture, fishery and forestry industries, which is the mission of the Norinchukin Bank.
We promote efforts to mitigate and adapt to climate change through our business activities, focusing on capturing business opportunities related to climate change and risk management.
As part of our efforts, we expressed support in April 2019 for the TCFD recommendations established by the Financial Stability Board (FSB).
We are properly addressing the impact and risks of climate change on our business, engaging in initiatives and expanding our disclosures based on the TCFD recommendations.

Governance for Addressing Climate Change

The Norinchukin Bank holds regular meetings of our Sustainability Committee (under the board of directors) to discuss policies addressing environmental and social issues, including climate change, and the status of our initiatives.
The details of the conference/meeting are reported to the board of directors and the Supervisory Committee as needed.
In fiscal 2019, we discussed establishing an Environmental Policy (basic policies for solving environmental issues) and creating an environmental and social risk management system, including improvements to managing our Investment and Financing Sector Policy. These discussions were reported to the board of directors subsequently.

Opportunities Related to Climate Change

We support the transition to a decarbonized society through our business activities through financing services.

● Initiatives through sustainable financing

We support the initiatives of our investment and finance clients for climate change issues through sustainable financing.

We support offshore wind electricity production overseas through project financing.

→ P35

● Initiatives for ensuring the sustainability of forests and the forestry industry

We are engaged in various initiatives to sustain and revitalize the forest function to absorb carbon dioxide.

→ P24

● Solar sharing initiative

We contribute to local community revitalization through solar sharing (agricultural photovoltaic power generation) and the use of idle land by partnering with renewable energy power generation equipment manufacturers and distributers.

→ P20

● Agriculture, Fishery and Forestry Environmental Rating

We have adopted a system that incorporates our own unique assessment checklist to evaluate our investments and financing.

Climate Change-Related Risks

We recognize transition and physical risks that are related to the transition to a decarbonized society and climate change.
We are engaged in conducting risk evaluation through scenario analysis, etc., and manage these climate change-related risks appropriately under an integrated risk management framework.

● Transition risk

Stranded asset risk and impact on the credit risk of investment and finance clients due to changes government policies, legal regulations, technologies, markets, etc., associated with initiatives to mitigate and adapt to climate change.

● Physical risk

Risk of an increase in financial damage through physical damage to our assets and the assets of investment and finance clients caused by climate change-related natural disasters and extreme weather events.

Topics

The TCFD Consortium was established in May 2019 as a platform in which the government and private sectors discuss initiatives for corporations to disclose information effectively and for financial institutions, etc., to utilize this information for investment decisions.
We have declared our support for and participation in the consortium.

TCFD Consortium

Impact Analysis of Climate Change-Related Risk

We began conducting scenario analyses to understand the impact of climate-related risks on our credit portfolio.
We evaluate the financial impacts of transition risks on investments and financing in the energy utility sector based on the Sustainable Development Scenario published by the International Energy Agency (IEA).
Our scenario analysis is based on the method published by the pilot project led by the United Nations Environment Program Finance Initiative (UNEP FI) with the objective of discussing and developing methods for climate-related financial information disclosure in the banking industry.
Through scenario analysis, we evaluate medium- and long-term changes in credit costs caused by the progress of decarbonization.
We will also utilize the results of the scenario analysis for engagement with our investment and finance clients.
We will also strive to understand the impact on sectors that are prone to the impact of climate change, including the beverage and food industries that form the food and agriculture value chain. We plan to conduct studies regarding physical risk impact analysis.
In addition to the initiatives above, we participate in the research project on the Evaluation of the Impacts of Climate-related Risks on the Financial Institutions in Japan sponsored by the Financial Services Agency. Through participation in the project, we aim to refine our analysis methodology by utilizing the Paris Agreement Capital Transition Assessment, which is a climate-related risk analysis model for portfolios developed by French think tank 2 Degrees Investing Initiative (2DII).

Carbon-related assets (as of end of March 2020) *1

Sector	Ratio of the carbon-related assets to the total financed amount
Energy	2.0%
Utilities	1.9%
Total	3.9%

Financed amount: 19.8 trillion yen (as of end of March 2020)

*1 Financed assets excluding the financed assets for renewable power generation, etc. from the financed assets that belong to the energy and utilities sectors based on the TCFD recommendations are defined as carbon-related assets.

Managing Climate Change-Related Risks

We adopted an environmental and social risk management framework centered on investment and financing sector policy. This framework helps us manage environmental and social risks, including climate change, in investment and financing.
In November 2019, we established the Environmental Policy as a basic policy to solve environmental issues.
In April 2020, we established a new policy for deforestation and palm oil farm development, which are regarded as environmental and social problems that also impact climate change.
When considering an investment and finance client who conducts business in plantation and oil expression for palm oil production, we confirm that the client has a Roundtable on Sustainable Palm Oil (RSPO) certificate.
When considering a client who conducts deforestation business in an emerging country, we confirm that the client has Forest Stewardship Council ® (FSC®) or Program for the Endorsement of Forest Certification Schemes (PEFC®) certifications, both recognized internationally.
In July 2020, we tightened our policy for the coal-fired thermal power generation sector based on the demands of the international community for the progress of initiatives to achieve a decarbonized society. As a result, we decided not to finance a new coal-fired thermal plant project. However, we will continue supporting technologies and initiatives that contribute to the transition to a decarbonized society. Such projects include carbon capture and storage technology (CCS) that helps reduce greenhouse gas emissions.
We conduct due diligence on large-scale development projects based on the Equator Principles.

Reducing Greenhouse Gas Emissions Through Business Activities

We are engaged in understanding greenhouse gas emissions, striving to reduce the environmental burden through our business activities.

Unit: tCO_2

Measurement item		FY2018
Scope1	Direct emissions	2,063
Scope2	Indirect emissions	25,247
Scope3	Other indirect emissions	
	3 Energy-related activities	858
	6 Business travel	455
Total		28,623