

Focus Area 3

Promoting sustainability management

In this focus area, the Norinchukin Bank strives to ensure environmental and social sustainability through business activities under highly objective and transparent business administration systems. In addition to implementing high-level information disclosure, the Bank is constantly reviewing and improving its sustainability management by regularly exchanging opinions with stakeholders and experts.

Topics		Medium-Term Goals
Topic 3-1	Ensure a transparent organizational governing structure	We engage in ceaseless efforts toward realizing highly objective and transparent business administration systems.
Topic 3-2	Reinforce the management of environmental and social risks	We continually identify material sustainability topics based on social conditions and the voice of our stakeholders as well as review risks and business opportunities. We also conduct high-level information disclosure.
Topic 3-3	Reinforce stakeholder engagement	We continually engage in dialogues with stakeholders, reflecting their opinions in business creation and social contribution activities that are unique to the Bank.

Major Initiatives

- Engage in dialogue with sustainability experts
- Exchange opinions on sustainability with stakeholders
- Enhance alliances with cooperative organizations, such as national-level cooperatives

Related SDGs



Ensuring a Transparent Organizational Governing Structure

Management System

Our decision-making is split and coordinated between the Norinchukin Bank Act-stipulated Supervisory Committee and the board of directors, while remaining in compliance with decisions by the Council of Delegates.

The Supervisory Committee decides important matters concerning cooperative organizations, as well as items to submit/report to the Council of Delegates. This committee also holds supervisory authority related to director business execution, and is allowed to request explanations from directors, request to the Council of Delegates that directors be dismissed, and take other such actions. The board of directors makes decisions on business execution, excluding those matters determined by the Supervisory Committee, and conducts mutual oversight of director business execution.

Strengthening Internal Control

In order to fulfill its fundamental mission and social responsibility, the Norinchukin Bank considers the establishment of a business management system as a top priority issue. As such, in order to ensure compliance with corporate ethics, laws, and regulations, as well as ensure appropriate risk management and appropriateness in business execution, we have established basic policies for internal control.

Risk Management

Using the Basic Policies for Risk Management, which define risk types as well as management systems/methods, we assess risks faced in business operation for materiality, identifies risks under scope of management, and manages each risk according to their particular characteristics. Further, the Bank uses quantification methods to comprehensively understand these

risks and carry out integrated risk management that manages risks and compares risks to our financial strength.

Reinforcing Stakeholder Engagement

Norinchukin Bank Stakeholders

- Members: Japan Agricultural Cooperatives (JA), Japan Fishery Cooperatives (JF), Japan Forestry Cooperatives (JForest), etc.
- Members of JA, JF, and others (those engaged in the agriculture, fishery and forestry industries), partner companies in deposits, savings, and loans (e.g. companies affiliated with the agriculture, fishery, and forestry industries)
- Members of local communities
- Business partners covering all operations: financial institutions, market participants, subcontractors, and more
- Government entities
- Staff

The trust relationships with these stakeholders (those who have interest in the bank) who are closely related to our management and day-to-day business activities were not built overnight, but steadily over our long history since we were established. These trust relationships are important assets for the Norinchukin Bank, and it is important to maintain and build even stronger trust relationships going forward so that we can fulfill our fundamental mission and social responsibility. To that end, we will continue to make efforts to build a highly transparent organizational culture by emphasizing disclosure and accountability to our stakeholders.

Dialogue With Experts

In February 2019, we held a dialogue session attended by three sustainability experts and bank directors and employees. Each of the three experts delivered a lecture on a different topic. Mr. Takejiro Sueyoshi, Special Advisor to the United Nations Environment Programme Finance Initiative, spoke on trends in ESG investment. Ms. Kaori Kuroda, Co-Chair of the Japan Civil Society Network on SDGs, spoke on how to deal with human rights issues. Dr. Norichika Kanie, Professor of the Graduate School of Media and Governance at Keio University, spoke on how to deal with the SDGs. The exchange of opinions was centered on initiatives expected of the bank. Their valued opinions have been utilized in studying a variety of policies, and can be seen in the November 2019 formulation of the Bank's Environmental Policy and Human Rights Policy. Please see page 11 for details on the 2020 expert dialogue session.



Pictured: 2019 expert dialogue session

Initiatives in Sustainable Finance

Through dialogue with investees and borrowers, we will support their sustainability efforts and create business opportunities. For details on ESG Integration, please see pages 18 and 21. For more on Sustainability Linked Loans, please see page 19.

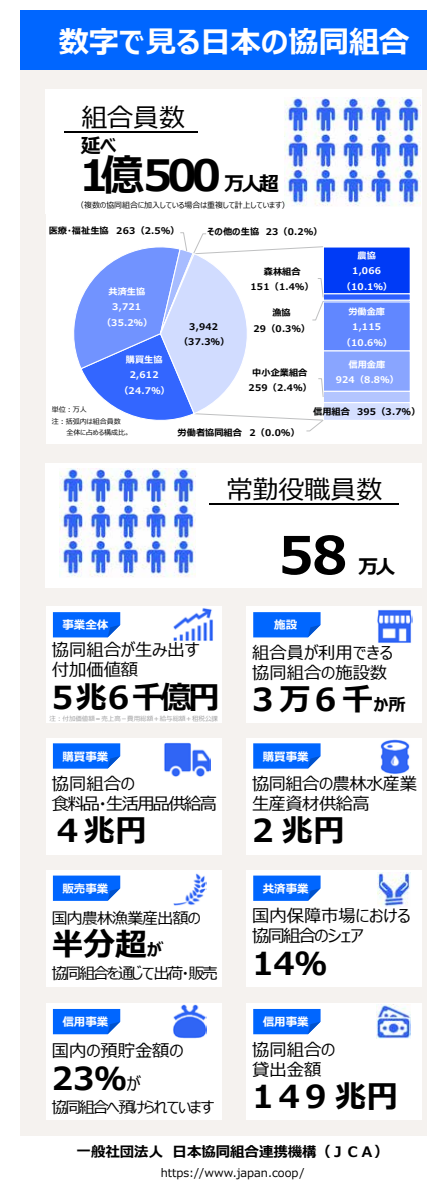
Alliances with Cooperative Organizations

A cooperative organization is one established under the slogan of one for all, and all for one, rooting themselves in local communities and promoting mutual assistance between people to stabilize their lifestyles, and playing the role of a revitalizing force in that local community.

The Bank is a member of the International Co-operative Alliance (ICA), a global coalition of 312 cooperative organizations from 109 countries. These cooperatives are based in a variety of fields, from agriculture, to fishery, to forestry, to co-ops. Also, in 2013, the National Council to Commemorate IYC (the International Year of Cooperatives) was formed in Japan; in July 2019, the Japan Co-operative Alliance took on the mantle of that council. The Norinchukin Bank is a participant in the JCA, promoting cooperation with other cooperative organizations.

Cooperative Organizations and the SDGs

Cooperative organizations tackle issues such as poverty and hunger, and are positioned as one important set of stakeholders for achieving the SDGs. The ICA also encourages cooperatives around the world to combine forces and work to achieve the SDGs. In Japan, the government explicitly mentions cooperative organizations in its SDGs Implementation Guiding Principles. In this way, there are great expectations at home and abroad for the role that cooperative organizations play in achieving the SDGs.



Excerpt from JCA Website