

Focus Area 3

# Promote 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		Direction of Our Initiatives
Topic 3-1	Ensure a transparent organizational governing structure	<b>We engage in ceaseless efforts toward realizing highly objective and transparent business administration systems.</b>
Topic 3-2	Reinforce the management of environmental and social risks	<b>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.</b>
Topic 3-3	Reinforce stakeholder engagement	<b>We continually engage in dialogues with stakeholders, reflecting their opinions in business creation and social contribution activities that are unique to the Bank.</b>

## Major Initiatives

- Establishment of a Sustainability Advisory Board
- Exchange opinions on sustainability with stakeholders
- Enhance alliances with cooperative organizations, such as national-level cooperatives

## Related SDGs



## Ensure 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

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, 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

Based on 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, identify risks under the scope of management and manage each risk according to its particular characteristics. Furthermore, 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.

## Reinforce Stakeholder Engagement

### Stakeholders of the Bank

- Members: Japan Agricultural Cooperatives (JA), Japan Fishery Cooperatives (JF), Japan Forestry Cooperatives (JForest), etc.
- Members of JA, JF and others (those engaged in the AFF industries); partner companies in deposits, savings and loans (e.g., companies affiliated with the AFF 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 interests in the Bank) who are closely related to our management and day-to-day business activities were not built overnight but rather steadily over our long history since we were established.

These trust relationships are important assets for the Bank, and it is important to maintain and build even stronger trust relationships not only with the aforementioned stakeholders but also with the younger generation so that we can fulfill our fundamental mission and social responsibility with an eye to the future.

To that end, we will continue to make efforts to build a highly transparent organizational culture by emphasizing disclosure and accountability to our stakeholders.

## Exchange of Opinions with Members

We are exchanging opinions with members toward implementing sustainable management for all systems. Together with national level JA Zenchu, JA Zen-Noh, JA Kyosairen and other entities, JA Group also participates in the SDG Liaison Conference that discusses the current situation on sustainability as well as initiatives toward the sustainability of the AFF industries and of regions. We are also exchanging opinions with JA Shinnoren at the prefectural level regarding JA Bank initiatives. In fiscal 2021, we exchanged opinions regarding how JA Shinnoren should respond to climate change and the nature of its disclosure. Exchanges of opinions are also under way with JForest Zenmoriren on forests and the forestry industry, and with JF Zengyoren on the fisheries industry.

## Dialogues with Diversified Stakeholders

The Bank is active in dialoguing with a variety of stakeholders inside and outside Japan. We will further support clients' sustainability-focused efforts and help them create business opportunities.

### Topics

#### Dialogue with Young People Who Will Lead the Next Generation

AgVenture Lab (page 49), an innovation laboratory, held a business plan contest to support student entrepreneurs who aim to solve social issues.

We selected 10 finalists from among 76 entries submitted by applicants from universities, graduate schools, technical colleges and vocational colleges nationwide that qualified for participation in the contest. At the award ceremony held in February 2022, the respective finalists presented their business plans and deepened their collaboration with each other. JA Group proactively encourages dialogues with young people to promote collaboration and cooperation.



A snapshot at the award ceremony

### Topics

#### Dialogue with Clients at the Bank's European Subsidiary

Norinchukin Bank Europe N.V. supports its clients centering on Japanese-affiliated companies to identify business opportunities through the provision of sustainability-related market research information to its clients and dialogues therewith.

#### From the Front Lines

Norinchukin Bank Europe N.V.  
Senior Research Analyst

#### Rick Tervoort



To support the Bank Group's customers in acquiring new business opportunities, I cover and discuss important sustainability topics with them. To provide value-added market research functions to our customers, I liaise closely with important institutions such as Wageningen University & Research (WUR), a well-known food & agri research university in the Netherlands, as well as agricultural co-operative banks such as Rabobank and Crédit Agricole. NBE launched a recurring thesis research internship program with WUR in which a Master of Science student from WUR joins NBE for a six-month research internship to collaborate in conducting research on important sustainability topics. I presented this research during the external webinar "Alternative Protein opportunities in Europe & the Netherlands" organized by the Netherlands Foreign Investment Agency (NFIA) Tokyo Office in March 2022. For our customers, market developments in sustainability such as plant-based proteins are important for the future of their businesses.

## 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 318 cooperative organizations from 112 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 fiscal 2019, the Japan Co-operative Alliance took on the mantle of that council. The 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.