

Sustainable Agriculture, Fishery, and Forestry Industries and the Food and Agriculture Value Chain

Increasing the Income of Farmers, Fishermen and Foresters

The Bank works on consulting activity for agriculture, fishery, and forestry (AFF) leaders who have encountered management issues, and we support the establishment of value chains by investing in and financing food- and agriculture-related companies.

Through consulting and other activities with the Bank's investment and finance clients, we set specific numerical targets for how to raise the incomes of AFF leaders and are actively working to achieve these targets.

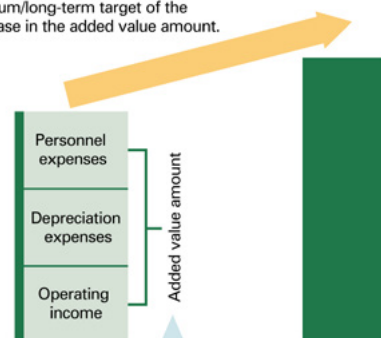
We defined increase in the amount of value added as an indicator to capture income improvement of AFF leaders in a unified manner, and strive to achieve this goal after setting medium- and long-term target.

In this way, the Bank aims to make a sustainable contribution to improving incomes of AFF leaders.

Increasing Added Value

Continuously contribute to increasing the income of farmers, fishermen and foresters through consulting with the investees and borrowers of the Bank and other activities.

Set and address achieving the medium/long-term target of the increase in the added value amount.



We defined the "increase in added value amount" (the sum of operating income, depreciation expenses and personnel expenses) to include not only the perspective of "profit improvement" but also concepts such as "appropriate capital expenditure" and "investment in human resources."

Efforts to Improve Incomes of AFF Leaders

The Bank is strengthening consulting activities for AFF leaders in cooperation with JA Shinnoren and Japan Agricultural Cooperatives (JA). In fiscal 2021 and fiscal 2022, we implemented this program with 186 and 301 consulting cases, respectively, and proposed solutions to solve various management issues faced by stakeholders. In addition, when consulting with stakeholders, we not only propose solutions, but also confirm the status of implementation, providing support to stakeholders in achieving solutions.

Topics

Support for Proposing and Realizing AFF Leaders Solutions

In the course of providing consulting services in fiscal 2021 to a client of the Bank's Toyama Branch, Himiinazumiume Co., Ltd., (the "Company"), we recognized the challenges of streamlining operations and reducing labor hours. In response to addressing those challenges, we proposed the introduction of a new cultivation method (V-shaped pruning method, the first time the cultivation method has been used for plums in Japan). To this end, we collaborated with the Prefectural Agricultural Promotion Center and conducted planting in cooperation with students from a local agricultural high school. This program is expected to attract younger fans in the future, significantly reduce work hours, and increase revenues. We will continue to follow up on the progress and effects of the action plans formulated, providing support to expand the business and increase farm incomes (i.e., increase the amount of value added).



Planting activities

Supporting Food and Agriculture-Related Companies to Establish Their Value Chains

As a policy of encouraging an increase in the income of farmers, fishermen and foresters, the Bank works to support the establishment of food and agriculture value chains through investments and loans to food and agriculture-related companies.

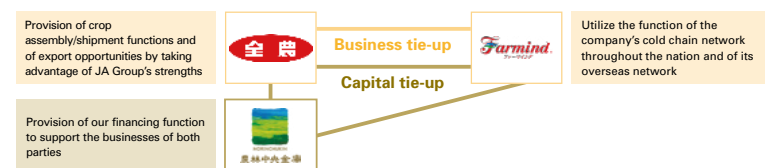
Topics

Supporting the Establishment of Value Chains to Stabilize Prices and Quantities of Fruits and Vegetables

As fruits and vegetables are grown mainly by means of an open-field culture, their crop yields often vary and prices fluctuate throughout the year depending on the effects of weather and other factors. In addition, the income of producers is hard to stabilize because retail prices are susceptible to the prices at wholesale markets. This difficult stabilization in income therefore has become a challenging issue. To identify solutions for the issues related to the distribution of fruits and vegetables, the Bank entered into a capital tie-up agreement in December 2021 among three parties: National Federation of Agricultural Cooperative Associations (JA Zen-Noh), Farmind Corporation and the Bank.

Specifically, the agreement is intended to realize a mechanism that ensures desirable sales of fruits and vegetables at stable prices and quantities throughout the year. Such a mechanism could be achieved by maintaining the freshness of goods in an optimal environment suitable for each item by utilizing the precooling and storage functions for fruits and vegetables, which Farmind has. Consequently, the resulting mechanism could meet the needs of both actual users and consumers and might lead to an increase in producers' income.

In the future, we intend to start up several platform centers (PFCs) in a series, in which Farmind's precooling and storage functions for fruits and vegetables are leveraged at production areas across the country. In June 2022, PFC Nagano Co., Ltd., started business operation.



[PFC business overview]



Supporting the Establishment of Japanese Food and Agriculture Value Chains Through Investments in Overseas Food and Agriculture Private Equity (PE) Funds

The Bank has invested in an overseas food and agriculture PE fund that invests globally in ventures and medium-sized companies possessing smart technology and decarbonization solutions for the food, agriculture, and fishery industries.

The portfolio of investments includes the following types of companies with advanced technologies in the agriculture, fishery and forestry industries. The Bank supports these technological innovations and social implementation, and pursues the application of these technologies in the Japanese food, agriculture, and fisheries industries in the shift towards decarbonization.

Main technologies supported by the Overseas Food and Agriculture PE Funds

- Regenerative farming practices, such as water conservation and soil improvement
- Feed additives that reduce methane gas emitted from cattle burps and excrement
- Alternative proteins
- Freshness preservation technology for fruits and vegetables (food loss reduction, etc.)



Contributing towards solutions to sustainability issues through the F&A Growth Industrialization Investment Framework

In order to increase the added value and productivity of the agriculture, fishery, and forestry industries, the Norinchukin Bank Group established the F&A Growth Industrialization Investment Framework with the aim of collaborating with industry members and businesses both within Japan and overseas, providing recipients with risk capital to support these activities. By investing in this framework, we are contributing towards solving sustainability issues surrounding the agriculture, fishery, and forestry industries.

Expansion of the organic rice market through the spread of automatic weeding robots and the establishment of an organic rice distribution system

The Bank's group company, The Agribusiness Investment & Consultation Co., Ltd, has made an investment in Yukimai Design Co., Ltd. (the "Company"), which aims to contribute to the market growth of organic farming and the development of sustainable agriculture in Japan. The Company is working to expand the organic rice market from both production and sales perspectives through two business initiatives: the development of an automatic weeding robot (a.k.a., "Aigamorobo") and the support of organic rice production, distribution, and sales. In this way, the Company aims to eliminate the biggest challenge in producing organic rice—weed removal—and establish a post-harvest distribution network. The Bank Group, through the use of our systems and networks, is committed to contributing to the sustainable development of domestic agriculture by supporting the development of technology and robot production. We are also committed to the expansion of production bases and sales channels.



Development of regional revitalization through the creation of new businesses

The Bank's group company, The Agribusiness Investment & Consultation Co., Ltd, made an investment in A Zero Group Co., Ltd. (the "Company"), which is engaged in initiatives to support the creation of businesses through entrepreneurship utilizing local resources, primarily in Nishiawakura Village, Okayama Prefecture. The aim of these initiatives is to revitalize the region through employment and revenue generated by these businesses.

The company was founded based on the wood processing business that originated from the Hyakunen no Shinrin (100-year forest) concept, which Nishiawakura Village launched in 2008 with the aim of becoming self-sufficient and making effective use of the village's forest resources. Since then, the Company has continued to create jobs and businesses by working together with the village to start and nurture non-lumber businesses. Utilizing the experience and knowledge gained in Nishiawakura Village, the Company conducts similar projects in Shiga Prefecture, Hokkaido, and Kagoshima prefecture.

The Bank Group continues to support the Company by providing sales channels for the timber business, the Company's original business, and by assisting in attracting customers to its new strawberry farm and café.



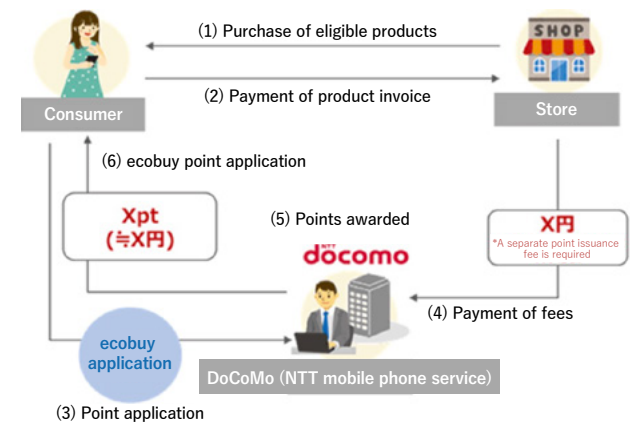
Contributing to a sustainable food supply Promoting food waste reduction

The reduction of food waste*1 is one of the challenges in building a sustainable food system. Here, the Bank started a collaborative project leveraging the NTT Group's knowledge

and solutions and the Bank's network and capabilities to support efforts to reduce food loss among the Bank's onvestees and borrowers and our members. Through this collaboration, some JA installed the ecobuy *2 project, a food loss reduction support service for retail stores provided by NTT Communications Corporation.

*1 Amount of food waste generated by the entire food industry (FY2020): 16,236,000 tons (Annual Amount of Food waste Generated in FY2020 and Recycling Rate of Recycled Food Resources (Estimated), Ministry of Agriculture, Forestry and Fisheries)

*2 ecobuy: A system whereby customers can accumulate ecobuy points by purchasing ecobuy-eligible foods that are close to the expiration date. Participants apply for ecobuy points by photographing purchase receipts via the ecobuy application on their smartphones.



In August 2022, the Bank concluded a green loan agreement with NTT Group for the use of funds for projects such as 5G-related investments, data centers that achieve high efficiency and power savings, and renewable energy.

Effective use of local resources

Ogawa & Co., Ltd., (the "Company") is engaged in efforts to contribute to the effective utilization of agricultural products produced in Okayama Prefecture and efforts to revitalize the local community. The Bank initiated a collaboration between the Company and the Okayama Headquarters of the National Federation of Agricultural Co-operative Associations.

Through the use of peach blossoms harvested during the peach production process, the Company created a fragrance using Okayama Peach Blossoms, leveraging this renowned local product from Okayama Prefecture.



Announcement of tri-party business collaboration agreement