

SUSTAINABILITY REPORT

2023



The Norinchukin Bank Sustainability Report 2023

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Editorial Policy for Sustainability Report 2023

· This report is published on an annual basis for the purpose of reporting sustainability-related information of the Norinchukin Bank.

We also publish a variety of information on our website (sustainability page) to help our all stakeholders understand our sustainability initiatives with easier way. This report is an edited version of the content of the website (sustainability page) in PDF format.

Reporting Period

FY2022 (April 2022 to March 2023)

Certain information includes details as of August 2023.

Prior Publication

July 2022

Report Scope

The Norinchukin Bank and its group companies

Related Information

We also publish information related to sustainability on our corporate website.

The links provided lead to webpages with supplemental information.

The Norinchukin Bank corporate website:

<https://www.nochubank.or.jp/en/>

The Norinchukin Bank sustainability website:

<https://www.nochubank.or.jp/en/sustainability/>

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Message From the CEO

Aiming for Implementing Sustainability Management Unique to Norinchukin



President and Chief Executive Officer,
the Norinchukin Bank

OKU Kazuto

The Goal of Sustainable Management in Times of Increasing Uncertainty

The Norinchukin Bank is a member of cooperative organizations that support the agriculture, fishery and forestry (AFF) industries. We provide financial services to members that include Japan Agricultural Cooperatives (JA), Japan Fisheries Cooperatives (JF), and Japan Forest Owners' Cooperatives (JForest). In doing so, we contribute to the development of AFF industries, while also contributing to national economic prosperity. This social duty, which is defined under Article 1 of the Norinchukin Bank Act, is a unique mission that no officer or employee at Norinchukin can forget, no matter what role we serve. To fulfill this mission, we engage in a variety of activities under five initiatives: (1) Contribute to the global environment; (2) Contribute to the AFF industries and local communities; (3) Enhance the members' management base ; (4) Secure a sustainable financial/profit base; and (5) Maximize organizational vitality.

As a bank founded in the AFF industries, our business activities are affected by environmental and social issues. At the same time, our business activities impact the environment and society. Given the nature of this two-way relationship, we recognize that solving environmental and social issues through our business activities conducted under sustainability management is becoming more important with each passing year.

The challenges are also becoming more widespread every year. The global-scale movement toward decarbonization has already become irreversible. In light of the Kunming-Montreal Biodiversity Framework adopted at the 15th Conference of the Parties to the Convention on Biological Diversity (CBD-COP15) last year, initiatives toward nature positive are long overdue. As the international community becomes increasingly divided, the Bank recognizes food security as an issue of great urgency. These and other rapidly advancing global-scale issues threaten to rattle the very foundations of our business: food shortages due to

global population growth; labor shortages due to declining birthrates and aging populations in advanced nations; and human rights issues.

Expectations for companies to solve environmental and social issues are increasing year by year. We recognize that our stakeholders require us to conduct our businesses in ways that reflect society's expectations and demands. Given this recognition, we engage tirelessly in initiatives to advance sustainability management. We established the Sustainability Advisory Board as an advisory body to the Board of Directors. The Sustainability Advisory Board includes outside experts as members. We appointed chief sustainability officers stationed in Japan and overseas to secure business opportunities and conduct risk management in light of global trends. We also focus on sustainable business planning and execution, aiming to meet the needs of our customers. Taking part in national and international initiatives, such as the NZBA and the TNFD Forum, is another way to engage in external collaborations and play a role in rulemaking. And we intend to pursue sustainability management even further to meet the expectations of our external environment and stakeholders.

Message From the CEO

Engaging from a Medium- to Long-Term Perspective to Achieve Our Purpose

Aiming to be a leading bank supporting the AFF industries, as well as community lifestyles, we defined our corporate brand statement as *Dedicated to Sustaining All Life*.

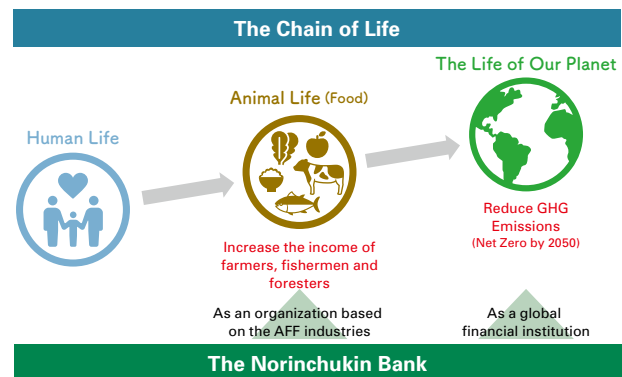
We further distilled the concept of sustainability management and our brand statement into the message, *The Chain of Life*. Human life, food (living things), and the Earth are all interconnected. We require food to live. The AFF industries are what bring us this food, or in other terms, the animals and plants that become our food. These animals and plants are nourished by the air and water that are the pure blessings of nature. These blessings of nature are only available because of a sustainable global environment. The following statement is the purpose that we defined for the Norinchukin Bank.

Dedicated to sustaining all life.

- Work together with our stakeholders to foster the AFF industries and to create a prosperous future for food and lifestyles, and thereby contribute to a sustainable global environment. –

We established two medium- to long-term targets to fulfill this purpose: (1) Reduce GHG emissions Net Zero by 2050 and (2) Increase the income of farmers, fishermen and foresters. “Reduce GHG emissions Net Zero by 2050” consists of three initiatives toward building decarbonized societies: (1) Reduce financed emissions (net zero by the year 2050), (2) Secure the amount of the forest carbon sink, together with JForest members; and (3) Reduce the GHG emissions by the Bank itself (net zero by FY 2030). We seek to achieve our goals through constructive dialogue with investees and borrowers and by providing decarbonization solutions in collaboration with our business partners. An increase in the incomes of farmers, fishermen and foresters will lead to rising populations of farmers and related workers,

resulting in regional revitalization. This is our goal, which we will accomplish by raising the incomes of those involved in these regional industries in pursuit of sustainable AFF industries and sustainable communities. In fiscal 2022, we provided consulting services to over 300 AFF leaders, not only proposing solutions to various management issues, but also confirming implementation and providing support for successful conclusions. To maximize organizational vitality by ensuring diversity in human resources, we defined fiscal 2022 as *Diversity Year One*, sponsoring seminars, workshops, work systems, conducting policy reviews, and introducing new policies. In July 2023, the Bank published the *Diversity and Inclusion Book*. This publication summarizes the Bank’s diversity and inclusion efforts. We are committed to creating workplaces in which every employee works with enthusiasm in his or her own way, thereby making a greater contribution to all stakeholders.



The Philosophy Behind Our Corporate Logo



The logo of the Norinchukin Bank represents a Japanese landscape with vibrant AFF industries interconnected with many forms of life. The colors of the sea, land and forest swirl together, showing our dedication to journey onward alongside the breadth of life.

Our businesses exist in harmony with the life that comes from the activities of the AFF industries and the cycles of nature. As we carry out our business while deeply rooted in local communities, we work to resolve environmental and social issues and contribute to sustainable AFF industries.

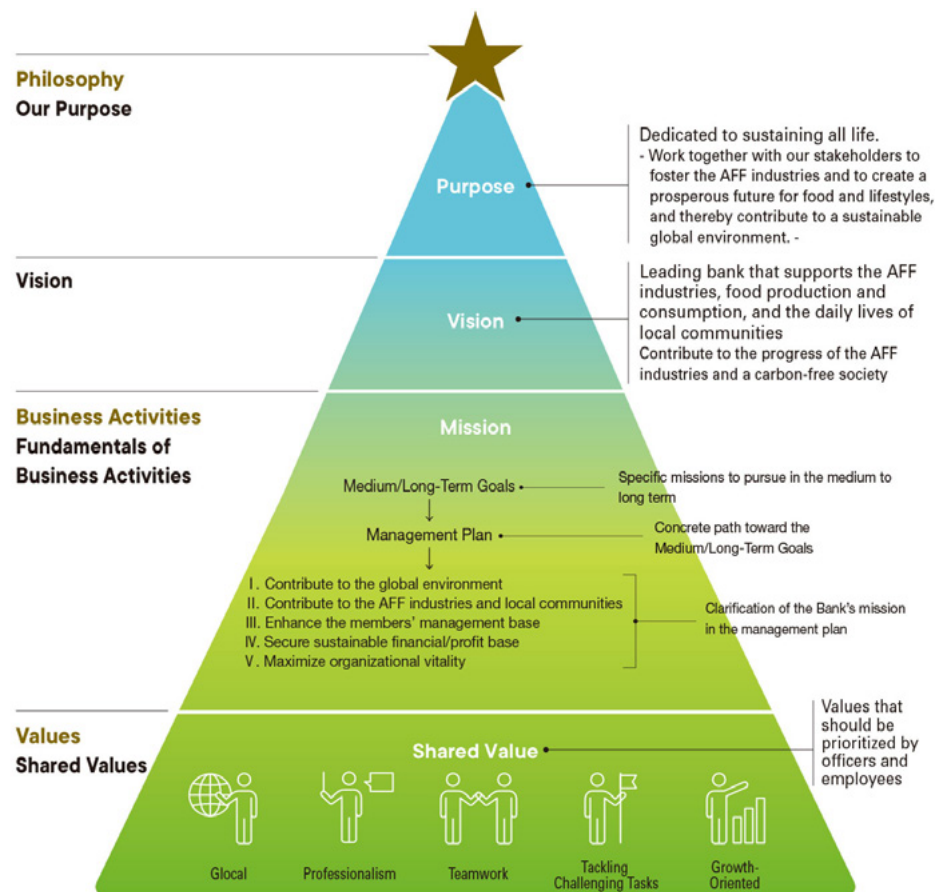
This is the traditional role of The Norinchukin Bank, and we will strive to make an even greater contribution in the future.

Our Purpose, Vision and Mission

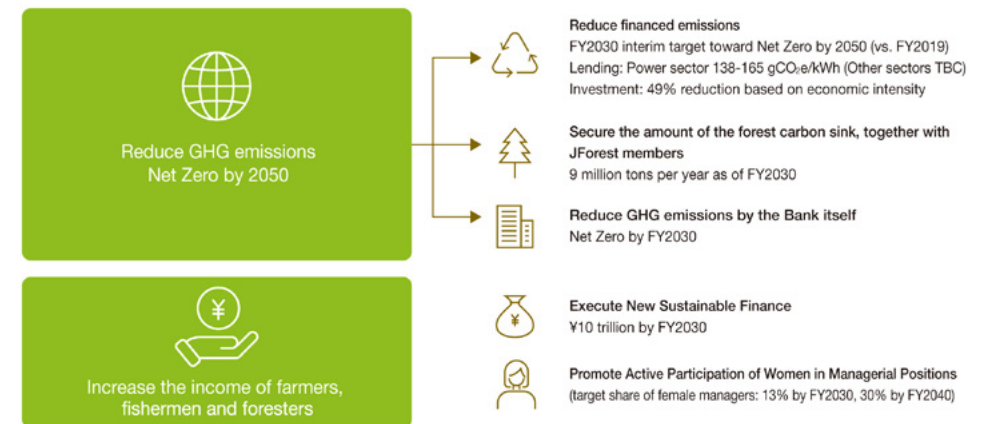
The Bank revisited its purpose (what contributions the Bank should make for a sustainable environment and the society of the future) and its vision (what the Bank should do to perform its purpose).

The Medium/Long-Term Goals and the Management Plan are positioned as the fundamentals for the business activities to achieve the Bank’s vision.

The Bank also identified key “shared values” for its senior management and employees, which form the foundation of daily business activities to achieve the management plan.



The Norinchukin Bank’s Medium/Long-Term Goal



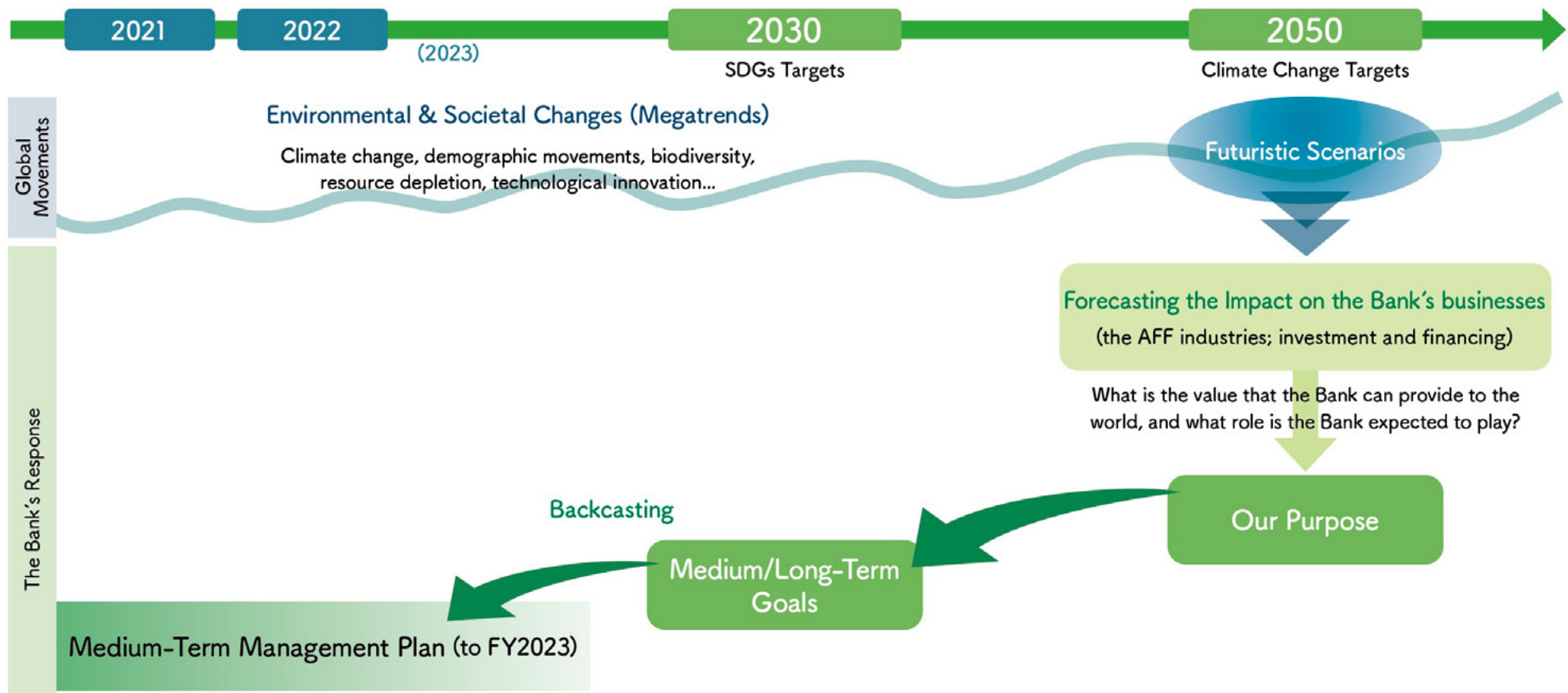
Stakeholders:
Members (JA, JF and JForest)/individual cooperative members (i.e., people working in the AFF industries); our clients (deposit and savings, loans) including AFF-related companies; local communities; business partners in the Bank’s entire operation including financial institutions, market participants and contractors; governments and municipalities; and employees

Formulation of Purpose of the Bank and the Medium/Long-Term Goals

Sustainability has become an increasingly significant topic. Discussions and measures are under way globally to address climate change that include achieving the SDGS by 2030 and the Paris Agreement targets by 2050.

Instead of merely formulating a three- to five-year business plan as we have done in the past, we have taken a medium/long-term perspective in redefining our vision of the Bank and the value we provide to society. We also recognize the importance of setting and executing specific goals to achieve these aspirations.

Based on this vision, we have defined our Purpose reflecting the Bank's vision, value and role that it can offer society by 2050 and the Medium/Long-Term Goals that we will achieve by 2030.



In formulating our Purpose and Medium/Long-Term Goals, we held monthly workshops throughout 2020, attended by the CEO, Directors and Executive Officers. After putting together forecasts for the global environment and societal changes for 2050 (megatrends), we used the concept of backcasting, carrying out discussions under the following approach. Details of discussions were shared with the Supervisory Committee members and the Bank employees, and we formulated the plan after receiving opinions and responses to questionnaires.

Discussion Process

- (1) Share futuristic scenarios for 2050 in consideration of medium/long-term changes in the environment and society (megatrends).
- (2) Forecast the impact that these futuristic scenarios could have on the Bank's foundation and businesses (the AFF industries; investment and financing).
- (3) For (2), above, discuss the value that the Bank can provide to society and the role that we are expected to play (our Purpose).
- (4) Discuss the goals to be achieved by 2030 (our Medium/Long-Term Goals) based on our Purpose.
- (5) Reflect these details in our management plan and realign the Norinchukin Bank Vision.



Group discussions in a workshop for executives

Megatrends to Keep in Mind Looking Toward 2050

	Possible Impacts (Examples)
1 Climate Change	<ul style="list-style-type: none"> ■ Decline in the quality of agricultural products, changes to arable land ■ Changes in marine resource ecoregions, decrease in fish catch volume ■ Natural disasters, rise in sea levels
2 Loss of Biodiversity and Ecosystems	<ul style="list-style-type: none"> ■ Lack of resilience in the AFF industries (changes in suitable areas) ■ Loss of forest function ■ Impact of microplastics on ecosystems
3 Demographic Movements	<ul style="list-style-type: none"> ■ Higher greenhouse gas emissions resulting from growing populations in developing countries ■ Rural depopulation and labor shortages due to the declining population in Japan ■ Loss of domestic companies and human resources, hollowing out of industries
4 Resource Depletion (Food, Water)	<ul style="list-style-type: none"> ■ Growing global population leading to increased competition for food and water resources ■ Domestic food security ■ Absolute decrease in fossil fuels
Technological Innovation	<ul style="list-style-type: none"> ■ Use smart agriculture to solve issues of labor shortages ■ Reduce greenhouse gas emissions generated by agriculture ■ Renewable energy, blue carbon, utilization of forest resources

Action ↑

Priority Issues for The Norinchukin Bank

A Contribute to reducing the risk of climate change and achieving a carbon-free society

B Contribute to sustainable AFF industries and value chains to maintain AFF industry production bases and to secure safe and secure food resources

C Contribute to maintaining regional communities in the face of declining birthrates and aging populations

Medium- to Long-Term Goals and Initiatives



Reduce Financed Emissions

The Norinchukin Bank set the FY2030 interim targets in commitment to Net Zero by 2050.

The Bank engages with investees and borrowers and provides sustainable finance, in addition to other solutions, to help them reduce their GHG emissions.

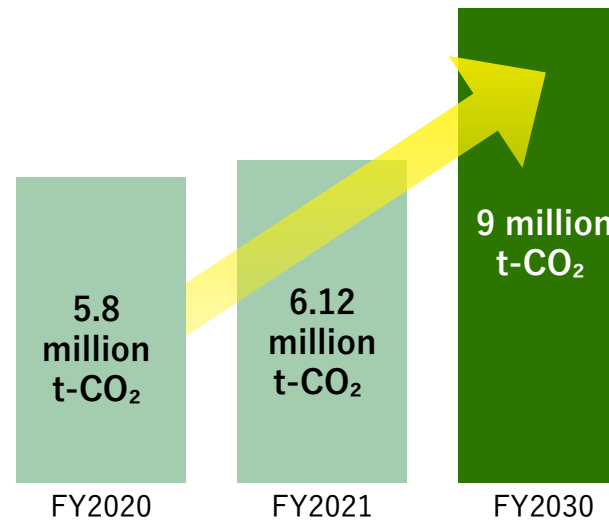
		FY2019	FY2020	FY2030 Goals
Lending	Power Sector	213 gCO ₂ e/kWh	217 gCO ₂ e/kWh	138-165 gCO ₂ e/kWh
Investment	Stocks and Bonds	0.66 tCO ₂ e/million yen	0.55 tCO ₂ e/million yen (-17% compared to FY2019)	-49% compared to FY2019

→ Approach to the Interim Targets: Reducing Financed Emissions P.60



Secure the amount of the forest carbon sink, together with JForest members

We work together with JForest members to ensure measures such as appropriate forest maintenance to secure the amount of the forest carbon sink.

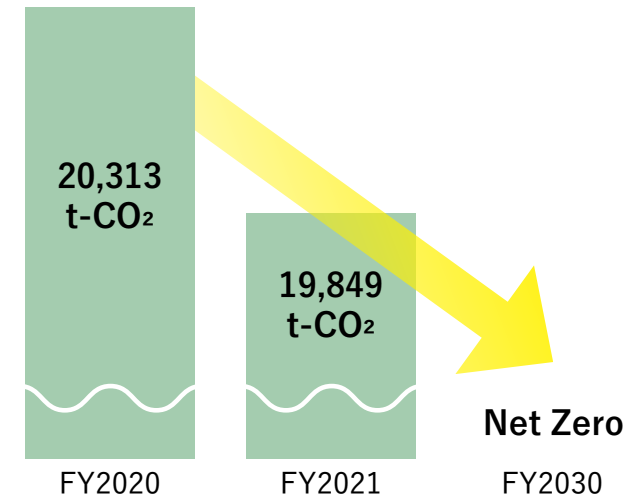


→ Initiatives for Demonstrating the Multi-Functional Role of Forests P.71



Reduce GHG Emissions by the Bank Itself

The Bank reduces GHG emissions by encouraging energy conservation and introducing renewable energy.



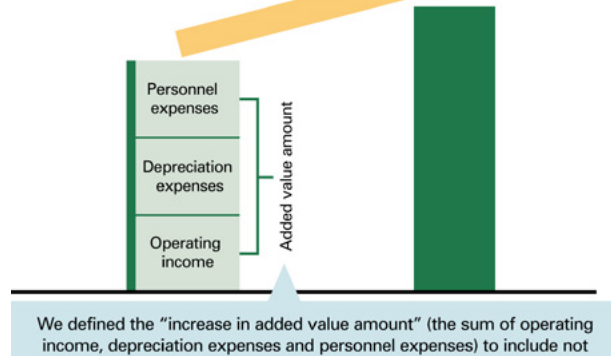


Increase the Income of Farmers, Fishermen, and Foresters

We provide consultations for those in cooperation with JA Bank and offer support in establishing food and agricultural value chains through investment and loan.

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

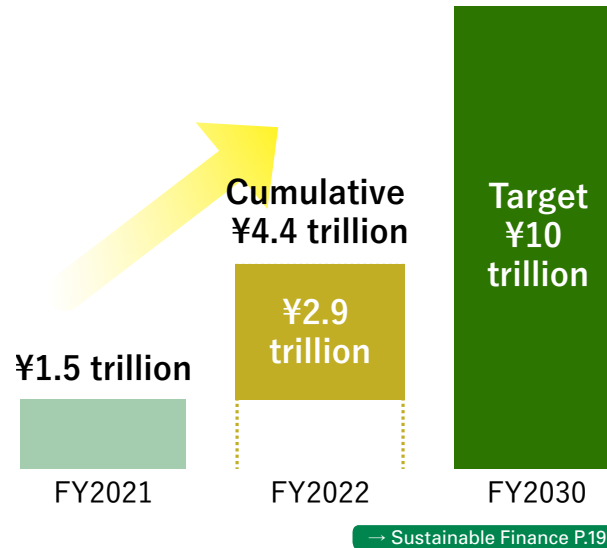
Set and address achieving the medium/long-term target of the increase in the added value amount.



Execute New Sustainable Finance

New execution amount of 10 trillion yen by FY2030

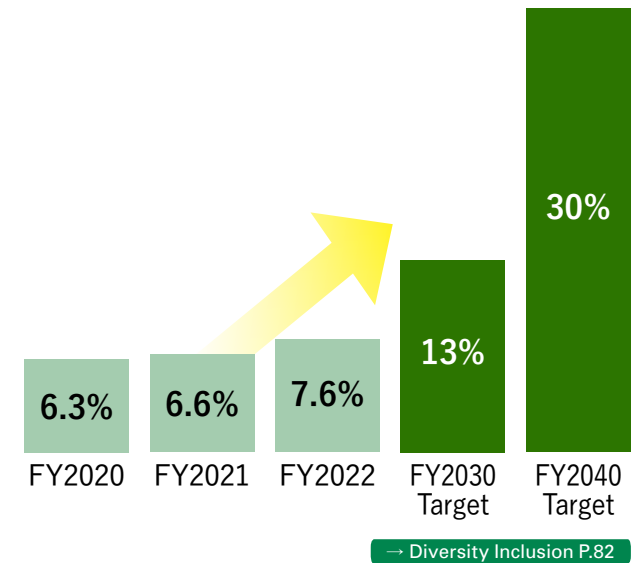
We implemented sustainable finance, which contributes to resolving environmental and social issues.



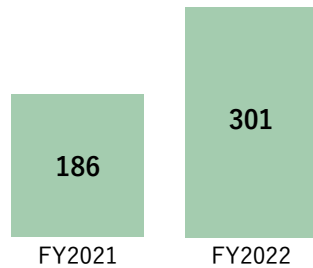
Promote Active Participation of Women in Managerial Positions

(target share of female managers: 13% by FY2030, 30% by FY2040)

To promote diversity and inclusion in the Bank, we work to encourage female employee activity and growth as well as foster awareness among executives and employees.



Number of Consultations Provided by JA Bank



→ Sustainable Agriculture, Fishery, and Forestry Industries and the Food & Agriculture Value Chain P.28

Milestones of Sustainability Management

The Bank started its sustainability management in 2019 when the Bank launched its Medium-Term Management Plan. We intend to further enhance efforts in this line together with our stakeholders.



Philosophies and Policies

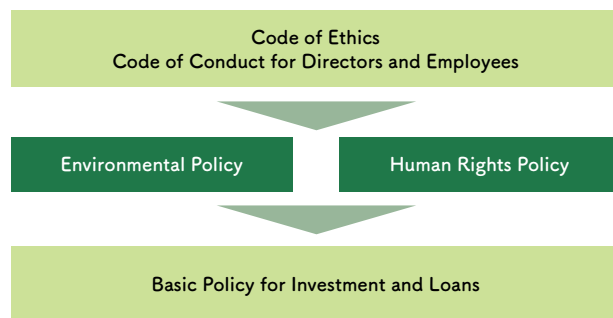
Code of Ethics, Environmental Policy, Human Rights Policy

In our Code of Ethics, we stipulate that, “We, as members of society, work closely with local communities, to support them with respect to the human rights of each person and with social issues such as environmental concerns, and we seek to contribute to the realization of a sustainable society.”

Code of Ethics (Excerpt)

- 1 Fundamental Mission and Social Responsibility
- 2 Offering High-Quality Services
- 3 Strict Compliance with Laws and Regulations
- 4 Severing AntiSocial Forces and Combating the Threat of Terrorism
- 5 Building a Highly Transparent Organizational Culture
- 6 Contribution to a Sustainable Society

To realize sustainability management, we established the Environmental Policy and Human Rights Policy as of 2019. These policies serve to advance concrete initiatives in our businesses and in the behavior of our senior management and employees as we clarify our fundamental position on resolving environmental issues and respecting human rights, and as we foster and unify awareness among the same. We have placed the Basic Policy for Investment and Loans under our Environmental Policy and Human Rights Policy and share it with our group companies.



Environmental Policy and Human Rights Policy: Two Unique Traits

- ① **Defines The Norinchukin Bank basic mission**
Our mission is to contribute to economic development through the development of the AFF industries, industries that are linked closely to the environment. We also strive to help the people engaged in these industries enjoy greater happiness. In accordance with the principle and spirit of mutual aid embraced by cooperatives, The Norinchukin Bank respects human rights and dignity rooted in equality and aims to create a fair society.
- ② **Emphasizes fostering a sound corporate culture**
We believe that fostering and establishing a sound corporate culture is an integral part of implementing both policies. While responding appropriately to human rights issues, we work to maintain an awareness of the risks and returns related to our business activities, encourage individual employees to act with awareness of their own responsibilities while ensuring transparency, and create attractive workplaces that offer unrestricted and open-minded discussion and respect for diverse opinions.

Environmental Policy: Key Points

- ① Reflecting on our basic mission, we declare that we will contribute to the creation of a sustainable society through partnership and collaboration with fellow members
- ② We declare our support and participation in international standards and initiatives*1 to address environmental issues
- ③ We implement concrete initiatives based on the Environmental Policy through our core financing and lending business
- ④ We declare that, as a financial institution founded on the AFF industries, climate change and biodiversity are particularly important environmental issues, and that we will respond to these issues through our business activities
- ⑤ We declare that we shall strive to respond to environmental issues as an element tied closely to our ability to foster a sound corporate culture, the backbone of our operations

*1 United Nations Global Compact, Equator Principles, CDP, Principles for Financial Action for the 21st Century, and TCFD

Human Rights Policy: Key Points

- ① Reflecting on our basic mission, we declare that we will contribute to the creation of a sustainable society through partnership and collaboration with fellow members
- ② We declare our support and respect for international standards and initiatives*2 to address human rights issues
- ③ We declare our respect for human rights across the entire value chain (executives, employees, customers and suppliers) in accordance with the concepts of the UN Guiding Principles on Business and Human Rights (Ruggie Principles)
- ④ We declare that we shall strive to respond to human rights issues as an element tied closely to our ability to foster a sound corporate culture, the backbone of our operations

*2 Universal Declaration of Human Rights, International Covenant on Economic, Social and Cultural Rights, International Covenant on Civil and Political Rights, ILO Declaration on Fundamental Principles and Rights at Work, UN Guiding Principles on Business and Human Rights, UN Global Compact and OECD Guidelines for Multinational Enterprises

Group companies that share the same “Environmental Policy,” “Human Rights Policy,” and “Basic Policy for Investment and Loans”

- The Norinchukin Trust & Banking Co., Ltd.
- Norinchukin Australia Pty Limited
- Norinchukin Bank Europe N.V.
- Norinchukin Research Institute Co., Ltd.
- Norinchukin Facilities Co., Ltd.
- Nochu Business Support Co., Ltd.
- Norinchukin Business Assist Co., Ltd.
- Norinchukin Academy Co., Ltd.
- Norinchukin Value Investments Co., Ltd.
- Kyodo Housing Loan Co., Ltd.
- Nochu Information System Co., Ltd.
- JA Card Co., Ltd.
- Norinchukin Zentyoren Asset Management Co., Ltd.
- The Cooperative Servicing Co., Ltd.
- The Agribusiness Investment & Consultation Co., Ltd.
- Norinchukin Capital Co., Ltd.
- Nochu-JAML Investment Advisors Co., Ltd.
- Norinchukin Hong Kong Limited

[Environmental Policy \(PDF : 198KB\)](https://www.nochubank.or.jp/consult/urgency/jabank.html)

<https://www.nochubank.or.jp/consult/urgency/jabank.html>

[Human Rights Policy \(PDF : 198KB\)](https://www.nochubank.or.jp/consult/urgency/jfmarinebank.html)

<https://www.nochubank.or.jp/consult/urgency/jfmarinebank.html>

Sustainability Promotion Structure

The Bank strengthens its structures to advance sustainability management.

Sustainability Committee

The Sustainability Committee was established under the Board of Directors to discuss general policies and management issues related to sustainability management. The Chief Sustainability Officer (see below), as well as other relevant executives and employees, participate in this committee. The Board of Directors and the Supervisory Committee supervise the Sustainability Committee, discussing reports on the outcomes of their committee meetings as needed. Matters related to environmental and social risk management are discussed at the Risk Management Committee, under the board of directors. Depending on the content and purpose of the discussions, these matters are also discussed at management level within various consultative bodies.

Chief Sustainability Officer

The officers gather the latest information from our locations in the U.K., Europe, Asia, the Americas, Australia, as well as other regions, and share it with the Tokyo base. In doing so, the officers work to encourage sustainability management, seize business opportunities, and manage risks in light of global trends.

Chief Diversity Officer

We assign a Chief Diversity Officer (CDO) to oversee and encourage diversity and inclusion initiatives.

Sustainability Advisory Board

As an advisory body to the Board of Directors, the Sustainability Advisory Board was established to consult with external experts and reflect their opinions in the advancement of our sustainability management.

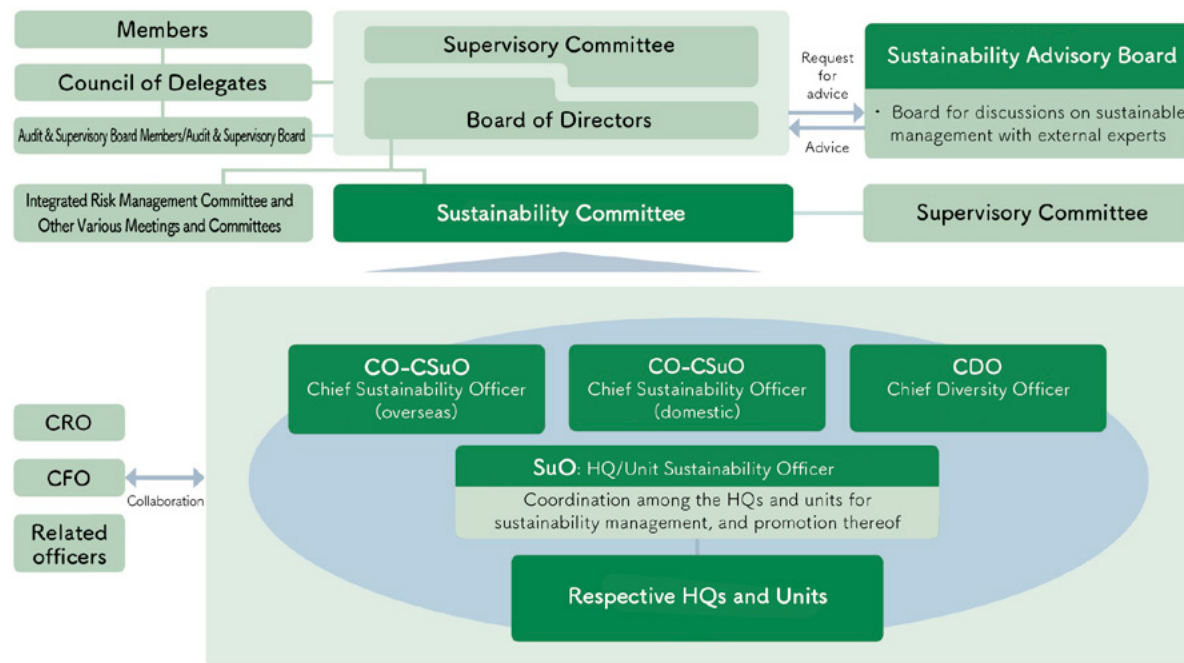
Sustainability Advisory Board Members

Name	Affiliation / Position
ADACHI Eiichiro	Managing Director, The Japan Research Institute, Limited
SATO Takafumi	Member of the Supervisory Committee, The Norinchukin Bank (Former Vice-Chairman of the IFRS Foundation)
TAKAMURA Yukari	Professor, The University of Tokyo Institute for Future Initiatives
MIZOUCHI Ryosuke	Managing Executive Officer, Kirin Holdings Company, Limited

Implementing Sustainability Management through the Cooperation with Each Headquarter

In order to strengthen organization-wide sustainability management, the Bank assigned HQ/Unit Sustainability Officers (SuOs) to each headquarter and unit (Food & Agriculture HQ, Retail HQ, Global Investments HQ, and Risk Management Unit).

Sustainability Promotion Structure



Major Contents of Each Committee and Board (Sustainability)

Conference Body	Major Agendas, Discussions, and Reports (FY2022)
Supervisory Committee	<ul style="list-style-type: none"> ● Updates to our commitment and medium- to long-term goals for Net Zero by 2050 ● Business operation results based on the management plan
Board of Directors	<ul style="list-style-type: none"> ● Updates to our commitment and medium- to long-term goals for Net Zero by 2050 ● Business operation results based on the management plan ● Determining top risks ● Results and responses of the Sustainability Advisory Board
Risk Management Committee	<ul style="list-style-type: none"> ● Determining top risks ● Expanding the investment and finance sector policy
Sustainability Committee	<ul style="list-style-type: none"> ● Updates to our commitment and medium- and long-term goals for Net Zero by 2050 ● Results and responses of the Sustainability Advisory Board ● External evaluation of sustainability management ● Sustainability management framework ● Issues on sustainability management achievements and initiatives ● Status of diversity promotion initiatives

Message from the Chief Sustainability Officer



Managing Executive Officer
Head of Global Banking, Head of EMEA
(Based in London, UK)
Co-Chief Sustainability Officer

IMAI Masato

Over the past one or two years, global trends in sustainability have tended to show a growing difference by region. In the U.S., for example, there is controversy over whether sustainability initiatives are going too far in the face of energy problems and rising prices. In Europe, approaches to sustainability including legislative are accelerating under the idea that sustainability is a source of competitive advantage.

Given this situation, we believe the Bank approach to sustainability strategy under two bases—one in Japan and one in Europe—has generated a certain degree of added value. Our approach fosters optimal operations overall as we monitor the current situation in Asia and Europe, areas of strong regional character, keeping abreast of global trends and maintaining an overall balance as we seize upon opportunities and respond in the most flexible manner.

Another benefit is the sense of global teamwork and unity we foster throughout the organization. One example is how our staff members overseas report sustainability-related information to executives and employees in Japan. The interactive discussions among executives and employees in Japan and overseas creates a groundwork for original ideas. The most important mission of the Bank is to support producers and industry of agriculture, fishery, and forestry, and there is no doubt that our role in creating and enhancing value will continue to grow in perpetuity. At the same time, we are an institutional investor. We have a certain scope of influence under which we hope to meet our responsibility by selecting businesses that engage in ESG while conducting operations at speed, as well as by making solid investments and loans that induce change in the world.

In the future, we must shift emphasis to concrete actions toward our Purpose, proving our stance through results. We will also pursue quality from the perspective of whether the tasks we undertake are beneficial to the activities of the planet.



Director and Managing Executive Officer
Member of the Board of Directors
Chief Financial Officer
Co-Chief Sustainability Officer

KITABAYASHI Taro

The importance of food resilience and securing stable food supplies has been rising again during these destabilized times that include the COVID-19 pandemic and the situation in Ukraine. The Bank's sustainability initiatives are highly compatible with the agriculture, fishery, and forestry industry and rural communities, and we have a significant responsibility to solve environmental and social issues, including the challenges I just mentioned. And the Bank works together with stakeholders to solve these issues.

For example, we must face issues related to natural capital and biodiversity squarely as a bank that specializes in the agriculture, fishery, and forestry industry. In fall 2022, Norinchukin Bank executive advisor Mr. Hideshima voluntarily applied for and was selected as a member of the TNFD task force. We intend to intercommunicate the conditions in Japan and Asia, and participate in rulemaking in coordination with government and economic organizations.

Carbon credits have attracted attention in recent years as one way to achieve decarbonized societies. As an entity specializing in the agriculture, fishery, and forestry industry, which act as the supply side for credit, the Bank sees carbon credits as a matter of great potential. We are taking up the challenge to develop carbon credits in a variety of ways, including collaboration with our members and related organizations.

Another important topic is to strengthen our own organizational infrastructure and human capital to make these initiatives through to success. We match business strategy with a portfolio of human resources, while also developing highly specialized human resources capable of executing our management plan.

I have been in charge of sustainable management for roughly two years. In that time, I believe the Bank has done well to clarify our Purpose. This clarity has helped officers and employees understand that sustainable management is highly compatible with our Purpose and their own work is tied to these initiatives. We will continue to make further contributions to the creation of sustainable societies, working together with our stakeholders toward fulfilling our Purpose, and engaging in more practical initiatives together.

Sustainability Advisory Board



Aiming to advance sustainable management, the Norinchukin Bank established the Sustainability Advisory Board in fiscal 2022 as a forum to solicit the opinions of external experts and exchange views.

Four board members, as well as the president and several other senior management and employees of the Bank, attended the meeting to exchange opinions.

Participants

Board Members



Senior Counselor of
The Japan Research Institute,
Limited
ADACHI Eiichiro



Professor,
The University of
Tokyo Institute for
Future Initiatives
TAKAMURA Yukari



Member of
the Supervisory Committee of
the Bank
SATO Takafumi



Senior Executive Officer,
Kirin Holdings Company,
Limited
MIZOUCHI Ryosuke

Participants From the Bank

OKU Kazuto

Representative Director and President,
Chief Executive Officer

YAGI Masanobu

Representative Director and Managing
Executive Officer

IMAI Masato

Managing Executive Officer
(Co-Chief Sustainability Officer)

KITABAYASHI Taro

Director and Managing Executive Officer
(Co-Chief Sustainability Officer)

UTSUMI Tomoe

Managing Executive Officer
(Chief Diversity Officer)

HIDESHIMA Hirota

Executive Advisor

HATA Nobuhiro

General Manager, Food & Agri Business Planning Div.
(Sustainability Officer, Food & Agri Banking Business)

SHINODA Takashi

General Manager, JA Bank System Management
(Sustainability Officer, Retail Banking Business Division)

SHIOTA Taketo

Deputy General Manager, Markets Division
(Global Investments Sustainability Officer)

KAWAI Yoshihiro

Deputy General Manager, Risk Management Division
(Risk Management Sustainability Officer)

NODA Haruo

General Manager, Corporate Planning Division,
Sustainability Management Department
(Sustainability Manager)

First Meeting of the Sustainability Advisory Board in 2023

At the first meeting of the Sustainability Advisory Board held in June 2023, we received feedback from members regarding future issues in sustainable management. Board members and Bank management discussed these issues.

(Main Comments From Board Members)

Materiality

- Given the Norinchukin Purpose and the origins of the organization in the agriculture, fishery, and forestry industry, the Bank must address materiality on the impact of the external environment on the Bank's activities as well as the impact of the Bank's activities on the external environment.
- The Bank must also consider potential issues in the future, even if such are not apparent at present.

Natural Capital and Biodiversity

- I think it is important that Norinchukin, which is based in the agriculture, fishery, and forestry industry, faces the issues of natural capital and biodiversity conservation efforts. This will be one of the materialities for the Bank to address. We expect these initiatives will lead the Bank to new business opportunities and businesses.
- We look forward to seeing the activities of Mr. Hideshima, who became the only second Japanese member to be elected to the TNFD Task Force. If rulemaking progresses under European leadership, there will inevitably be aspects of such rules that are not suited to Japan. We hope that responses will take into account the regional characteristics and realities of Japan.

External Disclosures

- The importance of non-financial information as a component of external disclosure increases year by year. In addition to disclosing the results of sustainability initiatives, companies are increasingly asked to provide disclosures that are understood fully by stakeholders. Disclosure from the reader's perspective is becoming more important.

Initiatives

- The Bank has been involved actively in global initiatives over the past several years. I believe that the effectiveness and transparency of the Bank's efforts have improved as a result of activities taken in line with these initiatives. As a result, the Bank is seeing improvements in external evaluations.

Identifying Sustainability Issues

Identify Material Issues in Light of Stakeholder Input

Based on perspectives required by stakeholders and perspectives on important issues for The Norinchukin Bank, we have established five focus areas and 14 topics. We considered the four points below in choosing these topics, formulating the process as seen in the diagram to the right.

Points for Consideration

- 1 Be mindful of measures to address sustainability-related issues
- 2 Incorporate input from our stakeholders
- 3 Consider the various perspectives related to sustainability (e.g., the SDGs)
- 4 Base our approach on our Medium-Term Management Plan (FY2019-2023)

We will continue to review issues as appropriate in light of social trends.

Define business models

Conduct interviews within each division

Identify stakeholders

Identify important stakeholders (members, local communities, employees, customers, others)

Create a list of issues

Formulate a sustainability issue universe (based on ISO26000/GRI/SDGs)

Select material issues from all issues listed

Interview stakeholders

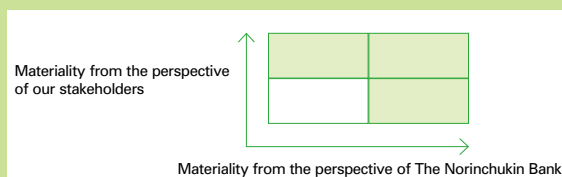
Organizations subject to interview: Affiliated national-level federations (in the AFF industries), and business partners (agricultural-related companies)

Conduct in-house interviews

Identify material issues for stakeholders

Identify material issues for The Norinchukin Bank

Create an issue map



Identify material issues for both The Norinchukin Bank and our stakeholders (shaded portion of the diagram above)

Establish five focus areas and 14 topics

The Norinchukin Bank Sustainability Topics

(Five Focus Areas and 14 Topics)

Focus Area 1: Create a positive impact on the AFF industries, food and local communities

- Topic 1-1: Contribute to sustainable AFF industries
- Topic 1-2: Contribute to a safe and secure food supply
- Topic 1-3: Contribute to sustainable local communities
- Topic 1-4: Conserve the natural environment as a foundation of the AFF industries
- Topic 1-5: Create business innovation

Focus Area 2: Promote responsible finance

- Topic 2-1: Promote sustainable finance
- Topic 2-2: Contribute to sustainable energy utilization
- Topic 2-3: Realize financing for everybody

Focus Area 3: Promote sustainability management

- Topic 3-1: Ensure a transparent organizational governing structure
- Topic 3-2: Reinforce the management of environmental and social risks
- Topic 3-3: Reinforce stakeholder engagement

Focus Area 4: Secure highly capable human resources

- Topic 4-1: Improve diversity and equal opportunities
- Topic 4-2: Enhance human resources development

Focus Area 5: Maintain customer trust as a financial institution

- Topic 5-1: Further reinforce our compliance framework

Stakeholder Engagement

Strengthening Stakeholder Engagement

The Norinchukin Bank Stakeholders

- Members(JA,JF and JForest)
- Individual cooperative members(i.e.,people working in the agriculture,fishery and forestry industries)
- Our clients (deposit and savings,loans) including agriculture,fishery and forestry-related companies
- Local communities
- Business partners in the Bank's entire operation including financial institutions, market participants and contractors
- Governments and municipalities
- Employees

In this era of increasing uncertainty, it is necessary for us to focus on engaging with our stakeholders to create sustainable environments and society, as well as to establish agriculture, fishery and forestry industries that will lead to the next generation.we must take action together based on mutual understandings and dialogues. The Bank guarantees transparency and accountability to our stakeholders. We take action to achieve our purpose while maintaining and fostering a deeper trust with our stakeholders for the future.

Stakeholder-Oriented Basic Policy on Governance

The Bank was established on the Norinchukin Bank Act. Article 1 of the Act stipulates our purpose as a financial institution founded in agricultural, forestry, and fishery cooperatives, as well as other cooperative organizations in the AFF industries, to finance these cooperative organizations and thereby contribute to the development of AFF industries, which eventually contributes to the development of the national economy. Based on this article, the Basic Policy on the Norinchukin Bank Governance defines our relationship with our stakeholders. For our member stakeholders, Bank executives and employees are to ensure appropriate collaboration through understanding and sharing our organizational values. These values emphasize

having dialogues and careful discussions with members, based on our nature as a cooperative financial institution. For all other relationships, we recognize the importance of fostering appropriate and smooth relationships with various stakeholders such as customers, employees, and local communities to achieve the objectives of Article 1 above. The Bank will strive to establish such relationships and conduct business accordingly.

Dialogues and Collaborations with Members and Cooperatives

Together with national level organizations such as JA Zenchu, JA Zen-Noh, and JA Zenkyoren, the JA Group also holds the SDG Liaison Conference. Participants discuss current information on sustainability and collaborate on initiatives for the sustainability of the agriculture, fishery and forestry industries and regions. Discussions and collaborations are also underway with JF Zengyoren on the fisheries industry, and with JForest Zenmoriren on the forestry industry.

Members: JA (agricultural cooperatives), JF (fishery cooperatives), JForest (forestry cooperatives) and their alliances, as well as other cooperative organizations of agriculture, fishery and forestry industries that have invested in the Norinchukin Bank

(3,277 organizations as of March 31, 2023)

The Bank is a member of the International Co-operative Alliance (ICA). This alliance is a group of cooperatives from more than 100 countries around the world in all fields, including those from agricultural, fishery, and forestry cooperatives, as well as other co-ops. In 2013, the National Council of Cooperatives Commemorating the International Year of Co-operatives (Japan National Planning Committee for IYC) was established in Japan. The Japan Co-operative Alliance Organization (JCA) took over this council from fiscal 2019. The Bank participates in the JCA and encourages dialogues and collaborations with other cooperatives.

Cooperative Organizations and SDGs

Cooperative organizations address issues such as poverty and hunger and are identified by the United Nations as one of the key stakeholders in achieving SDGs. The International Co-operative Alliance (ICA) also encourages cooperative organizations around the world to collectively work to achieve SDGs. In Japan, cooperative organizations are explicitly mentioned in the SDGs Implementation Guiding Principles of the Japanese government. As such, Japan and other countries have high expectations in cooperative organizations for the role they play in achieving SDGs.

Dialogues and Collaborations with Investees and Borrowers

The Bank works to have deep discussions and mutually understand our Investees and borrowers to provide solutions to their issues and needs. In doing so, we work to create value together in times of disruptive change.

→ Stakeholder Engagement in Areas of Climate Change P.44

Improving Employee Engagement

In order to enhance our vitality in achieving our purpose, the Bank works to develop human resources and improve workplace environments. In addition, we foster employee engagement by deepening two-way communication between management and employees.

Dialogues and Collaborations with Administrative and Research Institutions

To resolve climate change and other sustainability issues, it is important to collaborate with governments, local governments, and other government agencies, as well as universities and research institutions. We engage in various forms of dialogue with stakeholders in these areas and advocates our opinions.

Partnership with Government and Academic Spheres for the Promotion of Sustainability Management

Sustainable Food Systems	<p>Participating in the "Public-Private Roundtable on Sustainable Food Production and Consumption" (Ministry of Agriculture, Forestry and Fisheries)</p> <p>The Bank participates in this conference, which was established by the Ministry of Agriculture, Forestry and Fisheries as a forum for dialogue to share information and awareness between the public and private sectors and to promote concrete reforms suited to Japan's actual circumstances in response to international trends in sustainable food systems.</p>
	<p>Launching the "Collaboration Project for the Conversion to Sustainable Food Systems" (The University of Tokyo)</p> <p>The Center for Global Commons of the University of Tokyo and the Bank launched this project in the spirit of clarifying the steps for conversion to sustainable food systems in Japan, in cooperation with the Ministry of Agriculture, Forestry and Fisheries.</p>
Biodiversity/ Natural Capital	<p>Participating in the "Nature-Positive Economy Workshop" (Ministry of the Environment)</p> <p>The Bank participates in this workshop established by the Ministry of the Environment under the policy of public-private participation to conduct comprehensive discussions on biodiversity/natural capital and corporate management and deliberate on how to be nature positive (i.e., halt and reverse the loss of biodiversity and put nature on a path to recovery).</p>
Green Transformation (GX)	<p>Participation in the GX League (Ministry of Economy, Trade and Industry)</p> <p>The GX League was established by the Ministry of Economy, Trade and Industry (METI) with the aim of discussing the transformation of the entire economic and social system as a whole and implementing practices for the creation of new markets. The League enables companies that are taking on the challenge of quickly becoming carbon neutral and leading the transformation of the entire economic and social system, including stakeholders other than themselves, to work together with challengers of GX in government, academic, and economic spheres.</p>
Disclosure and Risk Assessment of Climate-Related Information	<p>Participation in the Round Table Meeting with Relevant Organizations on the Use of Scenario Data in Assessing Climate Change Risks and Opportunities (Ministry of the Environment)</p> <p>The Bank participated in a round table meeting where providers and users of scenario data for climate-related information disclosure under the TCFD participated and discussed their needs, issues, and future directions for action.</p>
	<p>Participation in the Round Table on Physical Risk Assessment in Climate-Related Disclosure (Ministry of Land, Infrastructure, Transport and Tourism)</p> <p>The Bank participated in a round table meeting focused on how to assess physical risks in the disclosure of information related to private sector organizations, especially in regard to flooding.</p>

Topics

Speaker at the Public Symposium on Promoting the Use of Climate Change Risk Information

On October 2022, NAKAI Yoshio, Senior Manager of the Risk Management Division of the Bank, spoke at the *Public Symposium on Promoting the Use of Climate Change Risk Information - Prospects for Physical Risk Analysis of Climate Change*. This symposium was organized by the National Institute for Environmental Studies, Ministry of the Environment, Ministry of Education, Culture, Sports, Science and Technology, Ministry of Land, Infrastructure and Transport and Tourism, and Financial Services Agency. At this symposium, Mr. Nakai introduced the physical risk analysis of the Bank and its application, in addition to participating in a panel discussion where he exchanged opinions with the participants.



Introducing the initiatives of the Bank

Participation in Initiatives

United Nations Global Compact

The United Nations Global Compact is a voluntary initiative whereby signatory companies and organizations act as upstanding members of society, participating in the creation of a global framework for achieving sustainable growth.



CDP

In response to requests from institutional investors, the CDP sends major international corporations a questionnaire related to climate change and other issues. The CDP then analyzes, evaluates and discloses the responses.



Equator Principles

The Equator Principles is an international risk management framework adopted voluntarily by financial institutions for assessing and managing environmental and social risks in project finance and other areas.



Principles for Financial Action for the 21st Century

The Principles for Financial Action for the 21st Century aim to establish a sustainable society.



Task Force on Climate-related Financial Disclosures (TCFD)

The Bank adopts the TCFD recommendations on the disclosures of financial risks and opportunities related to climate change.



Japan Climate Initiative

The Japan Climate Initiative is a domestic network of companies, local governments, NGOs and other actors that are actively engaged in taking climate action.



UNEP FI, PRB

The Principles for Responsible Banking (PRB) is a framework operated by the United Nations Environment Programme Finance Initiative (UNEP FI) to ensure that signatory banks' business practices align with the Sustainable Development Goals and the Paris Agreement.



PCAF

The Partnership for Carbon Accounting Financials (PCAF) is an international initiative aimed at developing and implementing a method to measure and disclose greenhouse gas (GHG) emissions through the portfolio of financial institutions.



AIGCC

The Asia Investor Group on Climate Change (AIGCC) is an initiative to enhance awareness and encourage action among Asia's investors and financial institutions about climate change risks and low-carbon investment.



Climate Action 100+

Climate Action 100+ is an initiative for institutional investors' groups in different regions of the world to engage with high greenhouse gas emitting companies to realize carbon neutrality.



TNFD Forum

The TNFD Forum is an organization that supports discussions by the Taskforce on Nature-related Financial Disclosures (TNFD)—an initiative to construct a framework for appropriate evaluations and disclosures of risks and opportunities regarding natural capital and biodiversity.



Japan Impact-driven Financing Initiative

The Japan Impact-driven Financing Initiative promotes impact investment through cooperation and collaboration between diverse and multiple financial institutions that believe that the purpose of financial institutions is to actively address social and environmental issues, holistically understanding impact.

Glasgow Financial Alliance for Net Zero (GFANZ)

This alliance is coalition of bank, insurance, asset owner, and investment management institution initiatives that aim to move to net zero. The Bank is a member of the Net-Zero Banking Alliance (NZBA), a constituent organization.

Net-Zero Banking Alliance (NZBA)

The NZBA is a banking initiative launched by UNEP FI that aims to reduce GHG emissions to net zero by 2050 through investment and loan portfolios. Alliance members are required to set interim targets for the nine highest emitting sectors by 2030 at the latest to achieve Net Zero by 2050. The alliance also requires periodic disclosure of these targets thereafter.

Keidanren Challenge Initiatives for 30% of Executives to be Women by 2030

This initiative encourages diversity and inclusion to start a movement to increase the percentage of women in executive positions to at least 30% by 2030. It also aims to lead growth through innovation and the creation of a sustainable society.



Keidanren Initiative for Biodiversity Conservation

This is an initiative of companies and organizations which adopt and take the initiative to achieve the plural items among 7 items of, and/or agree with the whole idea and purpose in the "Declaration of Biodiversity by Keidanren and Action Policy (Revised Edition)"



Norinchukin Zenkyoren Asset Management Co., Ltd Initiatives

- Sign the UN Principles for Responsible Investment (PRI)
- Participate in the Climate Action 100+
- TCFD endorsement



Sustainable Finance

The Norinchukin Bank Sustainable Finance

As a member of a cooperative organization supporting agriculture, fishery and forestry industries, the Norinchukin Bank understands that our businesses are part of the life, natural environment, and the affluent lives of community members sustained through these industries. As such, we aim to resolve environmental and social issues through sustainable finance.

We set a target ¥10 trillion in new finance between fiscal 2021 to 2030.

Our sustainable finance refers to the following:

- Investment and finance with ESG-related third-party certification
- Investment and finance that integrate ESG/SDGs factors into investment strategy and decision-making
- Investment and finance for environmental and social businesses
- Procuring sustainability related financing

Sustainable finance includes loans originated through our group company the Norinchukin Trust & Banking Co., Ltd., external management contracts of ESG funds managed by Norinchukin Zenkyoren Asset Management Co., Ltd., as well as investment and finance through Norinchukin Australia Pty Limited and Norinchukin Bank Europe N.V.

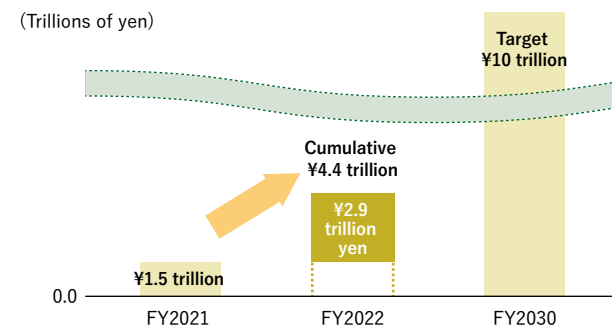
ESG Integration

The Bank incorporates ESG integration into our investment and lending cases as a measure toward environmental and social risk management.

Our investment decisions are based on a comprehensive evaluation integrating financial analysis and ESG assessment related to the customer. We learn the concerns and issues of our customers through engaging in dialogue throughout this process. In doing so, we support the sustainability initiatives of our customers and create new business opportunities.

Results

As of March 31, 2023, we achieved ¥4.4 trillion (including ¥2.0 trillion in the environmental sector) of our ¥10 trillion new sustainable finance transaction target for fiscal 2030.



Breakdown by Asset/Product

Investment and loan	Marketable assets, etc.	Approx. ¥2.3 trillion
	Project finance	Approx. ¥1.2 trillion
	ESG-linked loans	Approx. ¥0.7 trillion
	Investment and finance total	Approx. ¥4.2 trillion
	(Environmental sector)	(approx. ¥2.0 trillion)
Procurement	Green bonds and green deposits	Approx. ¥0.3 trillion

Initiatives for Impact Creation and Visualization

The impact investment and lending approach creates positive environmental and social impacts while generating appropriate economic returns. This approach has been attracting increasing interest in recent years as a way to directly contribute to solving environmental and social issues through investment and financing activities. In addition to making steady progress toward the aforementioned sustainable finance target, the Bank also implements Impact Measurement and Management ("IMM," below). This enables the visualization and quantitative management of the impact of our investment and lending activities on environmental and social issues.

The image of impact investment and lending (balancing economic returns with solutions to environmental and social issues)



Examples of Impact Creation

The Bank began issuing green bonds from 2021. Funds raised through green bonds are used to invest in finance projects that contribute to improving the environment, such as renewable energy projects. They are additionally used to measure and disclose the impact of such investments and finance. As of March 31, 2023, funded renewable energy projects contributed to an annual CO₂ reduction of approximately 640,000 tons (of the Bank's share).

Impact Investment Initiatives

In collaboration with its group company Norinchukin Zenkyoren Asset Management Co., Ltd., ("NZAM," below), the Bank launched an investment program that allows for up to ¥15 billion in Impact Private Equity Fund* investments in FY2022. We funded a total of four funds and ¥10 billion in the program as of March 31, 2023, aiming to create a positive impact on climate change, educational opportunities, healthcare, welfare, and other issues.

In addition, the Bank and NZAM participate in the ESG Data Convergence Project, which aims to standardize ESG reporting in the private equity sector. Historically, ESG reporting has been conducted differently by each individual investment company. This project works to bring together more than 100 investors and investment companies in the private equity sector to collaborate to standardize and improve the quality of ESG reporting and clarify the status of ESG initiatives. Through these initiatives, the Bank will encourage expansions in impact investments and contribute to the creation of a sustainable environment and society.

*Private equity funds that intend to generate economic returns and environmental and social impact at the same time.

Investment and Finance for the Resolution of Environmental and Social Issues

Investment in the Clean H2 Infra Fund S.L.P.

The Bank entered into an agreement to invest in a hydrogen infrastructure fund, the Clean H2 Infra Fund S.L.P. (the "Fund," below).

The Fund is one of the world's largest hydrogen infrastructure funds. Hydrogen-related companies such as Air Liquide, Total Energies, and VINCI, participate in the fund, which targets investments that cover the entire hydrogen value chain from hydrogen production to hydrogen station operations. Hydrogen is a next-generation energy source that does not emit CO₂. As such, the Fund aims to accelerate the implementation of hydrogen throughout society to achieve a decarbonized society. Additionally, the Fund falls under Article 9 of the Sustainable Finance Disclosure Regulation (SFDR), the European Union's disclosure regulation on sustainable finance for financial institutions. Funds falling under this article are defined as products with sustainable investment objectives.

→ Resolving Social Issues Through Finance P.74

Signing the Japan Impact-driven Financing Initiative

- The Bank signed the Japan Impact-driven Financing Initiative on November 1, 2022.
- This declaration is an initiative under the auspices of the Secretariat of the Social Innovation Foundation (SIIF) that promotes the practice of impact-oriented investment and financing through the cooperation of financial institutions. These institutions share the belief that financial institutions should serve to comprehensively understand impacts and be leaders in resolving environmental and social issues.
- The Bank will collaborate with other signatory institutions and participate in the Japan Impact-driven Financing Initiative in addition to other related subcommittee activities. Through this, we will advance our efforts, such as expanding our understanding of IMM, to create and visualize impacts of the Bank.

Worldwide Action in Project Finance

In our investment business, we are fully engaged in project finance. Unlike corporate finance, which provides loans according to the creditworthiness of the corporation receiving the loan, project finance targets a specific business/project and then evaluates its profitability before financing.

Project Finance Case Studies

Environmental Sector

Loan balance: ¥1,028.4 billion

The Bank provides financial support for renewable energy projects such as offshore wind and submarine transmission lines in the UK and continental Europe, as well as solar power generation in the Middle East and Japan.



Social Sector

Loan balance: ¥1,056.1 billion

The Bank provides financial support for water treatment projects in Australia and the Middle East, as well as other social infrastructure projects such as schools, hospitals, and other public facilities in Australia, the UK, and the Middle East.



As of March, 31 2023

ESG Loans such as Sustainability-Linked Loans

The Bank handles ESG loan products to advance initiatives for solving the environmental and social issues faced by customers in business strategy and supporting their medium- to long-term corporate value.

Sustainability-linked loans involve Sustainability Performance Targets (SPTs) based on the business strategies of our borrowers. Linking loan conditions with progress toward achieving SPTs motivates customers to achieve their goals. The Bank also launched loan products with limitation on the use of funds compliant with the Green Loan Principles. These include green loans (for environmentally friendly businesses), social loans (for socially friendly businesses), and sustainability loans (for environmentally and socially friendly businesses). In addition, we began offering transition loans to finance companies' transition efforts toward decarbonization. Through these loan products, we support customer efforts to solve environmental and social issues.

Product name	Cumulative amount of new loan transactions from FY2021 to FY2022 (billion yen)	Fund Usage	
Sustainability Linked Loans	3,153	Unlimited (set SPTs)	
Green Loans	2,105	Limited to use of proceeds	Environmentally friendly businesses
Social Loans	298		Socially friendly businesses
Sustainability Loans	142		Environmentally and socially friendly businesses
Transition Loans	376	Restricted/Unrestricted Climate Change Initiatives	
Positive Impact Finance	767	Unlimited	

GHG Measurement and Financial Support for Agricultural Corporations

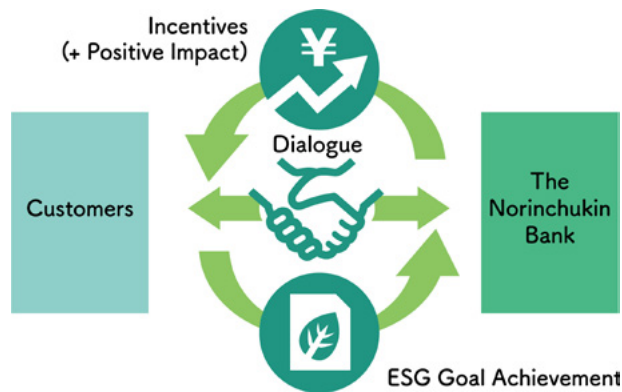
The Bank entered into a Sustainability Linked Loan Agreement in December 2022 with Suzunari Inc., an agricultural corporation in Shizuoka Prefecture (the "Company," below). The agreement targets reducing the Company Scope 1-2 GHG emissions. The Company measures GHG (Scope 1-3), with the help of the Bank and the CO₂ visualization, reduction, and reporting services of Asuene Inc.

→ Initiatives to reduce environmental burden in agriculture P.70

Initiatives to Solve Environmental and Social Issues in Cooperation with Electric Power Companies

Hokuriku Electric Power Company (the "Company," below) commits to sustainability management through the stable supply of electric power.

The Bank has collaborated with the Company in various ways, including through a joint investment to establish the FreDelish Corporation. FreDelish produces and sells lettuce in a fully-artificial plant factory and aims to solve problems faced by local communities and agriculture, such as a decrease in the number of farmers and poor growth of vegetables due to unfavorable weather conditions. In addition, the Bank has utilized our unique knowledge and network in the agriculture, fishery and forestry industries to continue discussions with executives and employee regarding future carbon neutrality strategies. Through these collaborations and dialogues, the Bank sympathized with the philosophy and strategy of the Company to decarbonize power sources for carbon neutrality. In light of their priority initiatives, the Bank entered into a Sustainability Linked Loan Agreement with the Company in August 2022, setting these two priority initiatives as Sustainability Performance Targets (SPTs). These initiatives include ⁽¹⁾ newly constructing and re-powering hydrogen generation and ⁽²⁾ increasing the ratio of biomass co-firing in coal-fired power generation. The Bank will contribute to the creation of a sustainable society through business partnerships and financing.



Solving Climate Change Issues through Collaboration with Companies and Other Cooperatives

The Bank participates with Mitsubishi Estate Co. Ltd., (the “Company,” below) in a wide range of SDGs that work to improve the city, such as the Daimaruyu SDGs ACT5. Various companies collaborate in this act and promote SDG activities in the Otemachi, Marunouchi, and Yurakucho areas. The Bank deepens the conversation among executives and employees through such activities. As such, we entered into the Sustainability Linked Loan Agreement in October, 2022. This agreement sets SPTs that contribute to solving climate change issues (FY2025: 100% transition to renewable energy, FY2030: 70% reduction in Scope 1-2 emissions and 50% in Scope 3 compared to 2019)

The Bank will contribute to solving climate change issues by collaborating with companies and encouraging customer initiatives.

Contributing to the stable supply of food and the conservation of marine resources through the onshore farming business

Fish Farm Mirai LLC (the “Company,” below) is a rainbow trout onshore farming business that takes measures against environmental and social issues. Their efforts include the prevention of marine pollution, the preservation of biodiversity, sustainable provision of foods, and the revitalization of local industries.

The Bank entered into a sustainability loan agreement with the Company in March 2022 to provide financial support for initiatives that help resolve diverse environmental and social issues. We assist the Company in many areas including financial support..

This business was highly evaluated on the effects on social benefits and environmental improvement, and obtained the highest rating of SU1 (F) by the Japan Credit Rating Agency, Ltd.



Preserve under a demonstration experiment

Contributions to sustainable environments and society through investments

The Bank tackles the equity needs of customers to expand our finance tools for helping customers resolve their environmental and social issues. We contribute to a sustainable environment and society by returning investees' initiatives and technologies to our customers and member organizations.

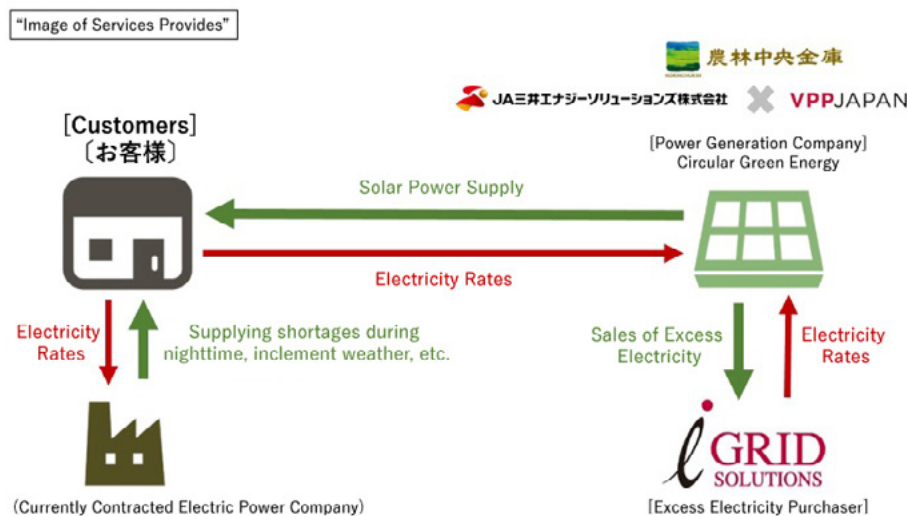
Topics

Business Alliances for Decarbonization and The Establishment of a New Company - Excess Electricity Circulation Solar PPA* Service -

*Power Purchase Agreement

The Bank partnered with JA Mitsui Leasing, Ltd., ("JA Mitsui Leasing," below), JA Mitsui Energy Solutions, Ltd., iGrid Solutions, Ltd., and VPP Japan, Ltd., to establish the Circular Green Energy LLC (the "Company").

In addition to providing on-site consumption services for solar power generation facilities, the Company began offering the Excess Electricity Circulation Solar PPA Service. This service effectively utilizes the excess energy generated by such facilities. Users of this service can install solar power for their own consumption with no maintenance or initial investment allowing users to reduce GHG emissions and power costs, procure stable power, and have access to emergency power sources. The Bank will work towards decarbonization through the installation of these systems on the roofs of buildings owned by customers of JA Mitsui Leasing or the Bank, and affiliate organizations such as JA.



Green Procurement Initiatives

Issuance of Green Bonds

The Bank issues U.S. dollar-denominated Norinchukin Bank debentures as green bonds in overseas markets. Norinchukin Bank debentures are bonds authorized to be issued under the Norinchukin Bank Act to raise funds for the Bank.

This is the first green bond issuance for the Bank and limits the use of proceeds to investments and loans for projects that help improve the environment, such as renewable energy projects. Prior to issuance, we developed the Green Bond Framework to ensure compliance with the Green Bond Principles 2021 of International Capital Markets Association (ICMA).

We will contribute to the creation of a sustainable environment and society through the issuance of green bonds and the investment and finance of the proceeds.

Initiatives to Manage Environmental and Social Risks

Aiming to Improve Risk Governance

The extent and importance of environmental and social challenges to be addressed is increasing in practicing sustainable finance. It is essential for us to evaluate and consider environmental and social risks when considering whether to provide financing or investment to clients or projects. Under our Environmental and Social Risk Management (ESRM) framework, the front-line department assesses environmental and social risks, and the risk management department exercises the monitoring and checking function. In addition, an internal escalation process for decision-making at the management level on an as needed basis is established. We will work on advancing the sophistication of our ESRM framework in a phased manner, aiming to incorporate the framework into integrated risk management.

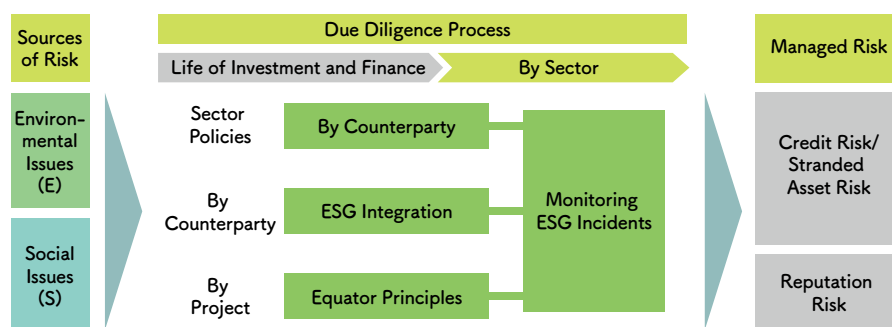
Specific ESRM Initiatives

The Norinchukin Bank established our Environmental Policy and Human Rights Policy in 2019 as basic policies to resolve environmental and social issues. Based on these policies, we engage in appropriate risk management according to priority for topics and sectors recognized as having strong potential for significant adverse impacts on the environment and society.

Environmental and Social Risk Management (ESRM)

We adopt an ESRM framework to evaluate and consider environmental and social risks when assessing transactions with individual investees, borrowers, and related projects.

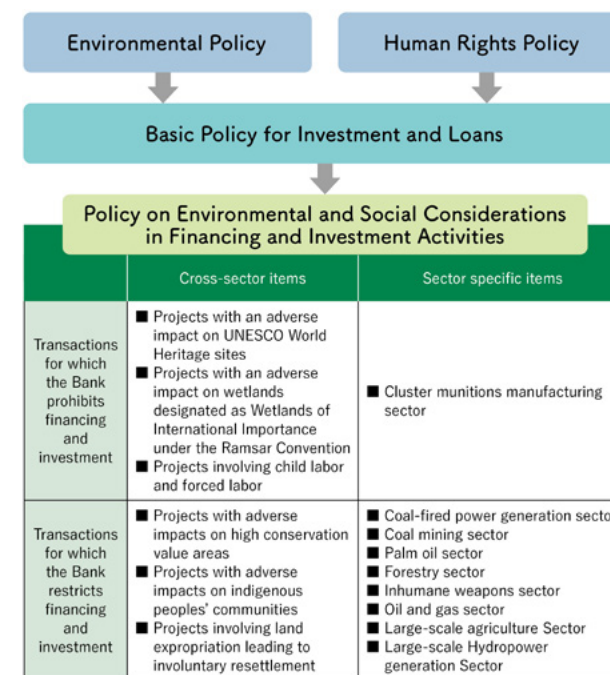
The ESRM Framework



Sector Policies

The Norinchukin Bank has formulated policies for taking into account environmental and social consciousness when providing investment and lending to businesses that may have a significant adverse impact on the environment. We will continue to revise this policy as needed in accordance with domestic and international trends regarding social and environmental issues, as well as the expectations and points of view of stakeholders.

Policy on Environmental and Social Considerations in Financing and Investment Activities



Policy on Environmental and Social Considerations in Financing and Investment Activities (PDF : 250KB)

https://www.nochubank.or.jp/en/sustainability/management/esmr/pdf/Policy_for_Environmental_and_Social_Considerations.pdf

ESG Integration in Risk Management

The risk management department evaluates environmental and social risks for investment and finance clients and serves as a second line of support for ESG integration conducted by the front-line departments. The department works to integrate credit risk management into the internal rating system, which evaluates the credibility of credit clients. To do so, we rate environmental and social risk factors as qualitative evaluation factors within the system for clients in certain sectors. In addition, we will take external factors into account and consider reviewing and expanding targeted sectors of this initiative.

Initiatives for the Equator Principles

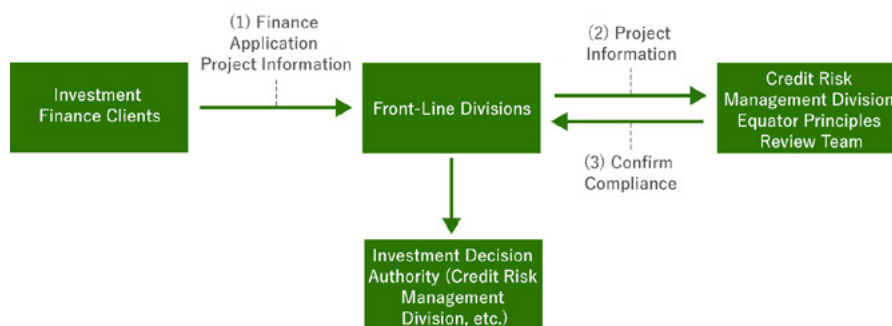
The Equator Principles is an assessment framework used by private financial institutions when financing large-scale development projects. This framework is used to assess whether the development project pays the appropriate attention to the natural environment and local communities. It is widely used in the project finance field as a method to identify, evaluate, and manage environmental and social risks. Financial institutions that have adopted the Equator Principles are required to incorporate these into their internal policies and procedures and to construct appropriate management and administrative systems. Furthermore, they may not invest in projects that are not compliant with the Equator Principles.



Based on the increasing public awareness of environmental and social issues and society's expectations of financial institutions, the Bank adopted the Equator Principles in 2017 from the viewpoint of realizing a higher level of consideration toward the upkeep of a sustainable environment.

Specifically, based on the Basic policy on Finance, the Bank has formulated both the Basic Policy Regarding the Equator Principles and the Administration Guidelines for the Equator Principles. dedicated employees have been assigned to determine conformity with these principles, and we continue to request that customers address environmental and social considerations at the required level according to their project category.

Flow of Equator Principles Conformity Check



Project Category Definition

Category	Definition
A	Projects with potential significant adverse environmental and social risks or impacts that are diverse, irreversible, or unprecedented
B	Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures
C	Projects with minimal to no negative environmental or social risks or impacts

Financed transactions in accordance with Equator Principles in FY 2022 (From 1 April 2022 to 31 March 2023)

<Project Finance>

Sector	A	B	C
Mining	0	0	0
Infrastructure	1	1	2
Oil and Gas	0	0	0
Electricity	0	3	0
Other	1	3	0
Total	2	7	2

Region	A	B	C
The Americas	1	1	2
Europe, the Middle East, and Africa	1	4	0
Asia and Oceania	0	2	0
Total	2	7	2

Designated and Non-Designated Countries	A	B	C
Designated Countries	0	5	2
Non-Designated Countries	2	2	0
Total	2	7	2

Independent Expert Review	A	B	C
Reviewed	2	6	2
Not Reviewed	0	1	0
Total	2	7	2

<Project-Related Corporate Loans>

Sector	A	B	C
Mining	0	0	0
Infrastructure	0	0	0
Oil and Gas	0	0	0
Electricity	0	1	0
Other	0	0	0
Total	0	1	0

Region	A	B	C
The Americas	0	0	0
Europe, the Middle East, and Africa	0	0	0
Asia and Oceania	0	1	0
Total	0	1	0

Designated and Non-Designated Countries	A	B	C
Designated Countries	0	1	0
Non-Designated Countries	0	0	0
Total	0	1	0

Independent Expert Review	A	B	C
Reviewed	0	0	0
Not Reviewed	0	1	0
Total	0	1	0

<Project Finance Advisory Services and Bridge Loans>

No data available

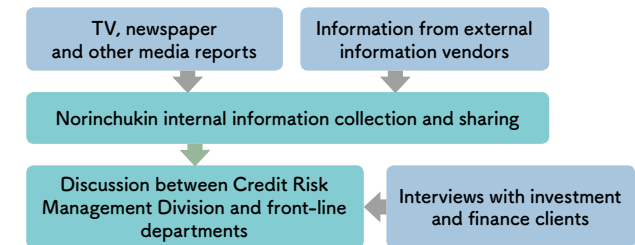
<Project-Related Loan Refinancing and Project-Related Acquisition Financing>

No data available

Responding to Environmental and Social Incidents

By periodically monitoring the environmental and social incident information* of our clients, we can take action to avoid the reputation risk or credit risk caused by environmental and social risks.

* Information on corporate and business activities and related events that could have serious impact on the environment or society.



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.

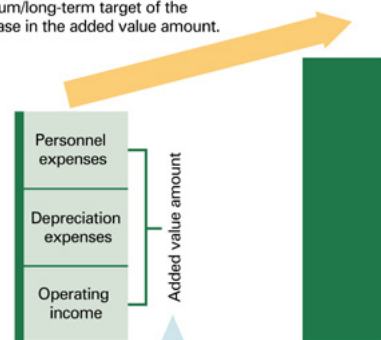
We defined increase in the amount of value added as an indicator to capture income improvement of AFF leaders in a unified manner, and strive to achieve this goal after setting medium- and long-term target.

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.

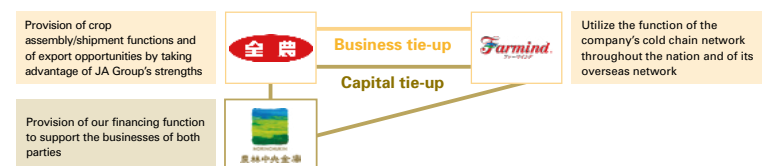
Topics

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.



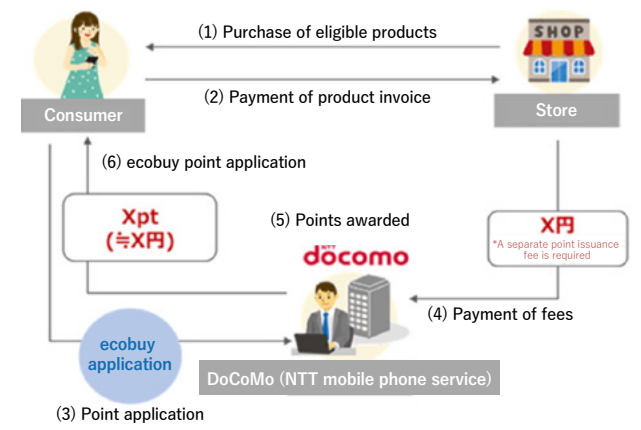
Contributing to a sustainable food supply Promoting food waste reduction

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

Initiatives to Revitalize the Regions

Initiatives to Resolve Local Issues

While taking this policy into consideration, JA Bank aims to provide financial services for both farming and people's daily lives, as well as to exercise its unique financial intermediary function to solve local issues and revitalize the community.

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The Bank encourages JA's innovative efforts to meet the actual conditions and needs of each region.

Topics

Endeavors aimed at Revitalizing the Local Community Through Collaborative Efforts with local stakeholders



～ A Vibrant Community alive With Ornamental Plants and Tourism

JA Ibusuki is located at the southernmost tip of the Satsuma Peninsula, a hot spring resort with as many as 1,000 spring sources and sand steam baths. Taking advantage of the mild climate and hot springs, the cultivation of foliage plants is also thriving. There is a specialized committee dedicated to foliage plants that is the only one of its kind in the country.

To enhance the tropical atmosphere that is characteristic of Ibusuki, foliage plants are displayed at local events and lodging facilities in the city. This display not only features the image of Ibusuki as a town of foliage plants and increases awareness of the area, but also contributes to the vibrancy of the community.

In an effort to increase the appeal of the region through branding and tourism, we established the Foliage Plant Town Ibusuki Council in collaboration with JA Ibusuki and the prefecture. The council works to improve recognition of the region with the catchphrase, Fall in love with the greenery: Ibusuki, the city of ornamental plants.

To further revitalize and sustain this effort, a comprehensive collaboration agreement was signed with the JA Ibusuki in December 2022. JA Ibusuki will continue to work together with the government and the committee to promote the image of a vibrant community, highlighting ornamental plants and tourism.


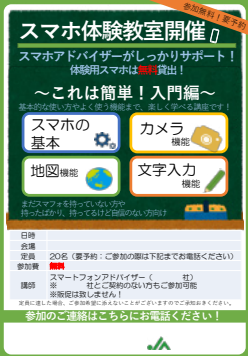
Topics

JA Smartphone Classes aimed at eliminating the digital divide throughout the country

Triggered by the spread of COVID-19, the very concept of "connectedness" is undergoing dramatic changes, and the importance and presence of digital services in our daily lives is rapidly increasing. Smartphones are already an important link in individual's lives.

The importance of solving "digital divide" is increasing in today's society—this includes ensuring the same levels of convenience anywhere in the country, and communicating with friends and family who live in remote locations.

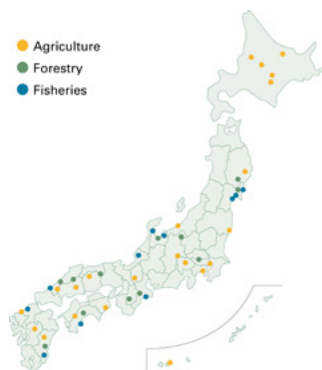
The JA Group has been offering JA Smartphone Classes nationwide since July 2021 to meet the needs of local residents, and as of March 31, 2023, a total of approximately 5,000 classes had been held with a total of approximately 40,000 participants. We will continue to provide new opportunities for people to experience digital services and work toward bridging the digital divide.

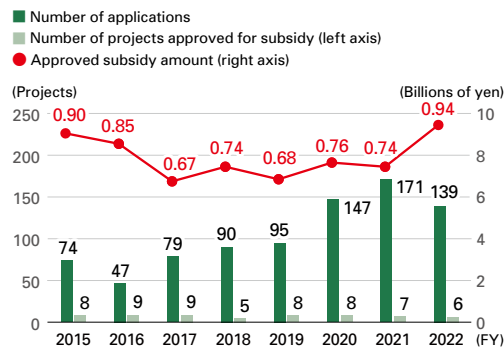
Agricultural, Forestry and Fisheries Future Fund Supports Local AFF Organizations

The Agricultural, Forestry and Fisheries Future Fund was established in 2014 by The Norinchukin Bank, a member of JA Group, JF Group and JForest Group, with a ¥20 billion contribution. This fund seeks to support initiatives to nurture leaders who drive the sustainable development of the AFF industries, strengthen the revenue base of these industries and revitalize local communities based on the AFF industries.

Projects Targeted by the Agricultural, Forestry and Fisheries Future Fund



Number of Projects Targeted and Amount of Subsidy from the Agricultural, Forestry and Fisheries Future Fund



Food and Farming Education Activities

Each year, we distribute booklets to children in the fifth year of elementary school across Japan covering a variety of topics, from food and farming education to environmental education to financial and economic education. We also distribute a universal edition for special education schools. In fiscal 2022, we added new themes related to the SDGs, such as "food loss," and distributed approximately 1.30 million copies were distributed free of charge to 20,000 elementary schools nationwide.



Senior Elementary School Edition: Our Lives with Agriculture (Left), Universal Design Edition (Right)

Training the Next Generation of Farm Managers

The Japan Institute of Agricultural Management, with the Bank as the main sponsor and the support of member companies, opened in 2013 to foster the next generation of farm managers and leaders in regional farming. So far, the institute has produced 119 graduates. In April 2023, the institute celebrated its 10th anniversary and launched a new online school to expand the scope of its farm management program. In April 2024, the institute will take on the challenge of providing even more value to the farming industry by undergoing a curriculum transition at the Shinagawa main campus aimed at fostering innovators in the agribusiness field.

Online school course catalog (available in stages beginning June 2023)

オンラインスクールの教育メニュー（2023年6月以降、順次提供開始）

Local Revitalization Support Utilizing Farmstays

We are promoting a farmstay venture meant to generate profit in the sense that it creates hiring and income in rural areas. In March 2020, we signed a four-way partnership agreement with JA Zen-Noh, Nokyō Tourist Corporation and the Japan Countryside Stay Association. Through this agreement, we are working to realize regional revitalization through the establishment and promotion of the farmstay business. In addition to providing JA Bank's financial functions (such as farmstay loans), the bank offers partnership coordination via a broad trading infrastructure.

Regional Revitalization Through Farmstays, Promotion of Farming Areas and Agriculture

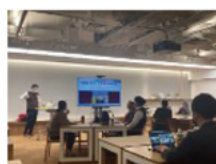
From September 2021 to January 2022, as an effort to contribute to the revitalization of rural districts, the four organizations at left held farmstay-themed courses at Marunouchi Platinum University, which offers career courses for businesspeople. This initiative was supported by the Association for Creating Sustainability in Urban Development of the Otemachi, Marunouchi and Yurakucho

Districts (commonly known as the Ecozeria Association). The association cooperates and/or collaborates with entities in or nearby the Dai Maru Yu Area and promotes the environmental symbiosis of city planning in the area.

This course aimed to create sustainable local communities through exchanges between rural and urban areas to solve problems and create fans. In addition to six classroom lectures, fieldwork studies were conducted in the farmstay area to deepen exchanges between urban and rural residents.



Learning in Tokyo



Rural-urban exchanges, building communities (creating fans of regions)

Interaction with the regions



Creating Business Innovation

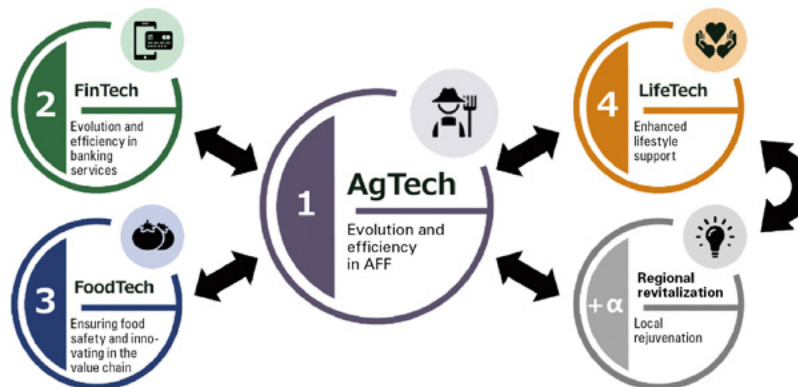
AgVenture Lab: A Hub for Open Innovation

In 2019, JA Group opened an innovation laboratory, AgVenture Lab, in Otemachi, Tokyo, based on the concept of cultivating the next generation of agriculture, closely supporting daily lives of local communities, and connecting places and people.

The Lab aims to utilize a variety of knowledge and technology to create new businesses, develop services, and solve social issues by connecting various businesses of the JA Group with startup companies, partner companies, universities, and governments that have technologies and ideas. In terms of physical facilities, the Lab offers co-working spaces for start-up companies, etc. In terms of soft aspects, the Lab solicits business plans from startup companies and others, aiming to create new business models that leverage the strengths of the JA Group. Furthermore, the JA Accelerator Program will serve as a pillar in accelerating innovation within the Group. In May 2022, we held a business plan contest to select companies that would participate in the 4th JA Accelerator Program; in this contest, nine companies passed the selection process.

This program, under the theme of Co-creating a Sustainable Future for Food, Agriculture, and Lifestyle, invites the submission of business plans not only in FinTech, but also AgTech, FoodTech, and LifeTech, targeting a wide range of businesses operated by the JA Group. The program aims to create new business models that leverage JA Group strengths (e.g., physical locations, infrastructure, customer network, etc.).

AgVenture Lab Initiative Areas



AgVenture Lab

4th JA Accelerator Program Business Plan Contest Award Recipients

< Business Plan Contest Merit Award > 4th JA Accelerator Program Participating Companies	
Agnavi Inc.	ICHI-GO-CAN®, a brand of sake in 180mL cans that is appropriate in volume, fashionable, and convenient to carry
ecologgie Inc.	Joint development of sustainable and functional poultry feed
ENtertainment Graphic Innovation	Improve farmers income Making Campsites a New Market - Campsite-specific "Local Production for Local Consumption" EC Platform
cuoncrop K.K.	MY Eco-Measure
Sagri Co., Ltd	Planting survey and soil analysis using satellite data
DayBreak Co., Ltd	Food loss reduction project using special refrigeration technology
TOWING	Dissemination of next-generation seedlings capable of carbon fixation in agricultural lands through the use of high-performance soils
TOMUSHI Corporation	Sophisticated beetle mass production system for sustainable proteins solves protein crisis and waste problem
My Fit Inc.	Personalized protein subscription myfit
[Innovation Award] Companies that are potential candidates for alliances and support outside of the program	
JPY, Inc., Kamakura Industries, GenomeMiner, Jikantechno Inc., nano Freaks , Frontier Field Inc.	

The JA Group Approach to the SDGs

The achievement of the SDGs requires not only the participation of governments, but also private organizations and businesses, with cooperative organizations expected to play a role as well.

In light of these circumstances and expectations of cooperatives, the JA Group released the JA Group Declaration of Commitment to the SDGs in 2020, which outlines the JA Group's basic approach to the SDGs. As a member of the JA Group, the Bank will also promote efforts to achieve the SDGs.

SDGs and the JA Group

<https://org.ja-group.jp/challenge/sdgs/>

The JA Bank Commitment to the SDGs

<https://www.jabank.org/sdgs/>

Topics

Organizing a Business Plan Contest for Students

The AgVenture Lab (innovation lab) held a business plan contest for students to support student entrepreneurs who aim to solve social issues. In fiscal 2022, 10 finalists were selected from 76 ideas submitted by universities, graduate schools, and high schools nationwide. At the contest held in February 2023, each of the finalists presented their business plans and deepened their collaboration with participants and sponsors, including the JA Group.

The JA Group is actively engaged in dialogue with these young people that is aimed at collaboration and partnership.

[Excellence Award]

- Geochemistry Laboratory (Kinki University) *Project for Utilizing Mineral Springs to Enhance Marine Environment and Fishing Yields*
- e-Combu (Otaru University of Commerce and others) *Earth-friendly feed made from unused kelp*
- LacuS Corporation (Kaishi Vocational University) *Complete nutritional food brand for seniors [ME TIME]*

[The Norinchukin Bank Prize]

- LIFT (Tohoku University) *Efficient transport of animals using rope self-propelled transporters*



Participants in the Business Plan Contest for Students

Climate Change (Based on TCFD Recommendations) - Highlights -

Governance

- The Norinchukin Bank holds regular meetings of our Sustainability Committee (under the Board of Directors) to discuss each initiative on environmental and social issues, which includes climate change. In addition, the Risk Management Committee (also under the Board of Directors) discusses items related to environmental and social risk management. The outcomes of the meetings are reported to the Board of Directors and the Supervisory Committee as required.
- The Bank appoints a Chief Sustainability Officer (CO-CSuO) as the responsible person for managing sustainability to further our initiatives in resolving environmental and social issues including climate change. Furthermore, the Bank also established the Sustainability Advisory Board as an advisory body to the Board of Directors, incorporating external perspectives into our sustainable management.
- As a sound incentive toward sustainable growth, the variable compensation for directors is determined based on the achievement of targets, etc., set forth in the management plan to enhance sustainability management, contribute to agriculture, fishery, forestry industries and local communities, reinforce the managerial foundation of members and contribute to employee engagement.

Strategy

- In March 2023, the Norinchukin Bank announced its commitment to achieving Net Zero by 2050. As part of this commitment, the Bank joined the Net-Zero Banking Alliance (NZBA), an international initiative among banks that aims to achieve net-zero greenhouse gas emissions through its investment and loan portfolio by 2050. The Bank set its 2030 interim targets in the *Transition Plan for Achieving Net Zero Emissions*.
- The Bank recognizes that while climate change presents future risks, it also presents business opportunities through the mitigation and adaptation. As such, we conduct dialogues with our stakeholders and offer solutions for decarbonization.

The Norinchukin Bank's Purpose

Dedicated to sustaining all life.

Work together with our stakeholders to foster the agriculture, forestry and fisheries (AFF) industries and to create a prosperous future for food and lifestyles, and thereby contribute to a sustainable global environment.

A commitment to achieving Net Zero by 2050

The Norinchukin Bank will be working together with its stakeholders to achieve Net Zero greenhouse gas (GHG) emissions by 2050.

Transition Plan for Achieving Net Zero Emissions by 2050

Reducing GHG emissions

- **Reduce financed emissions** Interim target for FY2030 toward Net Zero by 2050(vs. FY 2019)
Lending: Power sector 138~165gCO₂ e/kWh(Other sectors TBC)
Investment: 49% reduction based on economic intensity
- **Increase the forest carbon sink, together with JForest members** 9 million tons per year as of FY 2030
- **Reduce GHG emissions by the Bank itself** Net Zero by FY2030

Promote sustainable business

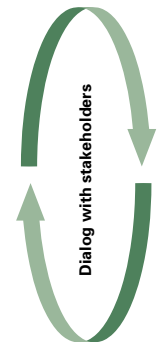
- **Execute new sustainable financing** – 10 trillion yen by FY2030
- **Develop and provide decarbonization solution functions for customers**

Strengthen the Bank's risk management stance

- **Enhance the Bank's risk management stance, strengthen scenario analysis and make effective use of this analysis in risk control**
- **Reduce financing for coal-fired electric power generation to zero by FY2040**

Strengthen the Bank's sustainability promotion stance

- **Strengthen the Bank's stance in relation to realizing Net Zero emissions, and strengthen participation in related initiatives and coordination with stakeholders**



Code of Ethics, Environmental Policy and Basic Policy for Investment and Loans

- Under our integrated risk management framework, we assess risks associated with climate change and operate their appropriate management through scenario analysis and other methods.
 - Transition risks: Credit risks and stranded asset risks for investees and borrowers affected by changes in policies, legal regulations, technologies, markets, and other factors associated with progress in climate change mitigation and adaptation initiatives
 - Physical risks: Risks resulting from increased financial loss through physical damage to the assets of the Bank and its investees and borrowers incurred from natural disasters and extreme weather associated with climate change

Climate Change Risks Recognized by the Bank

Risk	Classification	Major Risks	Time Frame
Transition Risk	Policy and Legal Risk Technology Risk Market Risk	<ul style="list-style-type: none"> ● An increase in credit costs due to the impact of regulatory measures aimed at achieving the 2°C target in the business models and performance of investees and borrowers ● An increase in credit costs due to changes in corporate performance and supply-demand relationship for goods and services as markets become more decarbonized-oriented 	Medium- to long-term
	Policy	<ul style="list-style-type: none"> ● Changes in regulations in response to growing international concern regarding climate change 	Short-term
	Reputation	<ul style="list-style-type: none"> ● Risk of inadequate climate change efforts and information disclosure 	Short-term
Physical Risk	Acute Risk Chronic Risk	<ul style="list-style-type: none"> ● Downturn resulting from stagnating investee'st and borrower's businesses due to natural disasters such as typhoons and torrential rains, as well as increasing credit costs resulting from damage to collateral value of real estate and other assets ● Risk that climate change will affect land use, productivity of primary industries, etc. ● Impact on business continuity due to damage to the Bank's assets caused by extreme weather 	Short-, Medium-, and Long-Term

Transition Risk Analysis

- The Bank analyzes scenarios for the electricity, oil-gas-coal, and chemical sectors, which were identified as high risk based on risk assessment by sector and region, in addition to scenarios for the food and agriculture and beverage sectors, which form the food and agricultural value chains. We then analyze medium- to long-term changes in credit costs resulting from advances in decarbonization. This analysis targets domestic and foreign borrowers, as well as bond's investees.
- The Bank uses scenarios published by the representative International Energy Agency (IEA) and the Food and Agriculture Organization of the United Nations (FAO), in addition to scenarios such as the Net Zero2050 scenario published by the Network for Greening the Financial System (NGFS).
- According to the results of the analysis, we assess any impacts to our credit portfolio would be limited.

Physical Risk Analysis

- Based on the risk assessment by sector and region, we analyzed scenarios for acute and chronic physical risks for Japan, which we determined to be a high-risk region.
- The Bank analyzed acute risks such as flood damage, which caused significant damage in recent years. We looked into the impact on real estate pledged as collateral to the Bank, in addition to the impact on the key locations of our domestic borrowers. According to the results of the analysis, we assess impacts on our credit portfolio would be limited.
- We also analyzed the impact of chronic risks to the agricultural sector, which is important to the Bank, as we are founded on the agriculture, fishery, and forestry industries. The analysis targeted rice cultivation and animal husbandry (milk and beef cattle) and assessed the impacts of climate change, including rising temperatures, on producer income and adaptation measures. The Bank recognizes that further study is needed to build an analytical model for analyzing how the impacts on producers' income affect our finances. As these impact pathways are diverse and complex, it is necessary to create a way to identify the most probable pathways.

Risk Management

- The Bank incorporated a risk management framework for environmental and social risks, including climate change. The Environmental Policy and Human Rights Policy are our basic policies for solving environmental and social issues. Under these policies, we have formulated policies that take the environment and society into account in investments and loans within sectors where negative impacts to these areas, including climate change, are concerned. In addition, we conduct risk management on large-scale development projects based on the Equator Principles.
- The Bank uses our Risk Appetite Framework (a framework for business administration leading to disciplined risk taking and optimizing the balance between risk and return) to select top risks (risks that require special future attention) with regard to business environments and then analyzes possible future scenarios.
- The Bank selected *addressing climate change, biodiversity and other sustainability-related issues* as a top risk. We recognize that transitioning to a decarbonized economy, caused by climate change, is a significant risk that could have a tremendous impact on the sustainability of the Bank and the agriculture, forestry, and fishery industries and regions, which is our foundation. These risks include stranded assets in our portfolio, wind and flood damage, and the loss of natural resources and biodiversity. By selecting top risks, the Bank will align perspectives within organizations on such risks and encourage the advancement of our risk management system.

Indicators and Targets

Classification	Indicators	Latest Results	Targets
Reduce GHG emissions	Reduce financedemissions		FY2030 interim targets toward Net Zero by 2050
	[Finance] Power Sector Base year: FY2019 results 213gCO ₂ e/kWh	FY2020* 217gCO ₂ e/kWh	138 to 165gCO ₂ e/kWh
	[Investment] Emissions per unit of investment basis (stocks and bonds) Base year: FY2019 results 0.66tCO ₂ e/million yen	FY2020 0.55tCO ₂ e/million yen -17% compared to FY2019	-49% compared to FY2019
	Secure the amount of the forest carbon sink, together with JForest members	FY2021 6.12 million tCO ₂	9 million tCO ₂ /year, as of FY2030
	GHG Emissions by the Bank Itself	FY2021 19,849tCO ₂	Net zero by FY2030
Encourage sustainable business	New sustainable finance	FY2021 to FY2022 (Total) ¥4.4 trillion	¥10 trillion by FY2030
Strengthening the risk management system	Reduction of outstanding investments and loans for coal fired power generation	FYE2022 ¥36.6 billion	Zero by 2040

*The increase compared to FY2019 is due to an increase in the number of clients classified in the electricity sector. This increase in clients resulted from system registration maintenance, in addition to increased exposure from the spread of COVID-19.

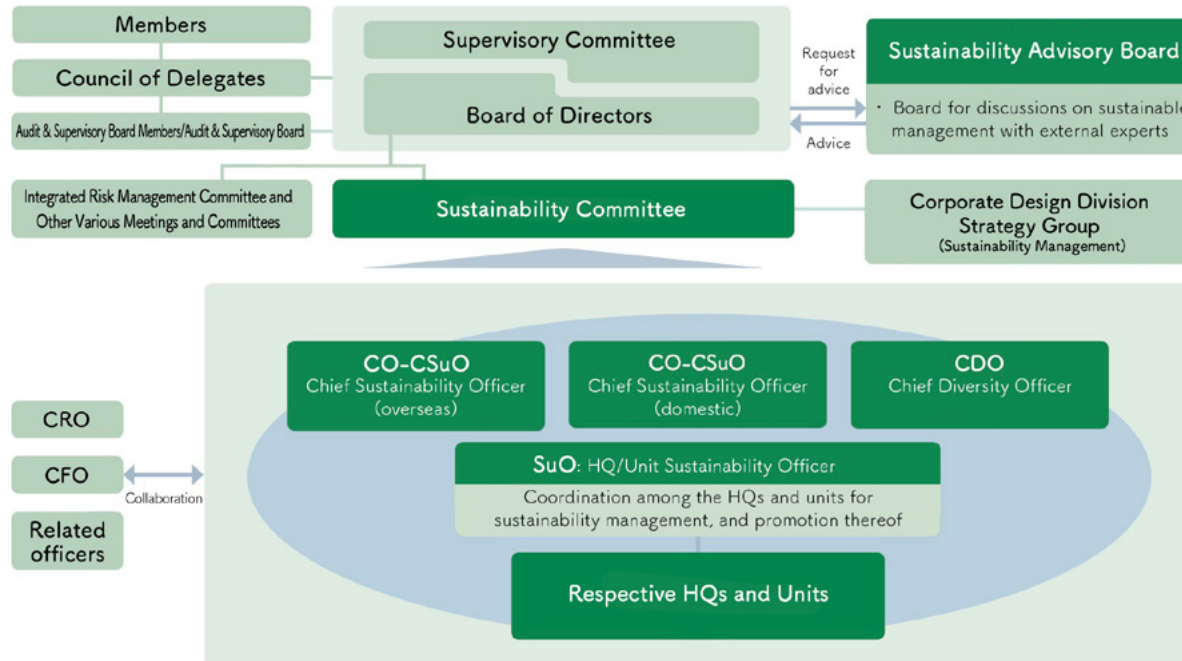
Climate Change (Based on TCFD Recommendations) - Governance -

Governance for Addressing Climate Change

The Norinchukin Bank holds regular meetings of our Sustainability Committee (under the Board of Directors) to discuss each initiative on environmental and social issues, which includes climate change. In addition, the Risk Management Committee (also under the Board of Directors) discusses items related to environmental and social risk management. The outcomes of the meetings discussed are reported to the Board of Directors and the Supervisory Committee as necessary, establishing a system for both the board and the committee to oversee our response to climate change.

The Bank appoints a Chief Sustainability Officer (CO-CSuO) as the responsible person for managing sustainability to further our initiatives in resolving environmental and social issues including climate change. The Bank also established the Sustainability Advisory Board as an advisory body to the Board of Directors, aiming to enhance our sustainable management through incorporating external perspectives.

Sustainability Promotion Structure



→ About the Sustainability Promotion Structure P.11

Major Contents of Each Committee and Board (Sustainability)

Conference Body	Major Agendas, Discussions, and Reports (FY2022)
Supervisory Committee	<ul style="list-style-type: none"> ● Updates to our commitment and medium- to long-term goals for Net Zero by 2050 ● Business operation results based on the management plan
Board of Directors	<ul style="list-style-type: none"> ● Updates to our commitment and medium- and long-term goals for Net Zero by 2050 ● Business operation results based on the management plan ● Determining top risks ● Results and responses of the Sustainability Advisory Board
Risk Management Committee	<ul style="list-style-type: none"> ● Determining top risks ● Expanding the investment and finance sector policy
Sustainability Committee	<ul style="list-style-type: none"> ● Updates to our commitment and medium- and long-term goals for Net Zero by 2050 ● Results and responses of the Sustainability Advisory Board ● External evaluation of sustainability management ● Sustainability management framework ● Issues on sustainability management achievements and initiatives ● Status of diversity promotion initiatives

Sustainability Advisory Board

In FY2022, the Sustainable Advisory Board exchanged views on the general sustainable management of the Bank. Discussions included GHG reduction targets and other medium- to long-term goals, as well as the Bank responses to natural resources and biodiversity. Based on the feedback received, we are working to strengthen our sustainable management by revising our medium- to long-term goals, etc.

Board Members

Name	Affiliation / Position
ADACHI Eiichiro	Managing Director, The Japan Research Institute, Limited
SATO Takafumi	Member of the Supervisory Committee, The Norinchukin Bank (Former Vice-Chairman of the IFRS Foundation)
TAKAMURA Yukari	Professor, The University of Tokyo Institute for Future Initiatives
MIZOUCHI Ryosuke	Managing Executive Officer, Kirin Holdings Company, Limited

→ About the Sustainability Advisory Board P.14

Director Compensation

The compensation for Directors consists of fixed and variable compensation, whereas the compensation for Supervisory Committee Members and Audit & Supervisory Board Members consists only of fixed compensation from the standpoint of ensuring effective fulfillment of their responsibilities.

As a sound incentive toward sustainable growth, the variable compensation is determined based on the achievement of targets, etc., set forth in the management plan to enhance sustainability management, contribute to agriculture, fishery, forestry industries and local communities, reinforce

the managerial foundation of members and contribute to employee engagement. Part of the variable compensation is offered according to the quantitative and qualitative evaluations, etc., based on the degree of achievement of targets in the management plan entered by each director/officer.

(Details on the Bank's compensation system can be found in the Annual Report)

Climate Change (Disclosures Based on TCFD Recommendations) - Strategy -

Core Principles Toward Solving Environmental Issues

Toward Fulfilling Our Purpose: Sustaining All Life. ~Together with our stakeholders we nurture the agriculture, fishery, and forestry industries, creating a future abundant in food and life, while contributing to a sustainable global environment~ In addition, we formulated an Environmental Policy (Core Principles Toward Solving Environmental Issues) pursuant to a decision of our Board of Directors. Under this policy, we commit to solve issues related to the global environment through our business activities and reduce the environmental burden of our business activities.

Commitment to Net Zero by 2050

In March 2023, the Bank announced *Commitment to Net Zero by 2050* as our response to escalating climate change.

Commitment to Net Zero by 2050

The Norinchukin Bank, together with our stakeholders, aims to achieve a Net Zero society by the year 2050.

Transition Plan Toward Net Zero

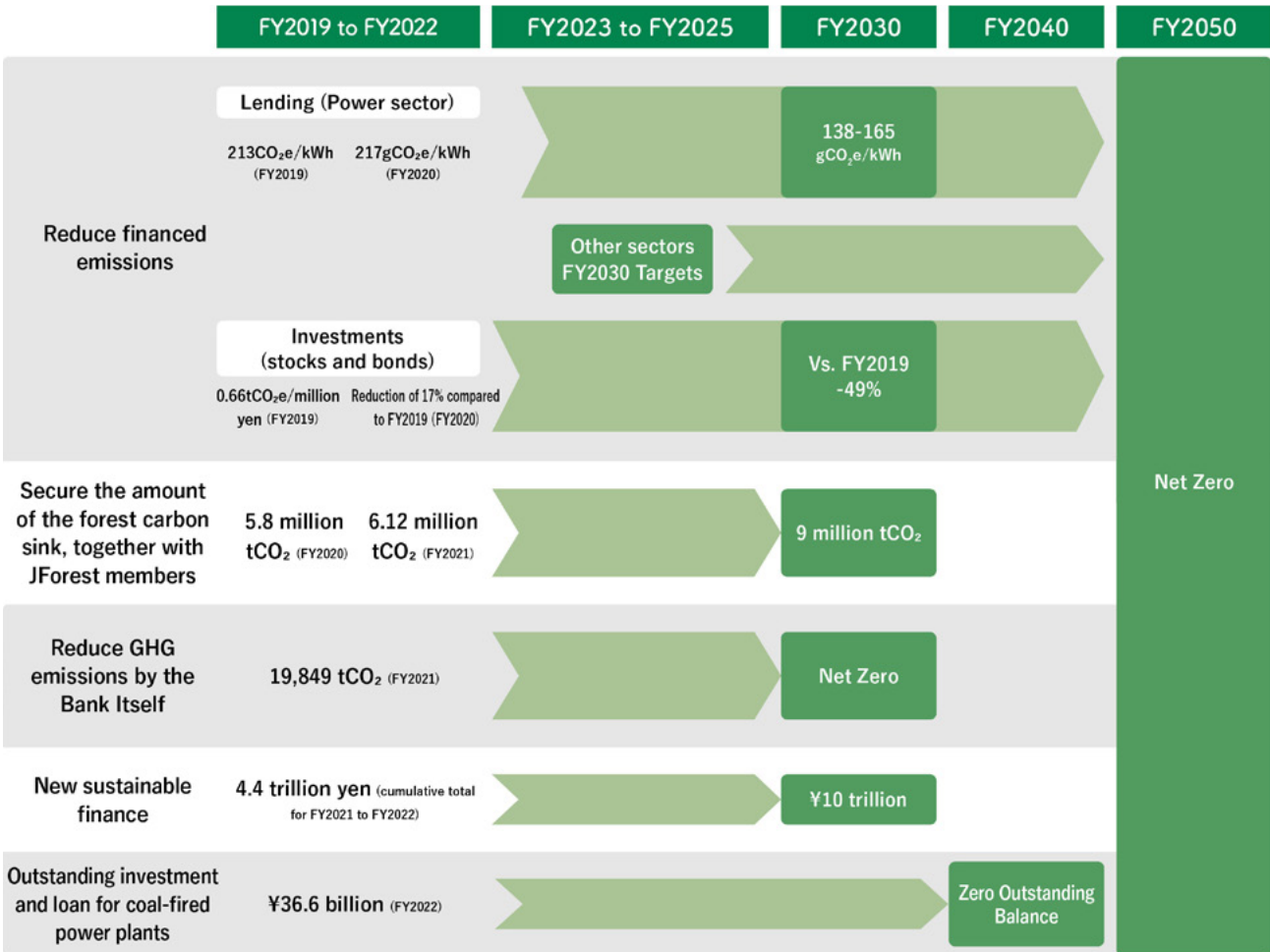
As part of this commitment, the Bank joined the Net-Zero Banking Alliance (NZBA)*, an international initiative among banks that aims to achieve net zero greenhouse gas emissions through investment and finance portfolios by the year 2050. In addition, we created the Transition Plan Toward Net Zero in conjunction with this commitment. This plan describes forth specific initiatives, including an interim target for fiscal 2030 formulated in line with the 1.5°C scenario under the Paris Agreement.

* Net-Zero Banking Alliance (NZBA): An international banking initiative committed to a net-zero portfolio of investments and finance clients by the year 2050. The alliance consists of 125 member banks worldwide as of February 2023. The NZBA

identified nine carbon-intensive sectors (power generation, oil and gas, steel, coal, agriculture, real estate, transportation, cement, and aluminum), and requires that reduction targets be set for at least one of these sectors within 18 months of joining, with targets set for the remaining sectors within 36 months.



Roadmap Toward Net Zero 2050



Reducing Financed Emissions

We aim to achieve net-zero greenhouse gas emissions in our investment and loan portfolio by fiscal 2050. To achieve this goal, we set an interim target for the electricity sector among our borrowers to reduce GHG emissions intensity per unit of electricity generated in fiscal 2030, in accordance with the NZBA framework. We will continue to set emissions reduction targets in stages for carbon-intensive sectors as defined in the framework. We have also set interim targets for emission reductions through our investment portfolio (stocks and bonds) through fiscal 2030 by considering the importance of the proportion of investment assets in the Bank's investment and loan portfolio. In setting these targets, we referenced the Net Zero Initiative Framework for institutional investors.

FY2030 Interim Target (vs.FY2019)

Lending:
 Setting interim emissions reduction targets for FY2030 for each carbon-intensive sector
 Power Sector: 138-165 gCO₂e/kWh

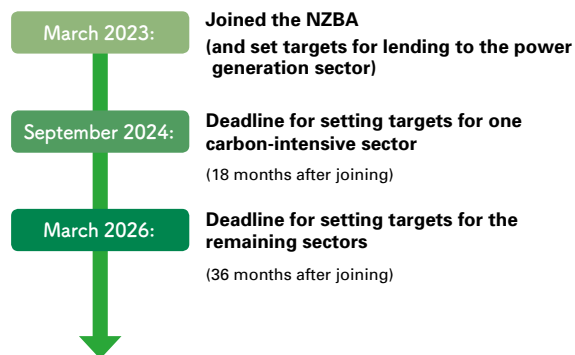
Investment:
 Setting emissions reduction targets for the Bank's investment portfolio
 49% reduction on a per unit of investment basis%

Profile of the Net Zero Banking Alliance (NZBA)

Date of establishment:	● April 2021
Secretariat:	● United Nations Environment Programme - Finance Initiative (UNEP FI)
Overview:	<ul style="list-style-type: none"> ● The Net Zero Banking Alliance (NZBA) is a banking initiative led by the UNEP FI which aims to use banks' investment and lending portfolios to help realize Net Zero GHG emissions by 2050. ● With the aim of realizing Net Zero by 2050, banks that join the NZBA are expected to set interim targets for 2030 at the latest in relation to 9 sectors with particularly high emissions, and to continue implementing periodic disclosure after that date.

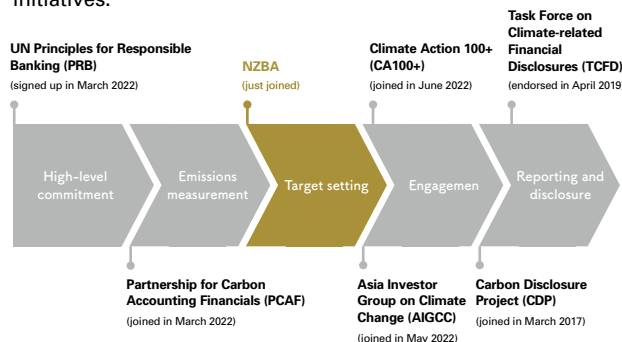
Timeline after joining the NZBA

Within 18 months of joining the NZBA, a bank is expected to set targets for one sector out of nine carbon-intensive sectors (agriculture, aluminum, cement, coal, commercial and residential real estate, iron and steel, oil and gas, power generation, and transport), and the bank must then set targets for the remaining sectors within 36 months of joining; in this way, the bank can implement a step-by-step response while setting a priority order in line with the relative importance of particular sectors within its portfolio.



Relationship with other initiatives that The Norinchukin Bank participates in

The Bank has already joined several initiatives relating to GHG emissions, based on its assessment of their objectives. By joining the NZBA, where the main focus is on setting concrete targets, the Bank is aiming to help further these other initiatives.



Secure the amount of the forest carbon sink, together with JForest members

We set a target for the amount of the forest carbon sink of 9 million tCO₂/year by fiscal 2030, based on a forecast of projected areas of operations* in line with targets set by forestry cooperatives nationwide. Forests play an important role in absorbing CO₂ and conserving biodiversity while facing numerous challenges. These challenges include low prices for standing timber, costs associated with reforestation, and finding workers who are willing to lead in the forestry sector. To ensure CO₂ absorption, the Bank endeavors to resolve upstream, midstream, and downstream issues related to forests and forestry to support sustainable forest operations across forestry cooperatives.

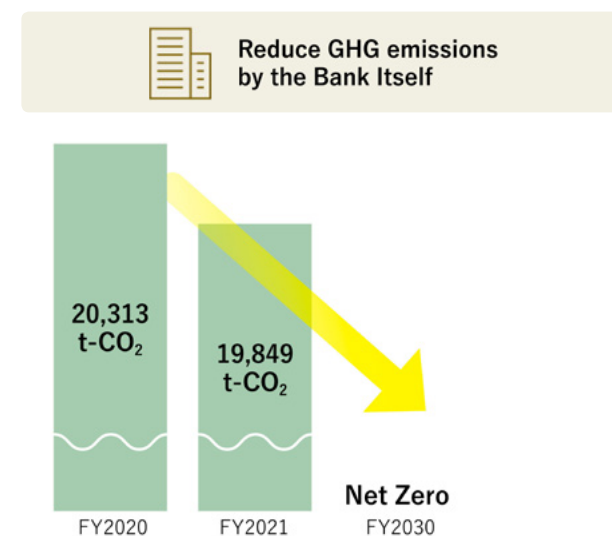


* New planting (reforestation), undercutting, clearing, thinning, and main cutting

→ Initiatives to Fulfill the Multifunctional Roles of Forests P.71

PNorinchukin Bank Facility GHG Emissions (Scope 1 and Scope 2)

We aim to achieve net-zero greenhouse gas emissions from banking facilities by fiscal 2030. In fiscal 2021, actual emissions amounted to 19,849 tCO₂. We will continue to switch to renewable energy sources for the electricity we use, mainly at properties contracted by the Bank.



Pursuing Sustainable Business - Opportunities Related to Climate Change-

Climate change is a future risk. At the same time, we can find business opportunities in mitigating and adapting to this risk. One example is the potential for shifting electricity to renewable energy. The shift from conventional thermal power to offshore wind and solar power generation will lead to corporate capital investment and lending and investment opportunities for the Bank.

Stakeholder Engagement Initiatives

To solve environmental and social issues, including climate change, we must emphasize engagement with stakeholders and take action together through dialogue and deep mutual understanding. The Bank strives to engage more closely with investees and borrowers to identify business opportunities and manage risks, aiming to achieve net zero by the year 2050. In fiscal 2022, we conducted more than 100 engagements such as supporting measurement and reduction of GHG emissions, proposing sustainable finance, etc with high-emissions entities and companies in the agriculture, fishery, and forestry industries. We also conduct engagement with investees according to asset class.

Engagement based on Client Relationships

We engage in dialogue with borrowers about their current conditions, issues, and response, by reflecting an understanding of their awareness related to the risks associated with climate change. Based on these dialogues, we develop solutions according to their needs.

Engagement Content (Overview)

- Understand the current conditions and issues faced by business partners
- Confirm the status of sustainability initiatives, including any climate change targets
- Confirm impacts on management (business and financial) and issues based on as stated above
- Propose solutions

Based on an understanding as stated above, we continue deeper engagement, working with clients in agriculture, fishery, and forestry industries to measuring their GHG emissions and support them in setting reduction targets. We also engage in dialogue with clients in the electricity sector.

→ Initiatives to Reduce Environmental burden Through Agriculture P.70

Topics

Electricity Sector Client Engagement

The Bank focuses on engagement with clients in the electricity sector to achieve our fiscal 2030 sector targets. We engage in careful dialogue related to strategies and initiatives for stable energy supply, the decarbonization of electricity sources, and other topics.

Engagement as a Global Institutional Investor ~ Collaborative Engagement Through Climate Action 100+ (CA100+) ~

The Bank and Group company Norinchukin Zenkyoren Asset Management Co., Ltd. are members of Climate Action 100+ (CA100+),

an international investor-led initiative that seeks corporate climate change action through collaborative engagement with institutional investors worldwide. Working with other institutional investors to engage in constructive dialogue on climate change, we encourage behavioral change toward decarbonization among target companies. We also accumulate knowledge through collaborative engagement and improve the effectiveness of individual engagement as we strive to create decarbonized societies.



Topics

Multifaced Engagement With Major Energy Sector Clients

The Bank offers a wide range of functions across our group to address ESG integration, renewable energy compliance, and other diverse sustainability issues to a major energy sector client who has set a goal for carbon neutrality by the year 2050. In the meantime, Norinchukin Bank director and managing executive officer, Mr. YUDA Hiroshi, attended the Sustainability Committee, where senior managements of this company also participated, to engage in dialogue with its senior managements regarding 'the current status and issues of ESG investment' from the perspective of an institutional investor.



YUDA Hiroshi, Director and Managing Executive Officer, Norinchukin Bank

Topics

Presentation of Opinion at the FinCity Global Forum ~ Transition Finance and the Challenges Faced by Tokyo ~

The Organization of Global Financial City Tokyo (“FinCity.Tokyo”) sponsored an international symposium entitled, *FinCity Global Forum ~ Transition Finance and the Challenges Faced by Tokyo ~*, in February 2023. Managing Executive Officer IMAI Masato of the Norinchukin Bank in a panel discussion. Mr. Imai conveyed the Bank's sustainable finance initiatives and our message for the advancement of transition finance in Japan in a powerful manner.



IMAI Masato, Managing Executive Officer, Norinchukin Bank © 2023 The Organization of Global Financial City Tokyo

Climate Change Initiatives at JA Bank

The Bank provide information and engage in dialogue with JA Shinnoren about disclosure based on climate change response and TCFD recommendations. As JA Bank, we strives to resolve climate change and other environmental issues.

Sustainability Linked Loans in Cooperation With JA Bank Members

The Norinchukin Trust & Banking Co.,Ltd. serves as an arranger, constructing syndicated sustainability linked loans between JA Bank members (JA Shinnoren) and Norinchukin Bank, working with JA Bank to support the climate change response of clients.

Efforts to Promote the Use of Electric Vehicles

To provide financial support in encouraging the spread of electric vehicles (EVs), which have a low environmental impact, and from the perspective of contributing to decarbonized societies, JA Bank, in cooperation with Agriculture, Forestry and Fisheries Credit Foundations and Kyodo Housing Loan Co., Ltd., has begun to include funds for the purchase of new EV vehicles that meet certain requirements into mortgage loans.

Sustainable Finance Initiatives

The Bank established a target of 10 trillion yen in new sustainable financing by fiscal 2030 as a medium- to long-term goal for sustainable environments and societies. Between fiscal 2021 and fiscal 2022, the Bank has conducted approximately 4.4 trillion yen in sustainable financing.

[→ Sustainable Finance Details P.19](#)

We approach sustainable finance through the dual aspects of securing business opportunities and engaging in risk management. In addition to credit decisions based on traditional finance risk, Norinchukin Bank has also adopted the ESG Integration framework. We use this framework not only for internal controls, but also as a tool to engage in dialogue with our business partners.

Secure Business Opportunities

Sustainable Finance

We conduct investment and financing activities to generate profit and to contribute to the development of a sustainable environment and society and to the growth of the AFF industries.

FY2021-2022 Newly executed amount (cumulative)
Approx. 4.4 trillion yen

Medium- to long-term target for 2030
Newly executed amount: **10 trillion yen**

Our sustainable finance refers to the following:

- **Investment and finance**
sustainability linked loans, green loans, social loans, sustainability loans, transition loans
Investment and lending to companies with ESG-related certification, and authorized investment and lending
Other investment and lending for the resolution of environmental and social issues
- **Funding**
Sustainability-related funding

ESG Integration

We are striving to build a decision-making process for investment and finance decisions that integrates a recognition of environmental and social risk into credit decisions based on the traditional financial risk evaluation process. This framework is a tool not only for internal controls but also for engaging in dialogue with customers based on non-financial information.

Risk Management

Environmental and Social Risk Management (ESRM)

We have built an ESRM framework to assess and manage environmental risks and social risks prior to making investment and financing decisions for individual customers and projects.

■ The ESRM Framework



Impact Analysis of Climate Change-Related Risk

The risks of climate change can be divided into transition risks and physical risks.

Transition risk refers to the risk that occurs in transitioning to a society with low greenhouse gas emissions (a low-carbon society). For example, the introduction of a carbon tax levied on greenhouse gas emissions could lead to a negative financial impact on investees and borrowers that have high emissions. This in turn could result in credit costs for financial institutions. Physical risks are risks of intensification or increase in extreme weather events due to climate change or from long-term changes in climate patterns. Physical risks can be classified further into acute risks, such as increased flooding or other extreme weather events, and chronic risks, such as the agricultural impact of prolonged high temperatures. We have conducted a scenario analysis of these risks, providing disclosure of our results.

Climate Change Risks Recognized by the Bank

Risk	Classification	Major Risks	Time Frame
Transition Risk	Government Policy, Legal, Technology,	<ul style="list-style-type: none"> Increase in credit costs due to the impact of regulatory measures aimed at achieving the 2°C target on the business models and performance of investees and borrowers Increased in credit costs due to changes in the supply-demand relationship for goods and services and corporate performance as markets become more focused on decarbonization 	Medium-to long-term
	Policy	<ul style="list-style-type: none"> Changes in regulations in response to growing international concern regarding climate change 	Short-term
	Reputation	<ul style="list-style-type: none"> Risk of inadequate climate change efforts and information disclosure from the perspective of external parties 	Short-term
Physical Risk	Acute	<ul style="list-style-type: none"> Downturn resulting from stagnating investees' and borrowers' businesses due to natural disasters such as typhoons and torrential rains, as well as increasing credit costs resulting from damage to collateral value of real estate and other assets 	Short-, Medium-, and Long-Term
	Chronic	<ul style="list-style-type: none"> Risk that climate change will affect land use, productivity of primary industries, etc. Impact on business continuity due to damage to the Bank's assets caused by extreme weather 	

Climate Change-Related Risk Assessment by Sector

The impact of climate change will become even more apparent over the medium- to long-term, and will vary depending on the sector in which our investees and borrowers operate. Therefore, we evaluated where and when transition and physical risks would occur in the targeting sectors and other areas defined by the TCFD recommendations.

The occurrence of risks associated with climate change is caused by various external factors, environments, and spillover channels. We created the table below after identifying these risks and factors. The table shows (in chronological order) the impact of these risks on the sectors in which the Bank has most financial exposure. Our analysis also reflects the effects of climate change occurring at different times according to region, geographic conditions, and legal regulations. As one example, transition risks in the EU are expected to occur early due to environmental regulations being adopted ahead of the rest of the world.

Transition Risk Assessment*¹ *1 Transition risks are assessed based on a 2°C scenario in which policy measures mitigate climate change, while physical risks are assessed based on a 4°C scenario in which global warming advances.

Sector	2030			2040			2050		
	Japan	EU	US	Japan	EU	US	Japan	EU	US
Electric utilities	Low	High	High	High	High	High	High	High	High
Oil-gas-coal	Low	Low	Low	Low	Low	Low	High	High	High
Chemical	Low	Low	Low	Low	Low	Low	High	High	High
Metal and mining	Low	Low	Low	Low	Low	Low	High	High	High
Food and agriculture	Low	Low	Low	Low	Low	Low	Low	Low	Low
Beverages	Low	Low	Low	Low	Low	Low	Low	Low	Low
Railroad	Low	Low	Low	Low	Low	Low	Low	Low	Low
Land transport	Low	Low	Low	Low	Low	Low	Low	Low	Low
Marine transport	Low	Low	Low	Low	Low	Low	Low	Low	Low

Physical Risk Assessment*¹

Sector	2030			2040			2050		
	Japan	EU	US	Japan	EU	US	Japan	EU	US
Chemical	Low	Low	Low	High	High	High	High	High	High
Real estate management and development	Low	Low	Low	High	High	High	High	High	High
Real estate-related finance	Low	Low	Low	High	High	High	High	High	High
Insurance	Low	Low	Low	High	High	High	High	High	High
Paper and forest products	Low	Low	Low	Low	Low	Low	Low	Low	Low
Food and agriculture	Low	Low	Low	Low	Low	Low	Low	Low	Low
Beverages	Low	Low	Low	Low	Low	Low	Low	Low	Low
Metal and mining	Low	Low	Low	Low	Low	Low	Low	Low	Low
Electricity	Low	Low	Low	Low	Low	Low	Low	Low	Low
Oil-gas-coal	Low	Low	Low	Low	Low	Low	Low	Low	Low
Railroad	Low	Low	Low	Low	Low	Low	Low	Low	Low

Impact Analysis of Climate Change-Related Risk (Scenario Analysis)

We conduct scenario analyses to understand the impact of climate-related risks on our credit portfolio and finances.

Transition Risk Analysis

Based on risk assessments shown to the left, we selected Electricity and Oil, Gas, and Coal as target sectors having high transition risk, and Food and Agriculture and Beverages as target sectors under transition risk that build value chains in the food and agriculture industries. In fiscal 2020, we conducted scenario analysis for these sectors, evaluating medium- and long-term changes in credit costs caused by the progress of decarbonization. Further, in fiscal 2022, we upgraded our analyses of these sectors and expanded the scope of analysis to the chemicals sector.

Scenarios analyzed include the Net Zero 2050 scenario published by the Central Banks and Supervisors Network for Greening the Financial System (NGFS), as well as scenarios published by representative organizations International Energy Agency (IEA) and the Food and Agriculture Organization of the United Nations (FAO).

Our analysis was 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.

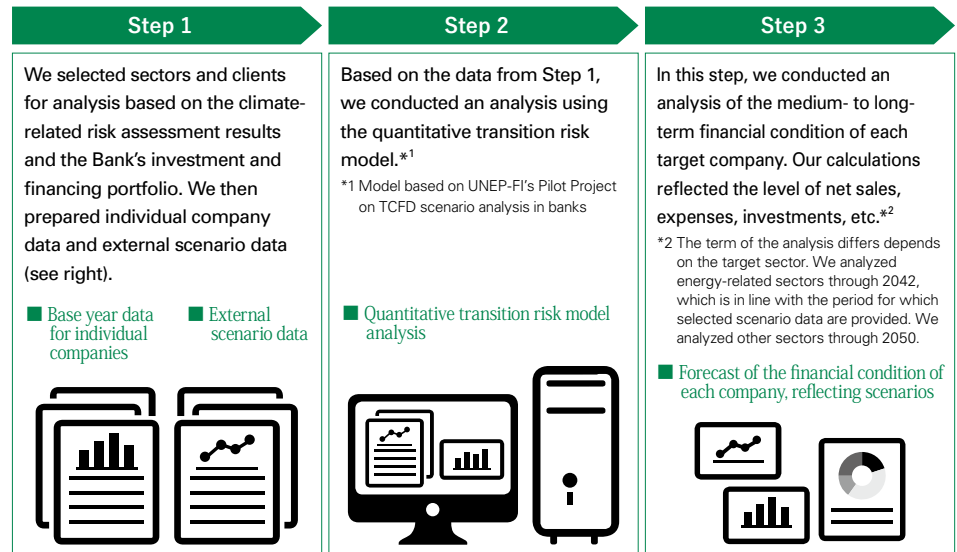
Physical Risk Analysis

In fiscal 2021, we began physical risk scenario analysis of acute and chronic physical risks in Japan, which we determined to be a high-risk region based on sector risk assessments associated with climate change.

In terms of acute risks, we analyzed flood damage, which has caused significant issues in recent years. In addition to the impact on key borrowers' locations in Japan, we analyzed the impact on real estate collateral pledged to the Bank.

In terms of chronic risks, conducted an analysis of the impact on the agricultural sector, an important sector to the Bank as our basis is in the agriculture, fishery and forestry industries. We selected rice cultivation and livestock production (milk and beef cattle) for analysis, looking at the impact of climate change, including rising temperatures, on producer income and assessing adaptation measures.

Transition Risk Scenario Analysis Overview



Methodology for Transition Risk Scenario Analysis

■ Targets and sectors analyzed

Based on the results of our qualitative assessment of climate change-related risks, we selected the electricity, oil-gas-coal, food and agriculture, and beverage sectors as targets for transition risk scenario analysis. The electricity and oil-gas-coal sectors have been identified in the final TCFD report and SASB as sectors having high carbon emissions and highly vulnerable to transition risks. Our selection was based on initiatives consistent with these global views. We selected the food and agriculture and beverages sectors based on the results of our climate change qualitative assessment, as well as the fact that these two sectors form the foundation of the Bank. Given our investment and loan portfolio, the analysis covers not only domestic and overseas borrowers, but also our investees in corporate bonds.

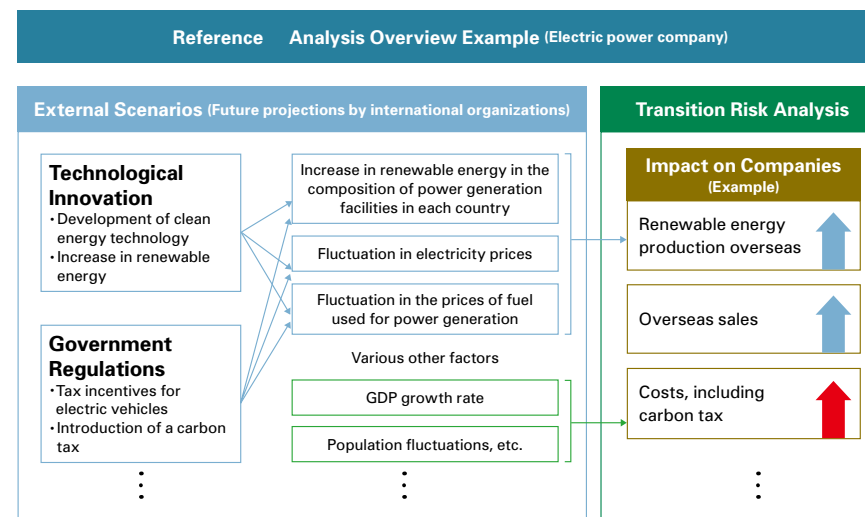
■ Analysis scenario data

We use three scenarios published by the NGFS. Specifically, we adopted three future scenarios for our analysis. We used the *Current Policies* scenario, which assumes that only the policies currently in place are maintained, and the assumption that annual greenhouse gas (GHG) emissions will not decrease by the year 2030. We then used the *Delayed Transition* scenario, in which strong policies are implemented to limit global warming to 1.5°C through rigorous climate policy and technological innovation. And last, we used the *Net Zero 2050* scenario, which assumes net zero global CO₂ emissions will be achieved in or around the year 2050. We predicted the impact on the Bank's investees and borrowers, while also analyzing the increase or decrease in credit costs. We formed our predictions by combining the Dynamic approach, in which companies make new capital investments in response to climate change, and the Static approach, in which companies do not make additional capital investments in response to climate change.

- In connection with the NGFS scenario for which we lacked sufficient data, our analysis of the electricity and oil-gas-coal sectors incorporated various forecast data from the IEA World Energy Outlook 2021, which is widely used both in Japan and internationally. Data was taken from the Sustainable Development Scenario (SDS), which is a set of measures consistent with achieving the 2°C target of the Paris Agreement, the Stated Policies Scenario (STEPS), which incorporates currently announced policies and targets, and the *Net Zero Emissions by 2050 Scenario*.
- In connection with insufficient data for the analysis of the chemical sector, we referred in part to the IEA's Energy Technology Perspectives 2022 and the STEPS and SDS scenario data contained in the IEA's Ammonia Technology Roadmap October 2021.
- For the food and agriculture and beverage sectors, we used as complementary data various FAO forecast data, Toward Sustainability Systems (TSS) Scenario in which where positive change is required to establish sustainable food and agriculture systems, and Business As Usual (BAU) Scenario, in which past trends and policy directions are maintained as the status quo.

■ Efforts to increase the sophistication of scenario analysis models

- We began disclosing the results of our scenario analysis with our Sustainability Report 2021. We also strive to improve the sophistication of our models to utilize analysis results to better explanation of our position and conducting engagement (constructive dialogue).
- As an example, we made improvements by replacing parameters (variables) in the analysis model to make the analysis results more precise and consistent with real-world perspectives. We will continue to refine the results of our analysis by upgrading our models as necessary.



Analysis Target	Selection Scenario	Complementary Scenario
Energy (Electricity, Oil-Gas-Coal)	NGFS ● Current Policies ● Delayed Transition ● Net Zero 2050	IEA World Energy Outlook 2021—SDS, STEPS ● SDS stands for Sustainable Development Scenario ● STEPS stands for Stated Policies Scenario
Food and agriculture, beverages		FAO Food and agriculture projections to 2050—TSS, BAU ● TSS stands for Towards Sustainability Scenario ● BAU stands for Business As Usual
Chemicals		IEA Energy Technology Perspectives 2022-STEP, SSSDS IEA Ammonia Technology Roadmap October 2021—STEPS, SDS

Six-Way Scenario Analysis

	Dynamic Approach <small>(An approach reflecting new capital investments in response to market demand)</small>	Static Approach <small>(An approach reflecting the status quo without additional capital investment)</small>
Current Policies <small>(a scenario that assumes that only policies currently in place will be retained)</small>	Current Policies x Dynamic	Current Policies x Static
Delayed Transition <small>(Scenario in which annual GHG emissions do not decline by 2030, followed by strong emissions reduction policies)</small>	Delayed Transition x Dynamic	Delayed Transition x Static
Net Zero 2050 <small>(a scenario that limits global warming to 1.5°C through rigorous climate policy and technological innovation, achieving net zero global CO₂ emissions in or around the year 2050)</small>	Net Zero 2050 x Dynamic	Net Zero 2050 x Static

About the NGFS Scenario Used in This Analysis

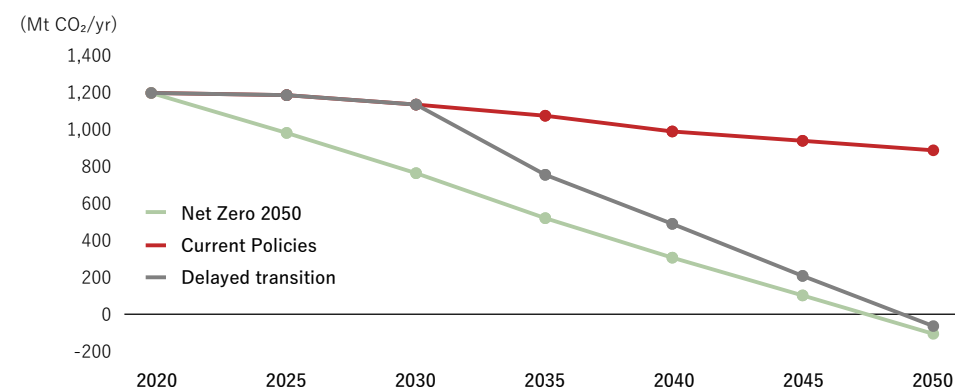
- Our scenario analysis used Version 2 of the NGFS scenario published in 2021. Although three NGFS models exist, we conducted our scenario analysis by adopting the values of the REMIND-MAgPIE model as in the *Pilot Scenario Analysis Exercise on Climate-Related Risks Based on Common Scenarios*, published by the Financial Services Agency and the Bank of Japan, whose results were published in August 2022.

Overview of the NGFS Scenario Used in This Analysis

	NetZero 2050	Delayed Transition	Current Policies
Overview	Scenario that limits global warming to 1.5°C through rigorous climate policy and technological innovation, achieving net zero global CO ₂ emissions in or around the year 2050	Assumes that annual CO ₂ emissions will not decrease until 2030. Assumes strong governmental policies will be implemented thereafter.	Assumes that only policies currently in place will be retained.
Assumed temperature rise (by the year 2100)	Rise of less than 1.5°C	Rise of approximately 1.8°C	Rise of approximately 3°C

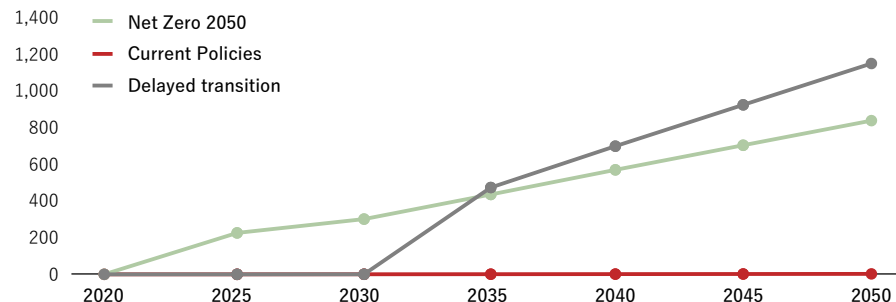
- Each scenario in the NGFS has a different worldview assumption. Under the Net Zero 2050 Scenario, strict climate policies and regulations are implemented immediately in each country, promptly reducing CO₂ emissions by companies and other entities. On the other hand, the Current Policies Scenario, in which current policies remain in place, assumes that CO₂ emissions will not be curbed. The Delayed Transition Scenario assumes that strong climate change measures and government policies will be implemented in or around the year 2030, causing a rapid decline in CO₂ emissions beginning in the year 2030.
- Each scenario assumes that governments will impose a tax in the form of a carbon tax (carbon pricing) based on CO₂ emissions. For example, in Japan, the current carbon tax has been introduced on a limited basis as a global warming tax. However, the Current Policies Scenario assumes that this tax system will be maintained permanently. Carbon pricing under the scenarios in question is limited to a tax per ton of CO₂ emissions; however, the Net Zero 2050 Scenario and others incorporate a significant carbon tax.
- Under the Net Zero 2050 Scenario and Delayed Transition Scenario, renewable energy sources such as solar power and wind power are assumed to be the main energy sources in reducing CO₂ emissions.

CO₂ emissions (Japan)



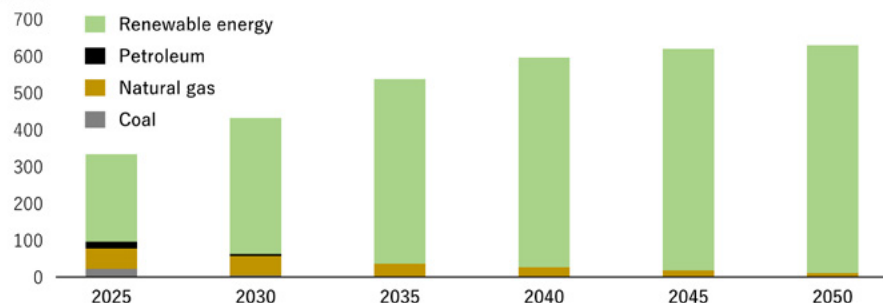
Carbon pricing (Japan)

(US \$ 2010/tCO₂)



Power generation capacity under the Net Zero 2050 Scenario (Japan)

(GW)



Transition Risk Scenario Analysis

Electricity and Oil-Gas-Coal Sectors

In every scenario, greater demand for renewable energy and stricter regulations on carbon emissions in various countries would result in stranded fossil fuels and reduced market demand. Business whose profits depend on fossil fuel prices will likely see declining performance. On the other hand, companies that view renewable energy as a climate change opportunity tend to increase revenues through capital investment.

Food and Agriculture and Beverages Sectors

In every scenario, the global demand for food will increase due to global population growth and other factors. This demand will lead to increased production and increased profits for companies engaged in global business activities. On the other hand, companies whose operations are limited to a specific region may see revenues increase or decrease depending on the characteristics of the region (changes

in food culture, population increase or decrease, etc.), and the results of the analysis are mixed.

Chemicals Sector

Results varied depending on the chemical products manufactured and the region in which the company operates. The *Delayed Transition Scenario* toward decarbonization and the Net Zero 2050 scenario resulted in slower economic growth. These scenarios revealed relatively lower demand for each chemical product compared to the *Current Policies Scenario*, with the exception of certain products. On the other hand, demand for hydrogen and ammonia as fuels that do not emit CO₂ directly is likely to increase. Demand for functional chemical products used as battery materials is also likely to increase with the wider adoption of electric vehicles; however, price shifts to products should be limited in nature.

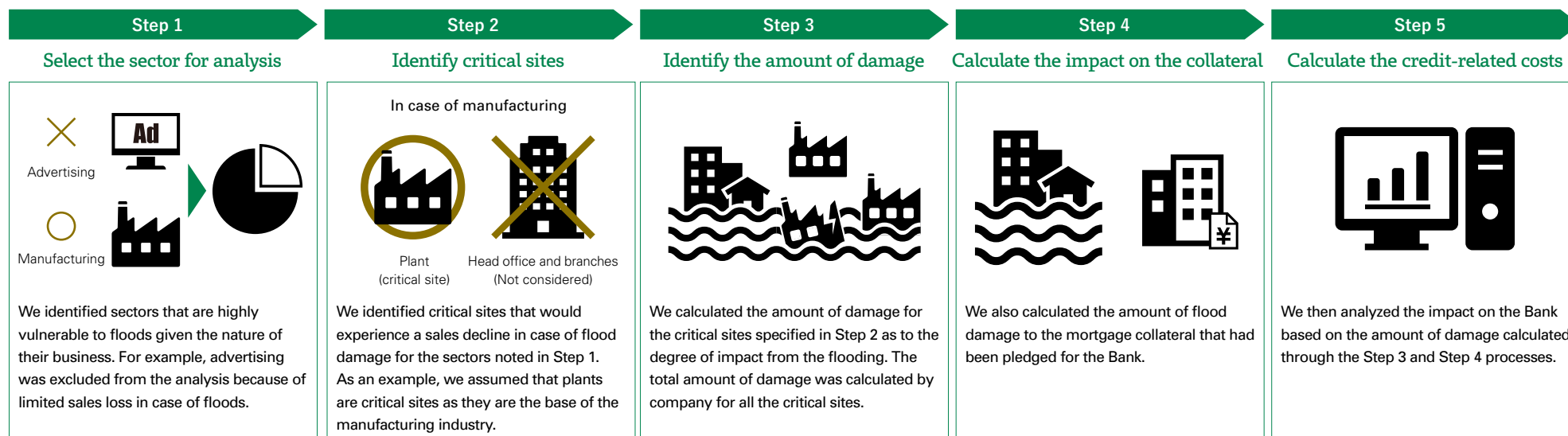
Impact on Credit Portfolio

The total impact of transition risk in the three aforementioned sectors could increase the cost of credit by between 3 billion yen to 22 billion yen per year through the year 2050 (the range is the difference between the Dynamic and Static approaches). The impact on our credit portfolio would be limited.

Using Analysis Results

- Based on the results of the transition risk analysis, we initiated dialogue on climate change initiatives with our investees and borrowers in sectors where we identified a relatively large impact. By sharing an awareness of the issues with our investees and borrowers, we will strengthen our efforts to address climate change together and work toward creating a low-carbon and decarbonized society.
- As the transition to a low-carbon society progresses, the Bank will continue to support the efforts of our investees and borrowers to increase their resilience to climate change. Our support will include recommending ESG loans.

Physical Risk (Acute Risk)/Scenario Analysis Overview



Physical Risk (Acute Risk) and Scenario Analysis Methodology

- We conducted a scenario analysis of flood damage, which has caused significant damage in Japan in recent years. We evaluated impacts through the year 2050. In addition to the key locations of borrowers in Japan, our analysis also covered the impact of flooding on real estate collateral in Japan pledged to the Bank. The analysis scenario was based on the scenario of the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC).
- The Bank narrowed down the industries to be analyzed, as certain businesses are not affected by floods, depending on the nature of their activities. The next step was to identify which locations in each industry would suffer from flood damage, which would harm sales. We then studied the impact on the critical locations nationwide for our borrowers, and conducted an acute risk analysis that took into account the client's supply chain.
- We also analyzed the real estate collateral pledged to the Bank, as flooding affects the appraised value of such collateral, which in turn affects the cost of credit. We finally analyzed the impact on the Bank's portfolio by taking into account the impact on borrowers and real estate collateral.

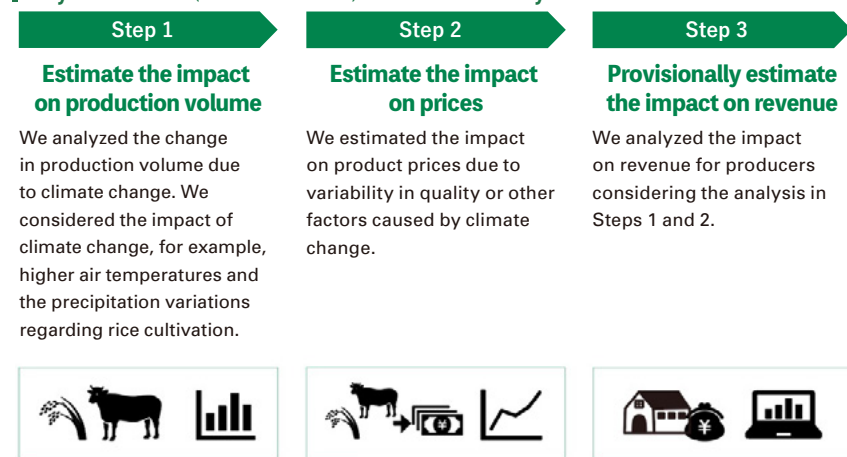
Physical Risk (Acute Risk) Analysis Results

The total impact of acute risks will increase the cumulative cost of credit by about 5.0 billion yen through the year 2050, with limited results in connection with the impact on our credit portfolio.

Physical Risk (Acute Risk) Analysis Overview

Analysis Target	(1) Key locations in Japan of borrowers expected to be affected by flooding (2) Real estate collateral pledged to the Bank
Not Analyzed	Industries not expected to suffer flood damage (E.g., finance, advertising, publishing, etc.)
Analysis Scenario	IPCC RCP2.6 and RCP8.5
Risk Quantity	Cumulative credit cost increase of about 5.0 billion yen through the year 2050

Physical Risk (Chronic Risk) Scenario Analysis Overview



Analysis method: Rate of change in production volume + Rate of change in product prices = Rate of change in revenue

Physical Risk (Chronic Risk) and Scenario Analysis Methodology

We conducted a scenario analysis of chronic risks in the agricultural sector, a sector of importance to the Bank. Under the TCFD recommendations, the agricultural sector is considered vulnerable to the impacts of climate change. We believe climate change risk in the agriculture, fishery, and forestry industries will have a significant impact on the continuity of the Bank's business, which is why we conducted this analysis. Note that scenario analysis for the agricultural sector is based on multiple assumptions and hypotheses due to the many limitations of the model: (1) no internationally accepted methods have been established, (2) the data is incomplete, and (3) the impact pathways are diverse and complex. Also note that the analysis targets revenue, not income (i.e., revenue minus expenses, etc.), and thus may differ from the actual impact on agricultural operations. Our analysis covered rice cultivation and livestock production (milk and beef cattle), which have the largest number of farmers engaged and the greatest production volume. Our analysis estimated the impact of rising temperatures and other factors associated with climate change on the production volume and prices of the commodities analyzed, and finally, we estimated the impact on producer income. This analysis estimates the change in revenue as of the end of the 21st century compared to the end of the 20th century in two scenarios: (1) one in which no measures are taken to adapt to rising temperatures and (2) one in which measures are taken to adapt to rising temperatures. For the scenarios used in our analysis, we adopted the IPCC RCP 2.6 ("2°C increase") and RCP 8.5 ("4°C increase"), conducting a total of four different analyses.

Rice Crop Analysis Results

[Impact on Production Volume]

4°C Increase: Nationwide production decreases by -6.4% as the optimum temperature for rice cultivation is exceeded across nearly the entirety of the country.

2°C Increase: Nationwide production increases by +3.3% as a wide range of regions, particularly in eastern Japan, experience more suitable temperatures for rice cultivation.

[Price Impact]

4°C Increase: Rice quality (first-class rice ratio) deteriorates, but prices rise by +1.4% due to lower production.

2°C Increase: Prices decrease -1.6% due to increased production and slight deterioration in quality.

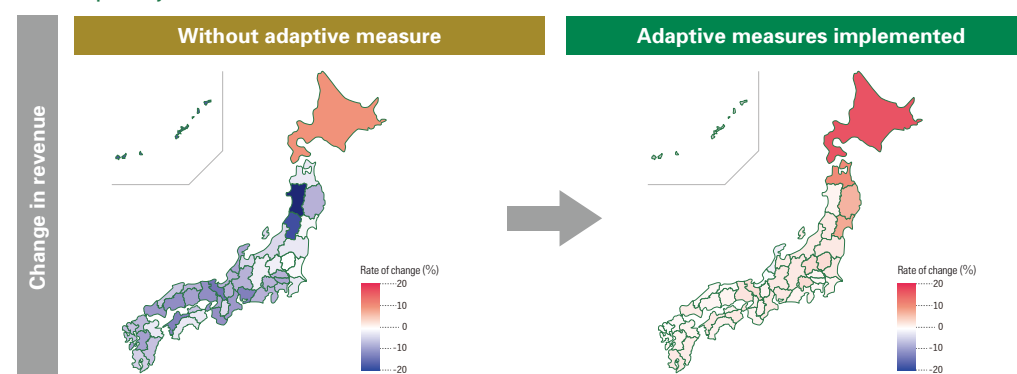
[Revenue Impact (No Adaptation Measures Taken)]

- If temperatures experience a 4°C increase, revenue from rice cultivation could decrease -5.0% by the end of the 21st century (compared to the end of the 20th century) due to a decrease in production and deterioration in quality.
- On the other hand, if temperatures experience a 2°C increase, revenue from rice cultivation would increase with greater amounts of land suitable for rice cultivation, resulting in a +1.7% increase in revenue by the end of the 21st century.

[Revenue Impact (Adaptation Measures Taken)]

- 4°C Increase: Seasonal differences become significant throughout the year. While there is no significant impact in winter, in summer, the hot environment affects milk production, resulting in a decrease of -4.0% during summer, with a decrease of -1.1% in annual production nationwide.

Rice Crop Analysis Results (4°C Increase (RCP8.5))



Raw Milk Analysis Results

[Impact on Production Volume]

4°C Increase: Seasonal differences become significant throughout the year. While there is no significant impact in winter, in summer, the hot environment affects milk production, resulting in a decrease of -4.0% during summer, with a decrease of -1.1% in annual production nationwide.

2°C Increase: There is essentially no precipitation factor and a slight decrease in annual production of -0.2% due to rising temperatures. While production remains unchanged from winter to spring, summer production will decrease roughly -1.0% across all regions.

[Price Impact]

4°C and 2°C Increase: Milk prices are likely to increase due to a decrease in milk production as a result of higher temperatures, resulting in a +0.9% rise in prices for a 4°C increase and a +0.2% rise in prices for a 2°C increase.

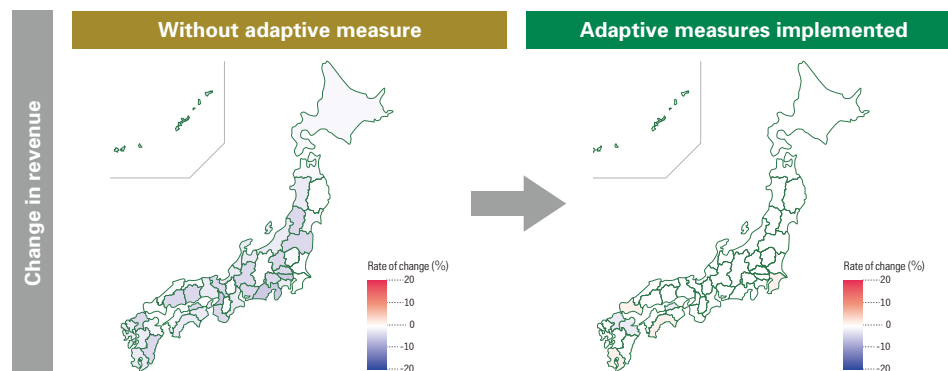
[Revenue Impact (No Adaptation Measures Taken)]

- Our analysis indicates that milk production revenue will likely decrease by a maximum of -0.1%, remaining nearly unchanged at ±0.0% through the end of the 21st century compared to the end of the 20th century. This result is likely to be the same, regardless of whether the temperature increases by 4°C or 2°C. This result is due to an increase in prices to offset the impact of lower production volume.

[Revenue Impact (Adaptation Measures Taken)]

- We conducted our analysis assuming the adoption of and advancements in fine misting equipment used as an adaptation measure in raw milk production. The analysis shows that adaptation measures should limit the impact of increasing temperatures and ensure that revenues remain flat.

Raw Milk Analysis Results (4°C Increase (RCP8.5))



Beef Cattle Analysis Results

[Impact on Production Volume]

- We conducted separate analyses, assuming that Japanese Wagyu and other domestic cattle have different heat tolerances.

4°C Increase: The rise in temperature affected cattle fattening, resulting in a decrease of -0.8% in Wagyu beef carcass production and a decrease of -1.6% in the beef carcass production of domestic cattle, resulting in a -1.2% decrease in the beef carcass production nationwide.

2°C Increase: Japanese Wagyu cattle, domestic cattle, and national production experienced minor decreases at -0.2%, -0.4%, and -0.3%, respectively.

[Price Impact]

4°C and 2°C Increase: We calculated a rise of +0.6% in take-home pay for a 4°C increase and a rise of +0.2% for a 2°C increase. This increase was due to supply and demand factors and subsidies under the Beef Cattle Marukin system.

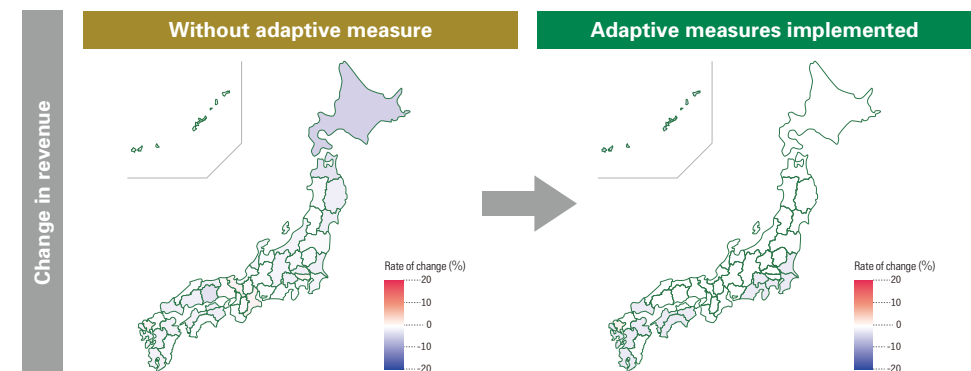
[Revenue Impact (No Adaptation Measures Taken)]

- Our analysis indicates that revenue from beef cattle fattening will decrease by -0.6% by the end of the 21st century if the temperature increases by 4°C. If the temperature increases by 2°C, revenue will decrease by -0.2%. While Japanese Wagyu beef should experience a slight increase in revenue under either scenario, domestic cattle is likely to see a maximum decrease in revenue of -1.4%, mainly due to a decrease in production volume.

[Revenue Impact (Adaptation Measures Taken)]

- We conducted our analysis assuming the adoption of and advancements in fine misting equipment used as an adaptation measure, similar to that used in raw milk production. As with raw milk production, our analysis indicates that adaptive measures can ensure flat or modest increases in revenue.

Beef Cattle Analysis Results (4°C Increase (RCP8.5))



Physical Risk (Chronic Risk) and Scenario Analysis Details

Climate Change Scenario

- We evaluated multiple climate change scenarios and adaptation measures to identify and analyze the long-term impacts of climate change from multiple perspectives.
- The Climate Change Scenario utilized IPCC RCP8.5 and RCP2.6 to analyze climate change impacts by prefecture in Japan.

Analytical Model and Climate Variables

We developed climate change assessment models for rice cultivation and livestock production were developed based on previous studies and other data. The following provides an overview of the model we used

[Rice Cultivation]

- Using time series data, we constructed a model to explain production volume in terms of cropland area, temperature, rainfall, and sunshine hours. We incorporated the Climate Change Scenario into our model to estimate changes in production.
- In addition, we estimated the supply-demand factor based on price elasticity with respect to production volume, using consumer price index data. We estimated the quality factor based on changes in the ratio of first-class rice (the ratio of first-class rice to the inspected quantity of unpolished rice) due to climate change.

[Raw Milk]

- We constructed a model to explain production volume in terms of the number of cattle raised, temperature, rainfall, and hours of sunlight. We used monthly data, since cattle are produced throughout the year. We incorporated the Climate Change Scenario into our model to estimate changes in production. We excluded the impact on reproduction due to data constraints and other factors.
- We estimated price elasticity using milk prices and other statistical data.

[Beef Cattle]

- We constructed a model to explain production volume in terms of the number of livestock, integral temperature, cumulative rainfall, and cumulative hours of sunlight. We used monthly data, since cattle are produced throughout the year. We incorporated the Climate Change Scenario into our model to estimate changes in production. We excluded the impact on reproduction due to data constraints and other factors.
- We estimated price elasticity using milk prices and other statistical data, and incorporated the Beef Cattle Marukin system into our model.

Adaptation Measures

We examined the effects of adaptation measures used in previous studies, etc., as well as measures for which the technology has been established and adopted in real-world practice. We analyzed the effects of these technologies on climate change, particularly temperature increase, within the model, referencing previous studies.

Analysis Results and Implications

- We did not take into account the cost of adaptation measures in terms of revenue impact. Cost-effectiveness must be considered when introducing adaptation measures in the real world.

[Rice Cultivation]

- In the case of a 4°C increase, the rate of change in revenue without adaptation measures resulted in large differences in the range of change in revenue among prefectures. This result suggests a factor related to temperatures during the maturation period and regional differences in crop varieties.

[Raw Milk]

- We noted widening differences in production volume by season and by region. This result suggests the possibility of a summer/winter supply-demand gap and the need to address inter-regional transport further.

[Beef Cattle]

- Japanese Wagyu and other domestic cattle differed in heat tolerances, suggesting that Wagyu cattle are more tolerant to heat.
- This result suggests that the Beef Cattle Marukin system is effective in reducing the revenue impact of production fluctuations, etc., due to climate change.

Analysis Data

We obtained data mainly using published sources from government agencies such as the Ministry of Agriculture, Forestry and Fisheries and the Japan Meteorological Agency.

Model Limitations and Notes

- Our analysis is based on the business revenue factors related to production volume and price. Our analysis did not cover business expenditures (expenses) such as feed costs in the livestock industry, nor did we address fluctuations in demand.
- Our analysis was based on the best information available. However, we do not claim that the data was complete and the data used was subject to uncertainties. In addition, our analysis was based on multiple assumptions and hypotheses, reflecting a variety of complex impact paths.
- Therefore, the Bank recognizes that the results of this analysis reflect results only to the extent possible at this time. We recognize that we must improve and refine the information inputs, while improving the analytical models themselves.
- In addition, our analysis was of the impact on producer revenue. The Bank recognizes that further study is required to build an analytical model to analyze the impact on the Bank's finances, as we must identify highly probable paths among a number of complex impact paths.

Initiatives to Advance Physical Risk Scenario Analysis

Our analysis of physical risk to date consists of flood damage analysis (acute risk analysis) for the key locations in Japan of our borrowers. However, we will consider expanding our analysis to include the impact on the overseas locations of our borrowers, as well as the impact on various Bank's locations.

In terms of chronic risk analysis, we intend to examine the impact of rising temperatures on fisheries, while also confirming the feasibility of the analysis itself.

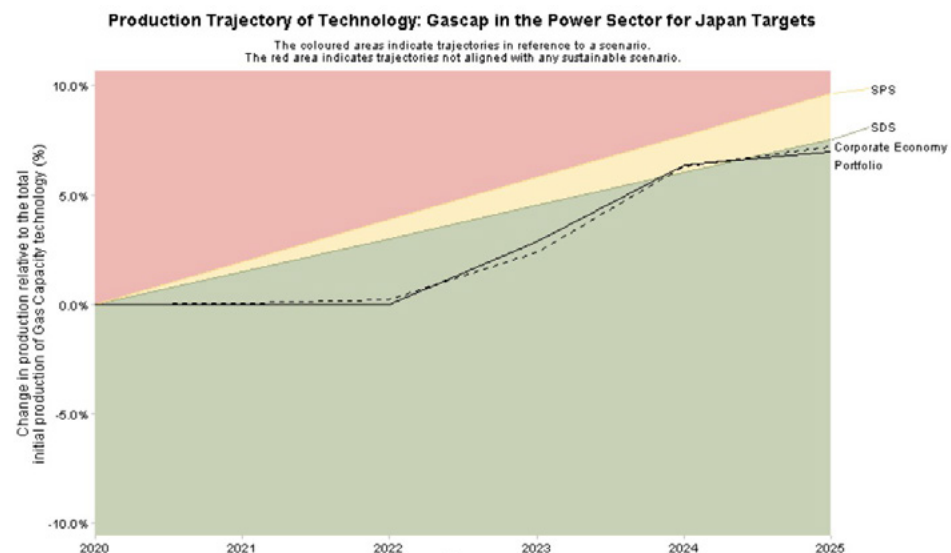
	Analysis Targets	FY2022	FY2023
Transition Risk	Target Sector	Energy (Electricity, Oil-Gas-Coal), Agriculture and Food, Beverage, Chemicals	
	Scenarios	Each NGFS Scenario ● Current Policies ● Delayed Transition ● Net Zero 2050	
Physical Risk Analysis	Analysis Targets	Acute Risk: Analysis of flood damage to the key locations in Japan of our borrowers Chronic Risk: Consider the following initiatives in addition to the initiatives listed to the left regarding analysis of the impact of temperature increase and precipitation change on the agricultural sector (rice cultivation and livestock production).	Acute Risk: Analysis of flood damage to the overseas locations of borrowers Flood damage analysis with respect to each Bank's location Chronic Risk: Analysis of the impact of rising temperatures and other factors on the fisheries sector
	Scenario	IPCC 2°C, 4°C scenario	

Other Scenario Analysis Efforts (Finance Portfolio Analysis)

The Bank participated in a transition risk analysis project conducted by the Financial Research Center of the FSA, using the 2 Degrees Investing Initiative (2DII) tool to conduct risk analysis of several banks in Japan. The project uses the Paris Agreement Capital Transition Assessment (PACTA)*, a tool for analyzing the transition risk of loan portfolios, to analyze the lending balances of participating banks for consistency with a scenario of transition to a low-carbon economy and for exposure to climate-related risks. Sectors covered are the high-emission sectors of oil and gas (upstream), coal (mining), electricity (power generation), and automobiles (auto manufacturing). The analysis identifies sectors, technologies, and capital stock that are consistent/inconsistent with ambitious climate scenarios, using projections of production volume trends for borrowers.

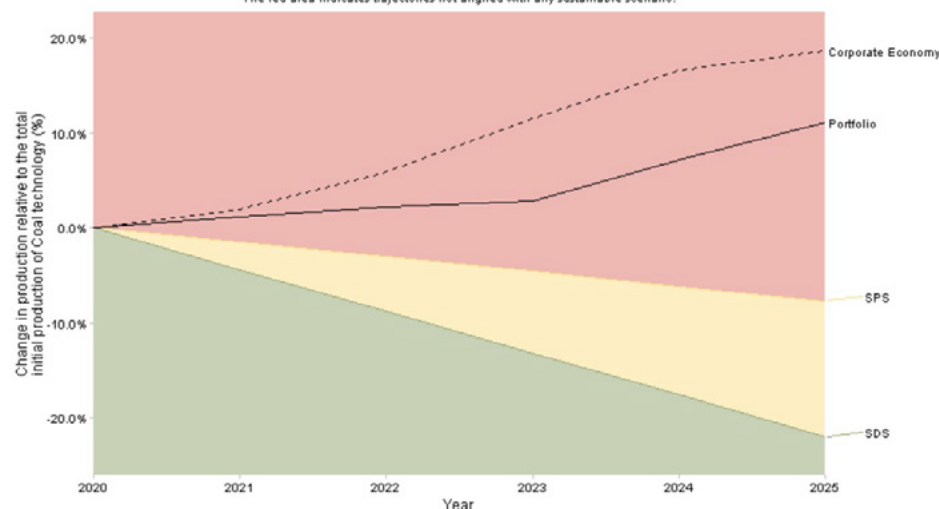
Consistency With Ambitious Climate Scenarios

According to the analysis, among the sectors targeted by PACTA, overall lending balances are only consistent with the goals of the ambitious climate scenarios about only a few subsectors (gas-fired power generation and hybrid vehicle manufacturing), while other sectors are inconsistent with said goals. In particular, the coal mining and oil and gas (upstream) sectors, as well as parts of the fossil fuel-dependent auto and power generation sectors, demonstrate the greatest risk of weakened profitability due to the need for rapid decarbonization. These results apply not only to the participating banks as a whole, but also in general to non-consolidated Norinchukin Bank balances.



Production Trajectory of Technology: Coal in the Coal Sector for Global Targets

The coloured areas indicate trajectories in reference to a scenario.
The red area indicates trajectories not aligned with any sustainable scenario.



* PACTA is a tool developed by 2DiI with the cooperation of the Principles for Responsible Investment (PRI) to support disclosures under TCFD, Article 173 of the French Energy Transition Law, the UK insurance stress test, etc.

Change Rate in Probability of Default by Sector in Response to Policy Change Shock

In addition to consistency with the Climate Scenario, we analyzed the rate of change in the probability of default (PD) for borrowers due to future transition policy shock. A comparison of the change rate in PD by sector within the Bank's loan portfolio by industry sector indicates that, in order, auto manufacturing, coal (mining), and oil and gas (upstream) had the greatest impact on PD due to delayed transition. The main reason related to auto manufacturing PD is the lack of substitution toward low-carbon fuels. In the case of electricity, the impact is only minor due to the effects of new low-carbon technologies.

Furthermore, we conducted a sensitivity analysis by year that suggested the greater delay in policy change, the greater the delay in the transition among finance clients, leading to a greater impact on PD. PD tended to be higher in the fossil fuel sector, including coal mining and oil and gas (upstream) in particular, due to delays in transition.

It should be noted, however, that these results are only an analysis of the current situation. Risks may change in the future with real-world progress in substitution among borrowers, developments of alternative technologies, etc.

In terms of the results of our analysis, the analysis itself was limited to a few sectors related to climate change (about 7% of the Bank's loan portfolio) and the share of non-consistent sectors across the total loan portfolio is not significant. Therefore, we believe the impact on our overall finance portfolio is likely to be limited. This was also the case in the aforementioned transition risk impact analysis separately undertaken by the Bank, and we infer that, at least under the current analysis methodology, the impact of transition risk on the Bank's finance portfolio is likely to be limited.

We intend to combine or supplement the results obtained from this analysis with results from scenario analyses under other analytical methodologies and data sources to assess the combined impact on the Bank.

Climate Change (Disclosures Based on TCFD Recommendations) - Risk Management -

Managing Climate Change-Related Risks

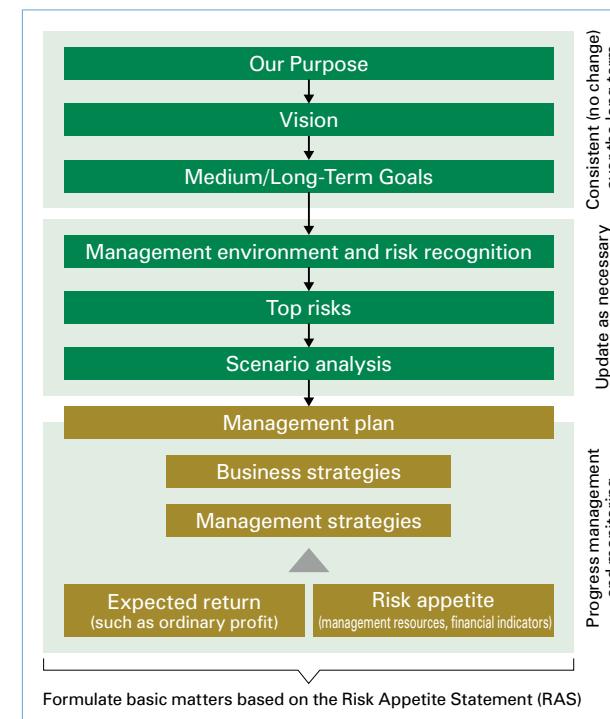
We adopted and implemented an environmental and social risk management (ESRM) framework centered on investment and lending sector policy. This framework helps us manage environmental and social risks, including climate change, in investment and lending. In 2019, we established the Environmental Policy and Human Rights Policy as a basic policy to solve environmental and social issues. In addition, as part of our investment and lending sector policy initiatives, we established environmental and social policies for investment and lending in sectors causing concern about negative environmental and social impacts. These sectors include coal-fired thermal power use, coal mining, palm oil extraction, impact on forests, oil and gas, large-scale farms, and large-scale hydroelectric power. In pursuit of this policy, we aim to eliminate investment and loan balances related to coal-fired power generation by the year 2040.

We identify and assess environmental and social risks for large-scale development projects based on the Equator Principles.

Risk Appetite Framework (RAF) Overview

The Bank's RAF is a "framework for business administration leading to disciplined risk taking and optimizing the balance between risk and return" by clarifying the Bank's management strategies, business strategies and expected return (types and amounts of return that are set as goals), and risk appetite (types and amounts of risks that the Bank is willing to take or the Bank finds acceptable, and optimal management resources and managing them in an integrated manner. Under the RAF, with the aim of an optimal balance between risk and return, the Bank intends to further improve its soundness while adjusting to changes in the surrounding environment.

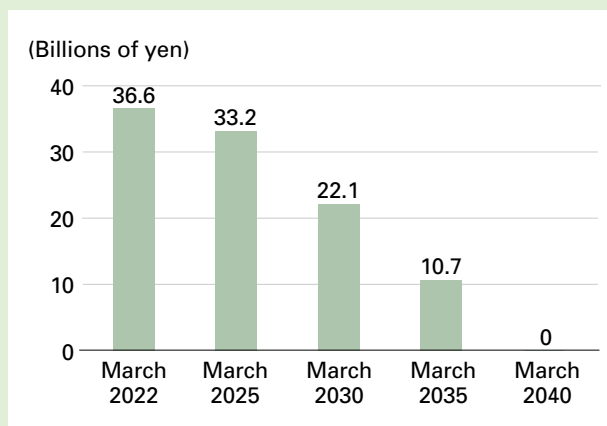
Outline of the RAF



Outstanding Investments and Financing Related to Coal-Fired Power Generation (Projections)

Based on the *Policy on Environmental and Social Considerations in Investment and Lending Activities*, the Bank will not, in principle, conduct investment or lending for new coal-fired power plants, except in emergency situations such as disasters. In pursuit of this policy, we aim to eliminate investment and lending balances related to coal-fired power generation by the year 2040.

Note: Policy on Environmental and Social Considerations in Investment and Lending Activities (Excluding Emergency Situations)
 Note: Balance based on exchange rates as of March 31, 2023



→ Initiatives to Manage Environmental and Social Risks P.25

Considering Top Risks

The Bank formulated a Risk Appetite Statement to establish and document basic matters related to risk appetite framework (RAF) management. In developing this management plan, we select top risks (risk events that require special attention in the future) based on the business environment and risk perception in accordance with the risk appetite statement. Next, we analyze possible future scenarios for our selected top risks. Using the results of this analysis, we formulate management plans, clarifying the expected returns and risk appetite associated with the execution of management and business strategies. We clarified our policy for handling expected return and risk appetite, and we established key target indicators and risk appetite indicators. During the year, we operate in tandem with our management plan PDCA cycle, monitoring the status of management and business strategies, expected returns, and risk appetite. At the same time, we update our understanding of the management environment and risks, making revisions as necessary.

The Bank selected *addressing climate change, biodiversity and other sustainability-related issues* as a top risk. The degradation of natural capital and biodiversity as a result of the transition to a decarbonized economy due to climate change, including stranded assets in our portfolio, windstorms, floods, etc., is a significant risk. This risk of degradation could have a tremendous impact on the sustainability of the Bank, our foundational agriculture, fishery, and forestry industries, various communities, etc.

By selecting top risks, we aim to align the perspective of our organization with risk recognition, thereby building greater sophistication in our risk management structure. Through discussions that include Bank's managements, we pursue our purpose and medium- to long-term goals, while catching up to current global trends.

Climate Change (Based on TCFD Recommendations) - Metrics and Targets -

Metrics and Targets

Classification	Metrics	Latest Results	Targets
Reduce financed emissions	GHG emissions from the investment and loan portfolio		FY2030 Interim targets toward net zero in 2050
	[Lending] Power Sector Base year: FY2019 results 213gCO ₂ e/kWh	FY2020* 217gCO ₂ e/kWh	138 to 165gCO ₂ e/kWh
	[Investment] Emissions per unit of investment basis (stocks and bonds) Base year: FY2019 results 0.66tCO ₂ e/million yen	FY2020 0.55tCO ₂ e/million yen -17% compared to FY 2019	-49% compared to FY2019
	Secure the amount of the forest carbon sink, together with JForest members	FY2021 6.12 million tCO ₂	9 million tCO ₂ /year, as of FY2030
	GHG Emissions by the Bank Itself	FY2021 19,849tCO ₂	Net zero by FY2030
Encourage sustainable business	New sustainable finance	FY2021 to FY2022 (Cumulative) ¥4.4 trillion	¥10 trillion by FY2030
Strengthening the risk management system	Reduction of outstanding investment and loan for coal-fired thermal power	End of FY2022 ¥36.6 billion	Zero by 2040

*The increase compared to fiscal 2019 is due to an increase in the number of clients classified in the electricity sector. This increase in clients resulted from system registration maintenance, in addition to increased exposure from the spread of COVID-19.

Reducing Financed Emissions – Approach to Setting the Interim Targets

Basic Approach

- The Bank is committed to achieving Net Zero GHG emissions by 2050 for its investes and borrowers through its signature on the Net Zero Banking Alliance (NZBA).
- In accordance with the NZBA framework, we have set interim targets for 2030 for the electricity sector of our loan portfolio. We will continue to set targets in turn for the nine carbon-intensive sectors (includes electricity as well as oil and gas, steel, coal, transportation, real estate, agriculture, cement, and aluminum) specified in the framework.
- In addition to described above, considering the percentage of investment assets in our investment and loan portfolio is vital. the Bank will additionally set interim targets for the investment portfolio (this time covering equities and corporate bonds) for fiscal 2030 by taking the Net Zero Initiative framework for institutional investors into consideration. Going forward, the Bank will continue to expand the investment asset classes covered by these targets in light of developments in GHG measurement practices at the Bank.

	Lending portfolio	Investment portfolio
1 Target	<p>Loans to the power sector, and project financing</p> <p>(*This sector was chosen because, as its share of GHG emissions within the Bank’s lending portfolio was relatively high, and as demand for electric power is expected to rise because of global economic growth and electrification in various industries, it was deemed that the power sector was of high priority in terms of realizing the Net Zero society.)</p>	<p>Equities and corporate bonds</p> <p>(*This asset class was chosen because, of the various asset classes in the Bank’s investment portfolio, the PCAF has already developed GHG measurement methods for this asset class, and the Bank has already completed the process of measuring GHG emissions for this asset class.)</p>
2 Target for 2030	<p>138 to 165 gCO₂e/kWh</p> <p>(*baseline year emissions were 213 gCO₂e/kWh)</p>	<p>49% reduction compared to baseline year</p> <p>(*baseline year emissions were 0.66 tCO₂e / million yen, on a per unit of investment basis)</p>
3 Baseline year	<p>FY2019 (year ended March 31, 2020) (*This year was chosen because subsequent years were affected by the temporary reduction in GHG emissions due to the COVID-19 pandemic)</p>	
4 Scenario used	<p>IEA World Energy Outlook 2021 and 2022, Net Zero Emissions by 2050 Scenario (NZE)</p> <p>(*The upper end of the target range was taken from the NZE scenario in the 2022 report, and the lower end was taken from the NZA scenario in the 2021 report)</p>	<p>Reduction target ranges used by Net Zero alliances for institutional investors, etc.</p>
5 Measurement method	$\sum \left(\frac{\text{Amount of investment or loans provided by The Norinchukin Bank for each company or project}}{\text{Shareholders' equity and liabilities of each company or project}} \times \text{GHG emissions of each company or project} \right)$ <p>(*The measurement method advocated by the PCAF was adopted)</p>	
6 Data sources	<p>Data disclosed by customers, the CDP, etc. (*Going forward, data sources will be updated as appropriate in line with developments in data availability)</p>	

Calculating Financed Emissions

The Bank recognizes that measuring and reducing the indirect GHG emissions (Financed Emissions, Scope 3 Category 15) from investment and loan is an important issue, as these emissions account for a large proportion of the total GHG emissions of financial institutions. In fiscal 2022, we made a provisional estimate of GHG emissions to better understand the current situation of GHG emissions, targeting a broad range of asset classes in our investment and finance portfolios. The estimate covered loans, corporate bonds and stocks intended for industrial corporations (including matters for investment and finance in the form of any funds).

Methodology to measure financed emissions

In the provisional estimate of GHG emissions, we referred to the measuring methodology proposed by the PCAF. The Bank became a member of the PCAF in March 2022. In the future, the Bank will further improve initiatives related to the measurement and disclosure of GHG emissions of its investment and financing portfolios by leveraging the PCAF's knowledge and databases.

Target Assets	These assets include loans for business corporation, bonds, and stocks (including fund investment and finance projects*) and project financing (for power generation). *1 Since FY2023, we include non-look-through assets (when calculating risk-weighted assets for Basel Accord -related ratios) in private equity ("PE," below) funds for this measurement.
Formula	$\left[\begin{array}{l} \text{Total GHG Emissions of the Norinchukin Bank investees and borrowers} \\ \text{[Loans, Bonds, and Stocks]} \\ = \sum \left(\frac{\text{amount of investment and loan to each company from the Norinchukin Bank}}{\text{capital stock of each company + their liabilities}} \times \text{total GHG emissions of each company}^{*2} \right) \\ \text{[Project Financing (for Power Generation)]} \\ = \sum \left(\frac{\text{amount of investment and loans to each company from the Norinchukin Bank}}{\text{capital stock of each PJ + their interest-bearing debt}} \times \text{total GHG emissions of each PJ}^{*2} \right) \end{array} \right] \text{*2 Scope 1 and 2 emissions}$
Target Year	FY2020 Norinchukin Bank investment and loan: Balance as of March 2021 Financial and emissions data: The latest available data within three years of March 31, 2021
Source of Emissions Data	<ul style="list-style-type: none"> Loans, Bonds, and Stocks We utilize Trucost, an external information vendor, to provide the disclosure and estimation data from the companies of our investees and borrowers. If this information is not available, we estimate this data using emissions intensity data (by region and sector) from the PCAF database. Project Financing (for Power Generation) Estimated using the PJ estimated annual power generation*3 x emission factors*4 published by the European Investment Bank (EIB) <p>*3 Calculated as generating capacity x 24h x 365d x Capacity Factor (published by IEA). *4 Emission factors are set to zero for renewable energy projects.</p>

Results

Assets shown on the left amounted to 22.1 million tCO₂e of measured GHG emissions. The following is a breakdown of sectors recommended to be disclosed according to the TCFD.

Sector		GHG Emissions (Million t CO ₂ e)	Economic Emissions Intensity (t CO ₂ e/100 million yen)	Measurable Exposure (trillions of yen)	Unmeasurable Exposure (trillions of yen)
TCFD Recommendations Sector	Energy (Including Electric Utilities)	7.5	467	1.6	0.05
	Transportation	2.1	100	2.1	0.03
	Materials and Buildings	8.0	173	4.6	0.11
	Agriculture, Food, and Forest Products	2.1	112	1.8	0.02
Other	Other	2.4	21	11.3	1.46
Total		22.1	103	21.5	1.66

*This table is based on current measurements. Figures are subject to change as measurements are refined going forward. No third-party certification has been obtained for the measurements in this table.

Supplementary Information on Our Measurements

- The above measurements are based on on-balance sheet assets of the Bank for business corporations. For fund investment and finance projects, we not only include look-through cases where individual companies can be identified when calculating risk assets for Basel Accord-related ratios, but we also include non-look-through assets in PE funds in our measurements by correcting data.
- This fiscal year, we began measuring project financing (for power generation) and PE funds (non-look-through assets) in accordance with the PCAF standards. These measurements amounted to ¥ 0.7 trillion and ¥0.1 trillion, respectively, and are included in the measurable exposure above.
- We calculate investment and loan for group finance and captive finance corporations as financial exposure to the parent companies since we measure emissions that reflect actual figures as much as possible.
- Unmeasurable exposure in the above table mainly resulted from a lack of financial data.

Data Quality Score Calculation

- The PCAF established the data quality score to evaluate the quality of estimated emissions and recommends calculating relevant scores. These scores are presented in the following table.
- The status of emissions data disclosure at each of the companies of our investees and borrowers varies widely. For those that did not disclose their emissions data, we estimated their economic activity-based emissions by using estimated data from an external information vendor (Trucost). We additionally used sales and emissions intensity data from the companies as supplementary information.
- In addition to using Trucost data, we began using the CDP database to enhance our calculation logic to determine if external certification was present based on individual company responses to a CDP questionnaire. As a result, we successfully granted them a score of 1. The calculated data quality score for current measurements is approximately 2.48. We will continue to improve this score.

Reliability	High	Level	Methodology to measure financed emissions	
		Score 1	Company's disclosed data	1a
Score 2	Emissions based on physical activities	Score 2	1b	<ul style="list-style-type: none"> • There are data on the balances of investments and financing of the target company, and financial data of the target company. • Uncertified emissions are disclosed.
Score 3			2a	<ul style="list-style-type: none"> • There are data on the balances of investments and financing, financial data and energy consumption data of the target company, but emissions are not disclosed. • Emissions are computed using energy consumption and relevant coefficients.
Score 4	Emissions based on economic activities	Score 4	2b	<ul style="list-style-type: none"> • There are data on the balances of investments and financing, and financial data of the target company. Emissions are not disclosed. • Emissions are computed using production volume and emission intensity.
Score 5			3a	<ul style="list-style-type: none"> • There are data on the balances of investments and financing, financial data and sales data of the target company, but emissions are not disclosed. • Emissions are computed using sales and emission intensity.
			3b	<ul style="list-style-type: none"> • There are data on the balances of investments and financing of the target company, but emissions are not disclosed. • Emissions are computed using the data on the balances of investments and financing of the target company, as well as emission intensity per asset unit.
Score 5	3c	<ul style="list-style-type: none"> • There are data on the balances of investments and financing of the target company, but emissions are not disclosed. • Emissions are computed using the data on the balances of investments and financing of the target company, emission intensity per sales unit and asset turnover. 		

Carbon-Related Assets

The Bank expanded the disclosure sector to reflect the revised definition of carbon-related assets based on the October 2021 revision of the TCFD recommendations. As of March 31, 2023, carbon-related asset exposure (loans) as of totaled ¥7.4 trillion, and occupy 43.9% to total exposure (loans) of all sectors. The Bank established its 2030 interim GHG emission reduction targets for the electricity sector in accordance with the NZBA framework, and will gradually establish targets for other carbon-intensive sectors going forward. We will take measures to achieve our target of Net Zero greenhouse gas emissions by 2050, from our investment and loan portfolio, and appropriately monitor relevant exposure.

March 31, 2023 Exposure to Carbon-Related Assets*

Sector	Exp (Trillion yen)	Concentration Ratio
Electric Utilities	0.8	4.6%
Oil and Gas	0.4	2.5%
Coal	0.0	0.0%
Energy Subtotal	1.2	7.2%
Air Freight	0.0	0.2%
Passenger Air Transportation	0.0	0.3%
Maritime Transportation	0.1	0.8%
Rail Transportation	0.4	2.1%
Trucking Services	0.0	0.3%
Automotive and Components	0.8	4.6%
Transportation Subtotal	1.4	8.3%
Metals and Mining	0.3	1.8%
Chemicals	0.6	3.7%
Construction Materials	0.1	0.5%
Capital Goods	1.9	11.5%
Real Estate Management and Development	1.0	6.1%
Materials and Buildings Subtotal	4.0	23.6%
Beverages	0.1	0.7%
Agriculture	0.1	0.6%
Packed Food and Meats	0.4	2.2%
Paper and Forest Products	0.2	1.4%
Agriculture, Food and Forest Products Subtotal	0.8	4.8%
Total of Aforementioned Sectors	7.4	43.9%
Total for All Sectors	16.9	100%

*Covers non-consolidated loans for the Bank.

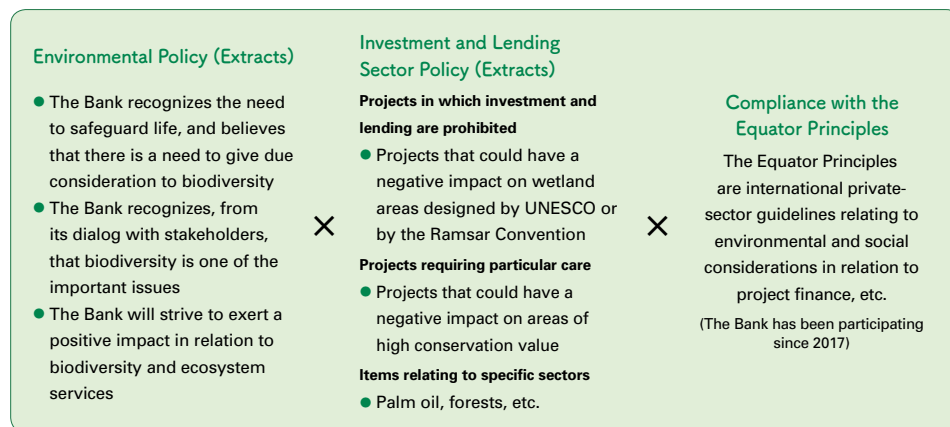
Natural Capital and Biodiversity

The Norinchukin Bank's Awareness of Natural Capital and Biodiversity, and Measures Implemented to Date

The Norinchukin Bank has set its purpose as: Dedicated to sustaining all life - Work together with our stakeholders to foster the agriculture, forestry and fisheries (AFF) industries and to create a prosperous future for food and lifestyles, and thereby contribute to a sustainable global environment. Natural capital and biodiversity are vital for realizing bountiful food and a rich natural environment, and so the Bank has positioned them as important issues that are directly linked to human life.

The Bank's Environmental Policy*1 emphasizes that loss of biodiversity amounts to destroying the wellspring of life; given that the agriculture, forestry and fisheries sector is the foundation for the Bank's operations, there is a clear requirement for the Bank to help protect this wellspring of life, and the Bank needs to give due consideration to safeguarding biodiversity in its business activities. As a risk management measure to realize this goal, besides stipulating in the Bank's Policy on Measures Relating to Concern for the Environment and Society in Regard to Investment and Financing that investment in or financing of projects over which there is concern from the perspective of safeguarding biodiversity in protected areas, forests or other specified sectors is prohibited or restricted, the Bank is also working to avoid negative impacts from its investment and lending activities through measures such as identifying and evaluating environmental and social risk in compliance with the Equator Principles*2. (See Fig. 1)

Fig. 1 The Bank's Policy and Initiatives in Relation to Natural Capital and Biodiversity



*1 For more details, see The Norinchukin Bank website: https://www.nochubank.or.jp/en/sustainability/management/policy/pdf/environmental_policy.pdf

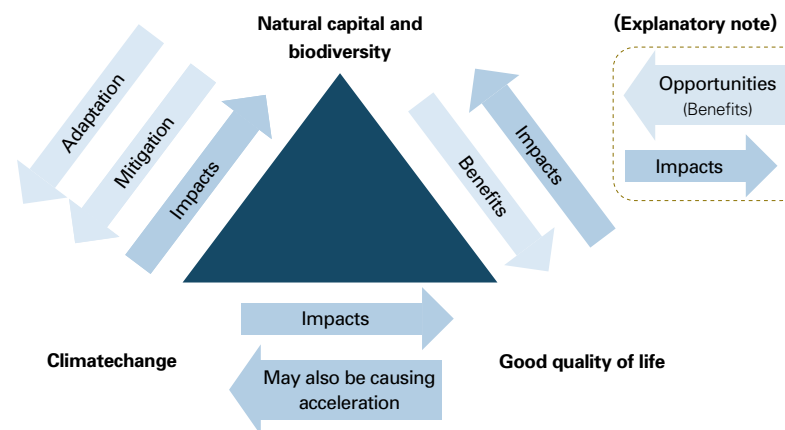
*2 For more details, see the official Equator Principles website (in English): <https://equator-principles.com>

Over the past few years, the “nature positive” movement, which seeks to stem the loss of natural capital and biodiversity and bring about a recovery, has been growing steadily more prominent on a global scale. In March 2022, the Taskforce on Nature-related Financial Disclosures (TNFD) announced the Beta v0.1 release of the TNFD Nature-related Risk & Opportunity Management and Disclosure Framework, reflecting an awareness of how vital information disclosure is for the transition to directing capital flows in a nature positive manner.

In December 2022, the United Nations Biodiversity Conference (COP15) was held in Montreal, Canada, and agreement was reached on a new set of global targets: the Kunming-Montreal Global Biodiversity Framework (GBF). Target 15 of the GBF encourages financial institutions and other large enterprises to disclose the risks, dependencies and impacts of their businesses in relation to natural capital and biodiversity.

The IPBES-IPCC Co-Sponsored Workshop Report on Biodiversity and Climate Change notes the need to aim for a simultaneous resolution of both the problem of climate change and the issue of safeguarding biodiversity; the report points out that this is important for realizing good quality of life and wellbeing for people, and outlines the risks associated with addressing these two issues separately (Fig. 2).

Fig. 2 Relationships Between Natural Capital and Biodiversity, Climate Change, and Good Quality of Life



Source: IGES 2021: IPBES-IPCC CO-SPONSORED WORKSHOP REPORT ON BIODIVERSITY AND CLIMATE CHANGE: Translation and Commentary by IGES. Takahashi, Y., Tsutaka, M., Tanabe, K., Hashimoto, Z., Moribu, N., Takeuchi, K., Ohashi, Y., Miwa, K., Yamanoshita, M., Takahashi, K., Watanabe, A., Watabe, A., Nakamura, E., Matsuo, A., Mori, H., Ito, N., Kitamura, E., Aoki, M. (Translation and Editing).Institute for Global Environmental Strategies (IGES), Hayama , 32p.

Related matters were discussed throughout FY2022 by the Bank’s Sustainability Committee, which reports directly to the Board of Directors, and five discussions on the topic of natural capital and biodiversity issues were also held by the Sustainability Advisory Board, which functions as an advisory body to the Board of Directors, with membership comprised of external experts. The Bank has thus been fostering an understanding of the issues, and engaging in discussion of related initiatives and policies, at senior management level.

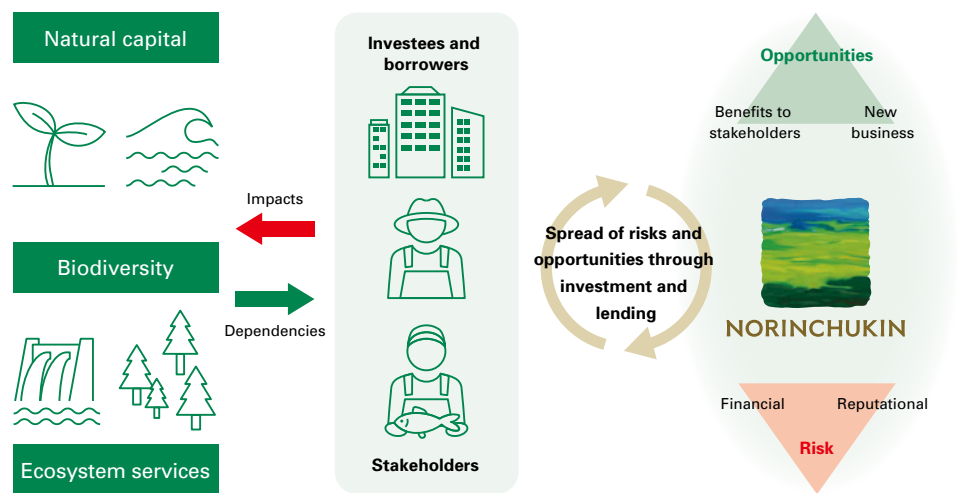
Besides responding to climate change issues through its commitment to realize Net Zero emissions, going forward the Bank will also be working to expand its measures addressing the twin issues of climate change and biodiversity through nature positive initiatives.

Based on this relationship, and referencing the LEAP (Locate, Evaluate, Assess, Prepare) approach to risk and opportunity assessment that is advocated in the Beta v0.1 release of the TNFD Nature-related Risk & Opportunity Management and Disclosure Framework, the Bank has implemented experimental analysis of its portfolio. The LEAP approach begins with an examination of the types of business and entry points applicable to a financial institution, and of the types of analysis that should be performed. Through a series of flow stages – Locate the interface with nature, Evaluate the dependencies and impacts, Assess the material risks and opportunities, Prepare to respond and report – the LEAP approach enables the organization to identify, internally, its risks and opportunities in relation to natural capital (see Fig. 4).

The Bank’s Experimental Approach to Addressing the Issues of Natural Capital and Biodiversity

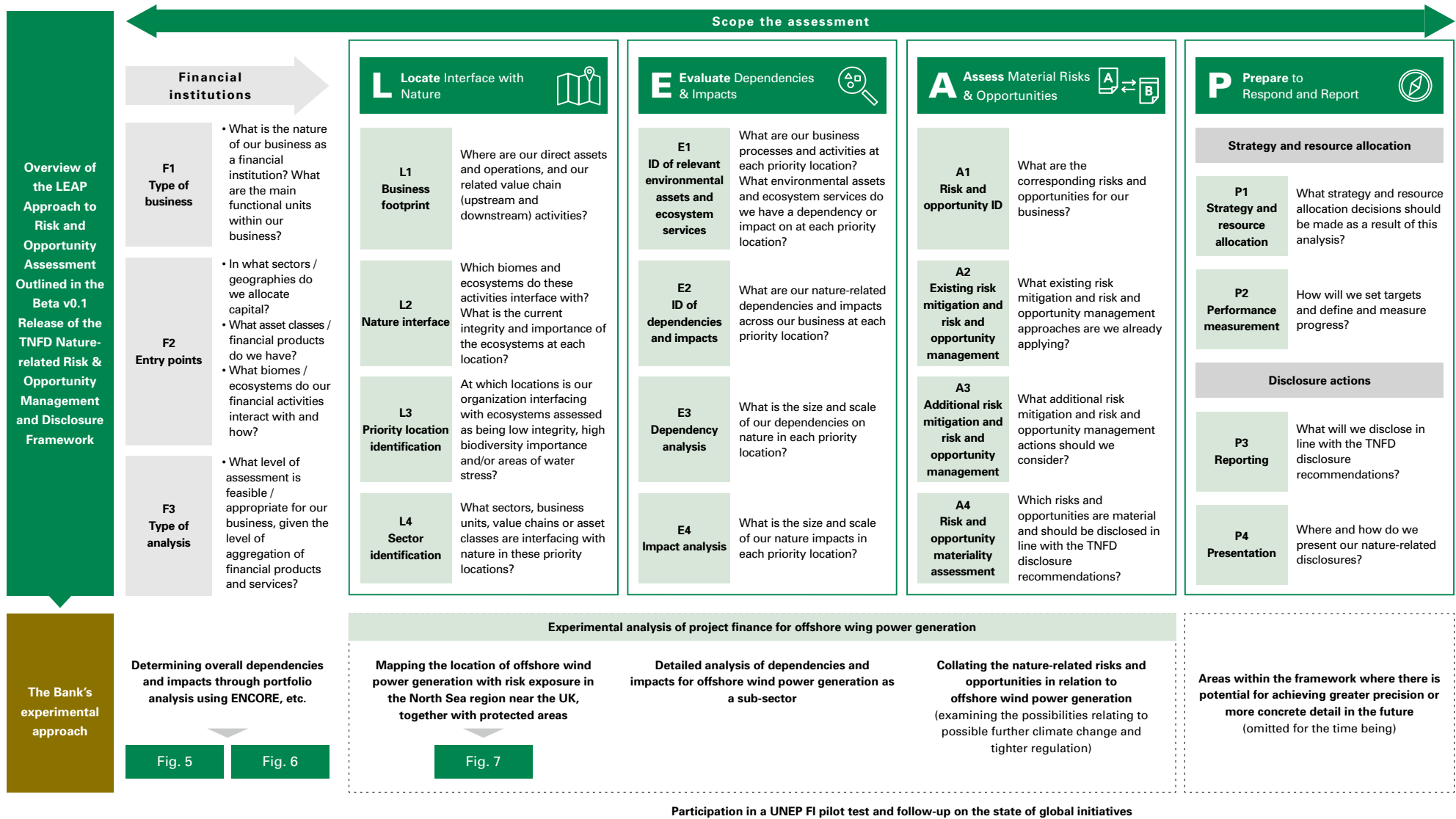
When analyzing the risks and opportunities relating to natural capital and biodiversity, the Bank has taken as the foundation the understanding and analysis of the relationship whereby the dependencies that investees and borrowers have in relation to natural capital and biodiversity and the impacts that they exert can, through investment and borrowing, spread to the Bank itself (Fig. 3).

Fig. 3 Relationship Between Natural Capital, Biodiversity and The Norinchukin Bank (conceptual image)



Source: Compiled by the Bank, with reference to the Natural Capital Protocol, etc.

Fig. 4 Overview of the LEAP Approach to Risk and Opportunity Assessment Outlined in the Beta v0.1 release of the TNFD Nature-related Risk & Opportunity Management and Disclosure Framework, and The Norinchukin Bank's Experimental Approach



Source: Compiled by the Bank with reference to P.12-13 of the Japanese-language translation of the TNFD Nature-related Risk & Opportunity Management and Disclosure Framework: Beta v0.3 Release Executive Summary.

To narrow down the areas which should be prioritized when analyzing its portfolio, the Bank has made use of ENCORE*³ etc. to implement sector-specific analysis of dependences and impacts.

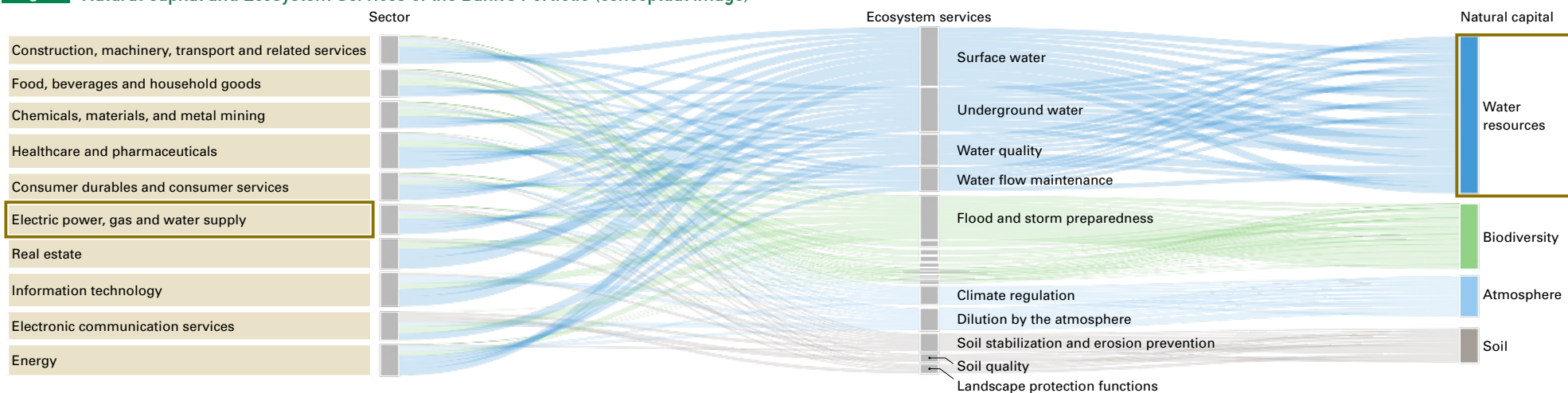
*3: ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) is a risk management and analysis tool for nature-related risks, provided by the Natural Capital Finance Alliance (NCFA).

Insights Obtained from the Bank’s Portfolio Analysis Using ENCORE

Portfolio Dependency Trends

The analysis showed that there were significant dependencies in relation to water resources across a broad range of sectors. Not only are the food and beverage (consumer staples), electric power and gas, and water supply (public utilities) sectors dependent on water for manufacturing, stable operation and service provision, other sectors which at first glance might not seem to be closely related to nature are also dependent on water because they benefit from ecosystem services, such as flood and storm preparedness, maintenance of water quality, etc.

Fig. 5 Natural Capital and Ecosystem Services of the Bank’s Portfolio (conceptual image)

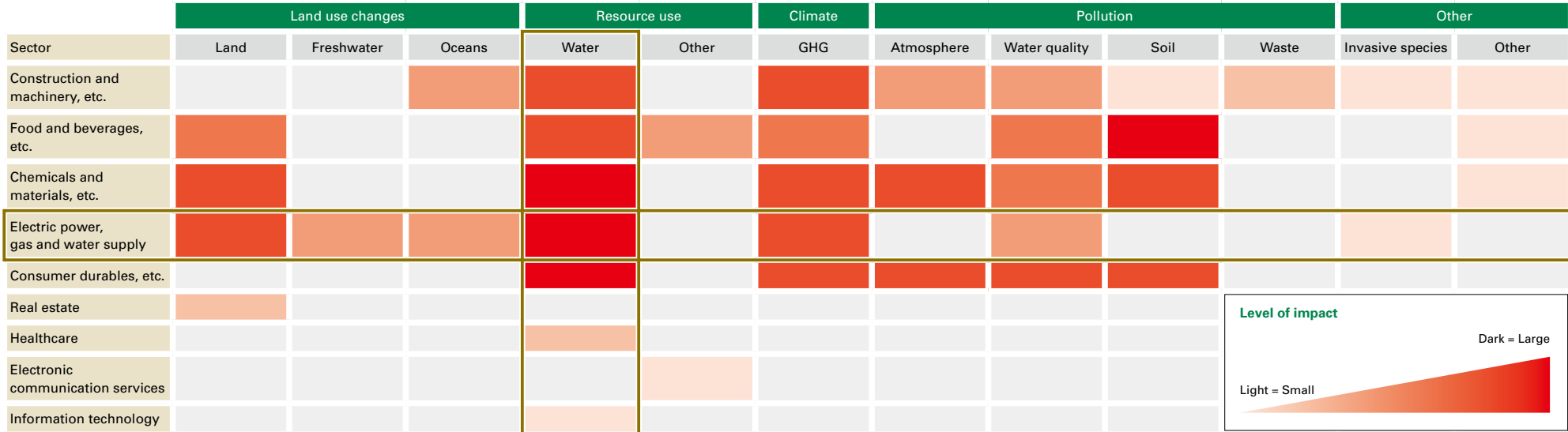


Portfolio impact trends

The results of analysis referencing the impact drivers (factors that can exert an impact on nature) noted by IPBES*⁴, which include changes in land use, resource usage, climate change, pollution and “other” (impact of invasive species, etc.), showed that four sectors – construction and machinery, food and beverages, chemicals and materials, and electric power, gas and water supply – had particularly pronounced impacts on natural capital and biodiversity through water use, GHG emissions, etc.

*4 IPBES: Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services

Fig. 6 Impacts on Natural Capital of the Bank's Portfolio (conceptual image)



Source and notes: Compiled by the Bank using ENCORE, etc. Scope covers loans, equities, corporate bonds, etc.; sovereign debt and investments in or loans to government agencies, etc., are excluded. The reference date is March 31, 2021. Weighting was assigned according to the degree of exposure for each sector in the portfolio as at the reference date.

Measures based on the insights obtained through analysis

Based on the portfolio analysis, the Bank has been focusing on the above-mentioned four sectors that have a particularly pronounced impact on natural capital and biodiversity, and has made the examination of water resource and climate dependencies, which it has been confirmed are significant dependencies for the Bank's entire portfolio, the main axis for analysis in the near term. The Bank has become even more keenly aware of the need, in order to further enhance the precision of the analysis, to undertake analysis of dependences and impacts at the level of individual sub-sectors and individual business activities, and to identify the type of investment or lending (direct, indirect, etc.) and the location of the exposure (i.e., the country or region, and the location of the business activity, project or production facilities, etc.).

Taking location data constraints into account, the Bank has focused on water resources, which are a form of natural capital for which the Bank's portfolio has particularly high dependencies, and on the electric power, gas and water supply sector, where there has significant impacts, and has undertaken experimental analysis, using the LEAP approach, of project finance for offshore wind power generation.

Experimental Utilization of the LEAP Approach, Taking Offshore Wind Power Generation as an Example

L

Locate – Location identification

The interface between the investees and borrowers and nature was confirmed by mapping location data for offshore wind power projects for which there is actual exposure against the location of nature conservation zones in the North Sea region (Fig. 7).

E

Evaluate – Identification of dependencies and impacts

The special characteristics of this sub-sector were identified. For example, offshore wind power generation is affected by wind conditions, and is thus dependent on the atmosphere and on climate. In addition, because the foundations for offshore wind power facilities rest on the seabed, and because the power is generated by the turning of turbine blades on the sea, offshore wind power generation may have an impact on marine ecosystems.

A

Assess – Identification of risks and opportunities

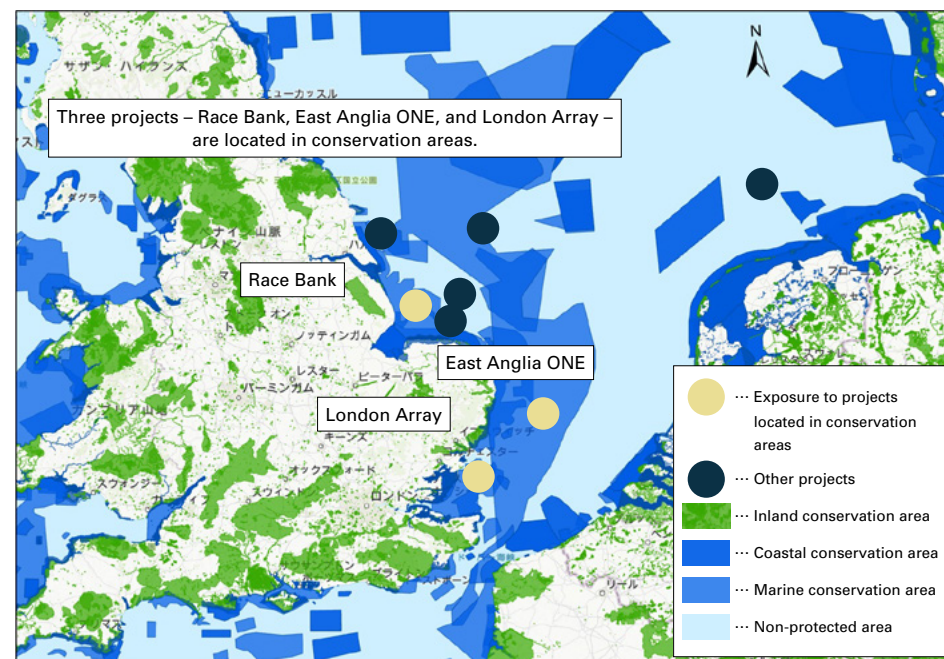
Based on the identification of dependencies and impacts, the risks were reexamined with a focus on exposure to projects located in conservation zones. The Bank's assessment was that its investment was undertaken in line with the Bank's own Investment and Lending Policy and with the Equator Principles, in projects for which environmental assessments had been properly performed, and that both physical risks and reputational risks had been properly controlled. Having made concrete assumptions regarding possible future changes in wind conditions and possible future tightening of regulations on marine life protection, the Bank implemented preliminary examination of future risks and opportunities.

P

Prepare – Strategies and Disclosure

It is anticipated that this will be addressed through future initiatives

Fig. 7 Mapping of Exposure to Offshore Wind Power Generation in the North Sea Against Conservation Areas



Source: Compiled by the Bank, with reference to ArcGIS, UNEP WCMC (<https://resources.unepwcmc.org/search?theme=nature-conserved>)

The Bank's Strategic Direction for Future Initiatives

In November 2022, Hirotaka Hideshima, an Executive Advisor to the Bank, was appointed as a TNFD Taskforce Member*⁵, in which he is contributing to the development of a global disclosure framework. In addition, the Bank is a co-convenor of the TNFD Consultation Group of Japan, and is engaged in efforts to disseminate and promote understanding of the TNFD Nature-related Risk & Opportunity Management and Disclosure Framework: Beta v0.3 Release within Japan. With the aim of promoting and supporting, in its role as a financial institution, a transition to a nature positive approach in the business activities of its investees and borrowers, in February 2023 The Norinchukin Bank launched the Finance Alliance for Nature Positive Solutions (FANPS) together with Sumitomo Mitsui Financial Group, MS&AD Insurance Group Holdings, Inc., and Development Bank of Japan (DBJ). Going forward, besides expanding these initiatives, the Bank will also be implementing measures aimed at realizing a nature positive approach and fulfilling the Bank's purpose by following the development of the TNFD disclosure framework and monitoring trends in public sector and private sector discussion of natural capital and biodiversity, and by further strengthening its identification and analysis of risks and opportunities.

*5 A total of 40 TNFD Taskforce Members have been chosen from various countries and regions to discuss the TNFD framework.

Topics

Efforts to Develop and Promote TNFD

As a member of the TNFD Task Force, the Bank participates in the development of a global framework in addition to being actively involved in developing and promoting TNFD, natural resources, and biodiversity in Japan through speaking at events and other activities. For example, Executive Advisor Hideshima serves as a Task Force member and lectured at the May 2023 executive meeting of the Keidanren Committee on Nature Conservation. There, he discussed matters such as the key points of the TNFD beta version v0.4.



HIDESHIMA Hirotaka, Executive Advisor to the Norinchukin Bank

Topics

Investment in World Bank Bonds Focused on Biodiversity Conservation

The Bank invested in Sustainable Development Bonds issued by the World Bank (officially known as the International Bank for Reconstruction and Development) aimed at raising awareness of biodiversity. Through investing in these bonds, the Bank aims to work together with the World Bank to raise awareness of the importance of biodiversity and its conservation in developing countries.

[Reference: Project Case Study]

- The Bank adopts an integrated landscape management approach in the Cerrado biome of Brazil. This approach supports 4,000 landowners and agricultural producers in low carbon farming through habitat restoration and low carbon farming technical assistance.
- In Turkey, a project is conducted where nature is used to simultaneously reduce poverty and vulnerability in rural areas. Methods include restoring forest landscapes, creating jobs, training for sustainable agriculture, and building resilient infrastructure to improve irrigation and water supply.

* The case studies referenced above are intended for project introduction purposes only. The use of the funds raised by the Bonds is not limited to the above projects or fields.

Reducing the Environmental Burden in Agriculture

Environmental Considerations in the Agricultural Sector

Emissions from agriculture, forestry, and other land use account for about a quarter of global greenhouse gas emissions. Additionally, natural disasters such as typhoons, floods, and high temperatures are increasing year by year, causing serious damage to crops. The Norinchukin Bank is a financial institution grounded in the agriculture, fishery, and forestry industries. As such, we will take initiative in helping to resolve these issues.

Collaboration with the National Agriculture and Food Research Organization

The agriculture sector emits high levels of carbon across the world. Yet, decarbonization technologies and methods in agricultural production are limited. Mechanisms that properly reflect decarbonization efforts in agricultural GHG (greenhouse gas) calculations also have yet to be established. To address this, the Bank cooperated with the National Agriculture and Food Research Organization and launched a unique initiative (MABI Project*) to encourage and support agricultural producers in reducing GHG emissions. Through this collaboration, we will work to develop emission measurement standards that appropriately reflect decarbonization efforts, disseminate GHG reduction technologies, and support agricultural corporations to manage decarbonization and measure GHG. In this way, we will help solve environmental issues in the agricultural industry.

* Measurements of GHG in Agriculture and Better Implementation

GHG Measurement Support for Clients

Disclosing information on climate change is necessary to become a decarbonized society. Companies are required to take action to measure and reduce GHG emissions not only for themselves but for their entire supply chain.

The Bank will collaborate with companies that provide consulting services on matters such as measuring GHG

emissions and supporting responses to CDP. In doing so, we will provide solutions for clients to decarbonize their businesses and help solve environmental and social issues.

Topics

Financial and Non-financial Support for Agricultural Corporations to Reduce GHG Emissions

Suzunari Inc. ("the Company," below) has farmed with 90% less chemical fertilizers and 50% less pesticides compared to conventional farming method since its establishment in 2008. Large companies particularly have made considerable progress in GHG reduction efforts. The Bank also aims to further encourage efforts to reduce environmental burdens in the agricultural sector. To support the visualization of GHG emissions, the Bank introduced Asuene Inc., a company that provides GHG emission measurement and consulting services, to the Company.

We additionally set GHG emission reduction targets (Scope 1 and 2) and signed a Sustainability Linked Loan agreement with the Company in December 2022. This agreement sets these targets as Sustainable Performance Targets (STPs). The Bank will continue to introduce technologies that contribute to decarbonization to support environmentally friendly agriculture from both financial and non-financial perspectives.



Their farm

Tackling CO₂ Absorption Through Agriculture

Some aspects of agriculture, fishery, and forestry place a burden on the environment. However, the fact that they can contribute to the environment through CO₂ absorption functions is gaining attention. In agriculture, the ability of the soil to absorb CO₂ and the resulting environmental value can be sold as credits, thereby contributing to the environment and possibly increasing farmer income.

Topics

Reducing the Environmental Burden with High Performance Biochar

The Maebashi Branch of the Bank cooperated with Japan Agricultural Cooperatives (JA) to begin experimentally scattering biochar* in Gunma Prefecture as of June 2023. This biochar is made of carbonized rice husks, chicken manure, and other agricultural waste. This biochar is highly functional and was developed by a university-based startup company. Compared to standard biochar, it is expected to increase harvests while reducing the use of chemical fertilizer. Farmers can expect an increase in income if CO₂ reductions from biochar can be sold as Japanese government-certified J-credits. Based on the results of the trial, we will consider the full-scale introduction of the system within the prefecture.

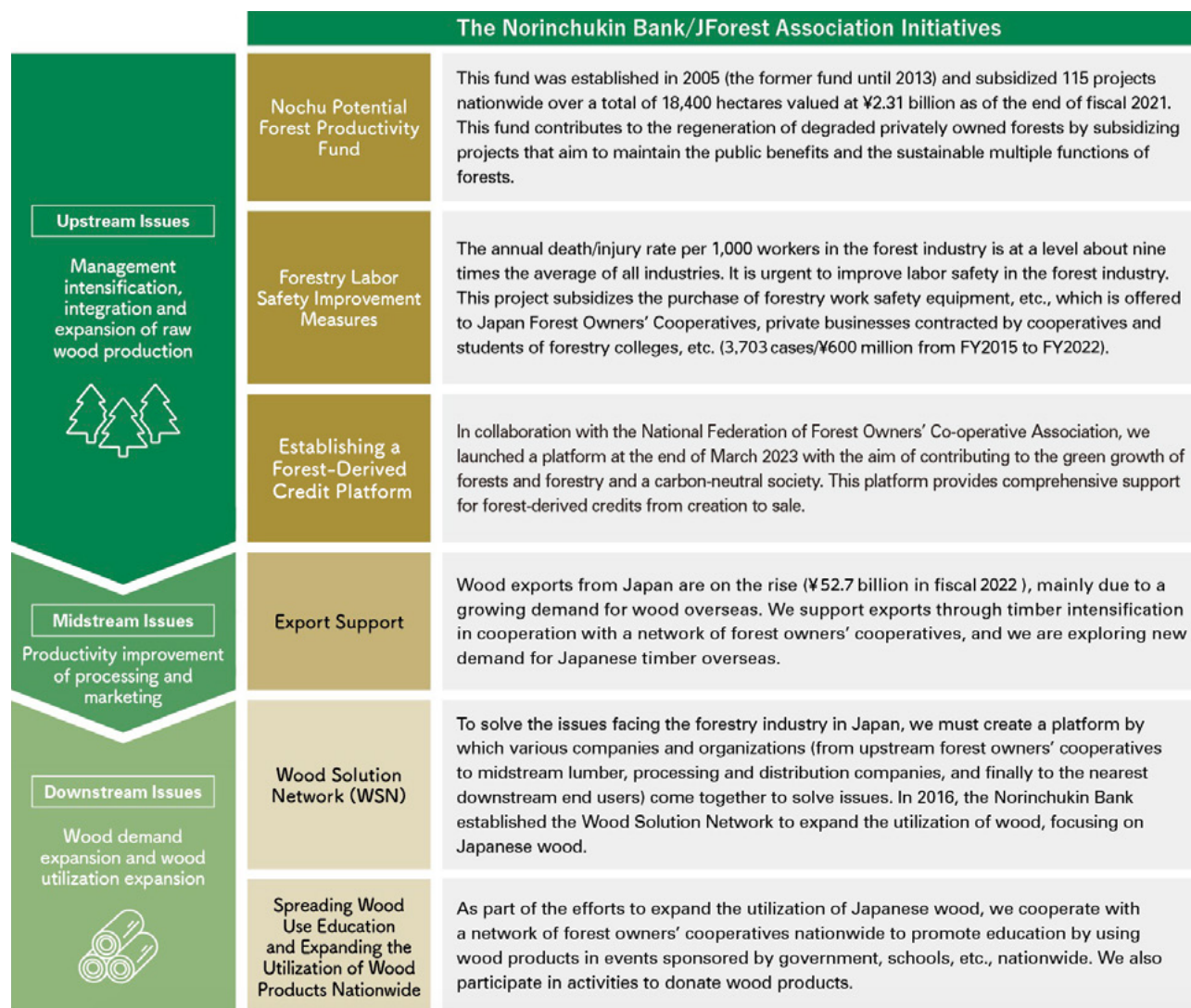
* Biochar: Carbonized biomass (biogenic resources). Rice husks and other agricultural wastes emit CO₂ when they are incinerated to ash, rot, or decay through microbial or other activities. We can reduce CO₂ emissions by heating and carbonizing these materials, making them less likely to decompose. Biochar was originally used to improve soil through improving farmland drainage and other issues.

Demonstrating the Multi-Functional Role of Forests

Initiatives to Demonstrate the Multi-Functional Role of Forests

Japan is a heavily forested country, with forests occupying approximately two-thirds of the land. Forests play multi-functional roles, but today, their carbon dioxide sequestration capacities are attracting attention as Japan and other countries grapple with climate change issues. Forests also play an important role in biodiversity conservation. On the other hand, they face a variety of challenges, including slumping prices for standing timber, increased costs for reforestation, and the inability to find workers.

The Bank, in cooperation with forest owners' cooperatives, will help demonstrate the multi-functional role of forests by resolving upstream, midstream, and downstream issues related to forests and forestry.



Topics

Contributing to the Realization of a Sustainable Society Through Wood Utilization

The fulfillment of forests' multiple functions, appropriate maintenance and effective utilization of logged forests are pressing issues. The Bank has joined the Japan Wood Design Association (JWDA)* in an aim to facilitate the use of domestic lumber and realize a sustainable society by utilizing forest resources.

* Established in December 2021, the Japan Wood Design Association refers to efforts aimed at solving social issues using wood as "wood design," and aims to contribute broadly to society through efforts to turn the forest industry into a growth industry, revitalize local communities and realize a sustainable society including decarbonization.



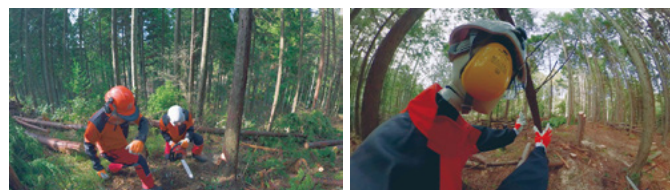
Ceremony to commemorate the establishment of the JWDA

Forestry Safety Education 360 Degree VR that Improves the Labor Safety of Forestry

The Bank expanded the lineup of "forestry labor safety improvement measures" in fiscal 2020 by introducing the "Forestry Safety Education 360 Degree VR: Chainsaw Cutting Operation." In fiscal 2021, we additionally produced two educational videos "Disposing of Hanging Trees" and "Chainsaw Kickback" reflecting feedback from viewers.



Images of VR



Establishing a Platform to Support Forest-Derived Credits from Creation to Sales

In collaboration with the National Federation of Forest Owners' Co-operative Association, we launched a platform for forest-derived credits at the end of March 2023. In doing so, we aim to contribute to the green growth of forests and forestry and a carbon-neutral society. We will provide comprehensive support for the smooth creation of forest credits by forest cooperatives nationwide. In addition, we will bring forest cooperatives and prospective purchasers together on the platform.



Site Images



FC BASE-C (Forest Credit Base Create) Mechanism for the creation of forest-derived credits (to be operational in March 2023)

Sustainable Oceans and Fishery Industries

Initiatives Focused on the Blue Economy

As a financial institution founded partly in the fisheries industry, the Norinchukin Bank promotes initiatives focused on the Blue Economy, which promotes the conservation and sustainable use of oceans and rivers.

Promoting Blue Carbon

Blue carbon forms when seaweed beds and similar ocean habitats capture and hold CO₂ and is attracting worldwide attention as a nature-based solution (NbS) that contributes to simultaneous solutions for climate change, natural resources, and biodiversity. The coasts of Japan are experiencing an ongoing phenomenon known as *iso-yake*, or a decrease in seaweed due to changes in the marine environment and feeding damage caused by sea urchins and other herbivorous sea creatures. In response, the Bank promotes blue carbon through supporting the development of seaweed beds by exterminating sea urchins and other means. Seaweed beds and seaweed not only capture and hold CO₂, but their development also directly relates to the maintenance and expansion of habitats for marine organisms. Their development is also expected to contribute to the recovery of marine resources and biodiversity. The Bank began studying the spread of carbon credits, which quantify and economically value the effects of blue carbon to create sustainable activities for members, communities, and companies that promote blue carbon.

Topics

Tottori Blue Carbon Project

The Tottori Blue Carbon Project is a collaborative project between the Bank, Tottori Prefecture, the Tottori Prefectural Fisheries Cooperative Association, and *The Ocean and Japan Project* of the Nippon Foundation. The Tottori Blue Carbon Project aims to restore and develop seaweed beds by driving away sea urchins, raising them on locally produced cabbage, and using them in the development of new products and in education collaborations. Through this, the project aims to further raise awareness on *iso-yake* and blue carbon issues not only in Tottori Prefecture, but throughout Japan. The Bank has participated in this project from its inception and has contributed to its smooth operation by providing secretariat support and disseminating information.



Investments in Water Bonds Issued by the Asian Development Bank

The Bank invested a total of \$200 million AUD in water bonds issued by the Asian Development Bank (the "Bonds," below). The Bonds will be used on financing projects aimed at resolving issues in water supply, sanitation, water resource management, and flood control in the Asia-Pacific region.

A Society Leaving No One Behind

Solving Social Issues Through Finance

Investing in World Bank Bonds Aimed at Gender Equality

The Bank has invested US\$100 million in Sustainable Development Bonds ("Bonds") issued by the World Bank (officially known as the International Bank for Reconstruction and Development).

The Bonds focus on the achievement of one of the 17 Sustainable Development Goals (SDGs) proposed by the United Nations, specifically Goal 5: "Achieve Gender Equality." The Bonds highlight the importance of working toward the achievement of the SDGs through investment, and together with the World Bank, we aim to promote this message globally. By investing in the Bonds, we support the World Bank's efforts to eliminate the gender gap from an investor's perspective.

Investment in Sustainable Development Bonds issued by the Inter-American Development Bank

The Bank has invested US\$100 million in Sustainable Development Bonds ("Bonds") issued by the IDB (officially known as the Inter-American Development Bank). Farming is a key theme of the Bonds, and proceeds from the Bonds will be used for projects aimed at solving problems related to farming in Central and South America and the Caribbean. Farming accounts for a large share of GDP in the regions, and while farming is an important industry, these regions face diverse challenges that include poverty among farmers, agricultural product safety, and poor price competitiveness. The investment in the Bonds will contribute to solving various agricultural problems in these regions, and through this investment, the Bank supports the IDB's efforts from the standpoint of an investor.

Investment in Feed Africa Bond issued by the African Development Bank

The Bank has invested a total of US\$100 million in the Feed Africa Bonds ("Bonds"), a bond issued by the AfDB (official name: African Development Bank).

In Africa, the undernutrition rate in 2020 was 21% of the population, which means that approximately one in five people were considered starving or undernourished*¹. In Africa, farm workers account for more than 60% of the working population, but the poverty rate remains high, especially in large farm areas, due to low productivity and other factors*². To address these issues, Africa is addressing the challenge of transforming its farming sector and increasing food production. Proceeds from the Bonds will be used for projects that contribute to the resolution of these various issues. By investing in the Bonds, we support the efforts of the African Development Bank from an investor's perspective.

*1 Source: https://www.wfp.org/news/un-report-pandemic-year-marked-spike-world-hunger?_ga=2.192556586.1207686303.1689663423-1259415913.1689663423

*2 Source: https://afdb-org.jp/wp-content/uploads/2018/04/Feed-Africa_JP.pdf

Initiatives to Achieve Financial Inclusion

Improving Financial Access in Each Location Throughout Japan using a Variety of Channels

The Bank aims to realize financing for everybody in order to promote responsible finance. By leveraging the strength of its comprehensive business, JA branches provide a variety of services. It is developing different channels to provide financial services to our members and users, even those in depopulated mountainous areas.

Opening of Yoriso Plaza

We are introducing the Yoriso Plaza, at which customers can easily use JA Bank services even when there is no branch with a financial counter nearby. Financial services are provided via remote consultation booths and ATMs at branches that lack financial counters. We also expect that this to function as a community venue for exchanges.

Introduction of mobile branches

JA Bank is promoting the implementation of mobile branches equipped with financial booths and ATM services for all JAs nationwide (as of March 31, 2023, 135 units had been deployed).

Mobile branches allow users to deposit and withdraw ordinary savings and update passbook entries. In addition to bank transfers and payment of taxes and utility bills, users can use consulting services about public pension benefit receipt, mutual insurance and more. These mobile branches are gaining greater recognition as the nearest financial institution in regions without a nearby consultation branch or ATM. These nationally deployed mobile branches normally serve as a lifeline for rural and depopulated areas and can be utilized in times of disaster, offering financial services to affected areas.



Mobile branches

Handling of housing loans for the LGBTQIA+ community

As part of realizing diversity, social interest in LGBTQIA+ persons has been increasing. In addition, the trend of introducing a “partnership system,” which publicly recognizes the rights of LGBTQIA+ couples has accelerated in Japan in several local governments. In line with this trend, JA Bank commenced, in collaboration with Kyodo Housing Loan Co., Ltd. (KHL), a JA Bank Group company, the handling of housing loans that accept the qualification of LGBTQIA+ people, for which KHL’s corporate guarantee is effected, in several prefectures.

This loan product accepts the aggregation of a couple’s income for a housing loan for couples who are authorized by the partnership system of each local government.

In the future, we intend to increase the number of prefectures where this product is offered. In addition, we are proceeding with the investigation on the treatment of the guarantee offered by the Agriculture, Forestry and Fisheries Credit Foundations.

Agricultural and Welfare Partnership Initiatives

The problem of shortages in Japan’s farming workforce is becoming more severe every year. At the same time, employment and independence for people with disabilities is a social issue.

To solve these problems, the Maebashi Branch of the Bank, in cooperation with the Gunma Agricultural Corporation Association, introduced disability welfare service offices for farmers in need of labor. The branch supports agriculture and welfare cooperation initiatives that contribute to securing labor for farms, while also supporting the independence of people with disabilities.

In addition, to promote understanding of agricultural and welfare partnerships, in September 2022, together with the aforementioned association, the Maebashi Branch held a seminar on agricultural and welfare partnerships for farming corporations.



(From left) Mr. Matsumura, chairman of Gunma Agricultural Corporation Association, and Mr. Hata, general manager (at the time) of the Maebashi Branch of the Bank, signed a comprehensive partnership agreement for the purpose of agricultural and welfare cooperation, etc.

Topics

Collaboration with the Japan Agriculture and Welfare Partnership Association

The Japan Agriculture and Welfare Partnership Association (“Association”) serves as a platform for participation and collaboration among various groups and people involved in agriculture and welfare, including producers, welfare facilities, companies, organizations, governments, and consumers. We share the vision of the Association, which aims to revitalize local communities and build societies where people facing various difficulties, including those with disabilities, can live happily through collaborative agriculture and welfare initiatives. We entered into an annual sponsorship agreement with the Association in support of this vision.

Respect for Human Rights

Philosophy and Policy on Respect for Human Rights

In our Code of Ethics, we stipulate that “We, as members of society, work closely with local communities, to support them with respect to the human rights of each person and with social issues such as an environmental issue, and we seek to contribute to the realization of sustainable society.”

In addition, we established our Human Rights Policy after discussion by the Board of Directors. It clearly states our basic stance on respect for human rights and is meant to raise awareness and ensure that all directors and employees have the same understanding of this issue, and to advance concrete initiatives in our businesses and in the conduct of our directors and employees.

In its Code of Conduct, the Bank clearly states its commitment to respecting human rights and creating a safe and secure workplace.

We do not tolerate the use of discriminatory words or actions based on race, creed, gender, age, nationality, ethnicity, religion, social status, or physical characteristics, in or outside the workplace, and ensure that all directors and employees refrain from such words and actions in every setting.

Moreover, in response to international human rights issues, we support and respect international standards including the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights, the International Labour Organization Declaration on Fundamental Principles and Rights at Work, and the United Nations Global Compact.

Furthermore, in addition to complying with the domestic law of each country in which we operate, we identify human rights initiatives in our operations and work to develop regulations and operational rules.

In recent years, not only the Bank but the entire supply chain is expected to consider human rights.

The Bank is also committed to addressing the issue from

various angles, including compliance with the UK Modern Slavery Act 2015 and other laws, while referring to the Guiding Principles on Business and Human Rights.

Stance on Promoting Respect for Human Rights

The Bank’s business operations are supported by its stakeholders. It is important that all directors and employees of the Bank have a heightened sense of human rights with respect for the position and personality of others. To fulfill the Bank’s fundamental mission, all directors and employees are expected to respect the position of individual stakeholders and treat all with sincerity, acquire deep insights and highly professional knowledge, and behave as valued members of society.

With the aim of establishing a highly transparent organizational culture built on respect for human rights, we continually provide training on human rights in line with plans decided after discussion at the Compliance Committee.

Also, to prevent sexual or power harassment as well as harassment on the basis of pregnancy, childbirth, and child- or nursing-care leave, we engage in a wide range of activities such as providing e-Learning and position-by-position education, guidance and consultation by human rights issue supervisors and staff throughout the organization, and offering harassment consultation lines externally and internally at our Legal Affairs and Compliance Division.

Considering the Act for Promotion of the Employment of Persons with Disabilities and the Act for Eliminating Discrimination against Persons with Disabilities, we have set up a Consultation Desk for People with Disabilities at each branch and in the Legal Affairs and Compliance Division. In this manner, we are working to respond to actual issues faced by employees with disabilities.

Environment and Human Rights Seminars

The Bank holds environment and human rights seminars annually, and all directors and employees at the Bank are required to participate in at least one.

We invite specialists from a variety of fields to present seminars with a broad range of themes and to raise awareness and promote the concepts of environmental protection and respect for human rights. In fiscal 2022, participants could stream all five training sessions on their work smartphones. This created an opportunity for employees to attend environmental and human rights training sessions anytime and as often as they wished.

Human Rights Impact Assessment (Human Rights Due Diligence)

Identification and Assessment of Human Rights Issues and Impacts

The 2011 United Nations Guiding Principles on Business and Human Rights (UNGPs) clarify the responsibility of companies to respect human rights, stating that business enterprises should carry out due diligence, avoid infringing on the human rights of those with whom they are associated, and address the enterprise’s negative human rights impacts.

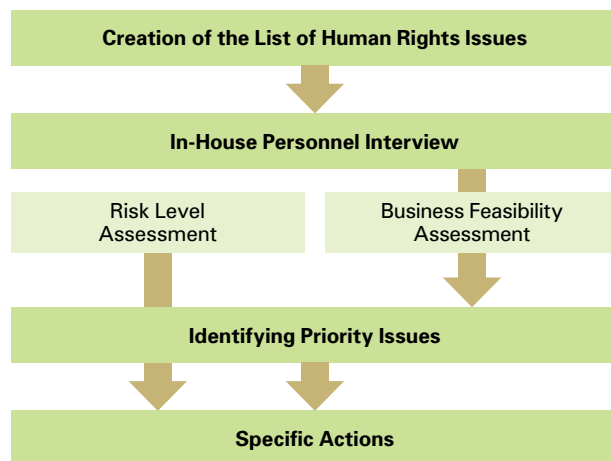
The Bank’s Human Rights Policy clearly states that the Bank Group endeavors to conduct due diligence in order to prevent and/or mitigate any negative impact that business activities could have on human rights. Based on this, we assess human rights impacts throughout the organization and in our business activities.

The Bank conducts a human rights impact assessment every three years. In fiscal 2022, the scope of the assessment covered business activities and the value chain, including Group companies. Human rights issues were identified through employee interviews and other means with the cooperation of external experts.

Based on the importance of the human rights issues identified, which are evaluated based on the severity of the issue to the

party whose human rights are affected, and based also on the opinions of outside experts, the following were identified as priorities for the Bank Group to address as human rights issues of high significance and necessity: modern slavery, human rights impacts through money laundering, privacy and information security, diversity and inclusion, harassment in the workplace, and forced and child labor in the supply chain.

Human Rights Impact Assessment Processes



Action to Prevent and/or Mitigate Negative Impacts to Human Rights

We are progressively developing measures to prevent and/or mitigate negative impacts to important human rights, starting with those of greatest priority. We will continue to promote efforts to mitigate human rights risks while maintaining dialogue with our stakeholders.

Human rights issues	Persons whose rights are affected	Major initiatives
Modern slavery (forced or child labor)	Employees of the investee	<ul style="list-style-type: none"> Practice thorough risk management, such as investment and financing sector policy that prohibits investing in and financing businesses that use child labor or forced labor, and check for incidents of human rights violations and the like. <p style="text-align: right;">→ Initiatives to Manage Environmental and Social Risks P.25</p>
Human rights impacts through money laundering	Consumers, local communities	<ul style="list-style-type: none"> Respond based on the Act on Prevention of Transfer of Criminal Proceeds and the Financial Services Agency Guidelines for Countering Money Laundering and Terrorist Financing
Privacy and information security	Investors, consumers, and local communities	<ul style="list-style-type: none"> Respond based on Declaration of Personal Information Protection and establish and operate a security system in compliance with the laws and regulations of each country
Diversity and inclusion	Employees	<ul style="list-style-type: none"> Under the leadership of the Chief Diversity Officer, take initiatives to improve diversity and inclusion in the organization (e.g., increase the percentage of female managers)
Harassment in the workplace	Employees	<ul style="list-style-type: none"> Establish a basic policy on prevention of various types of harassment and conduct thorough in-house awareness-raising and training on harassment prevention Harassment consultation desk for employees
Forced and child labor in the supply chain	Supply chain employees	<ul style="list-style-type: none"> Practice thorough risk management, including checking for incidents at contractors Conduct a full assessment of supplier human rights risks

Remedies for Human Rights Violations

Whistleblowing System

The Bank has put in place a Compliance Hotline so that if compliance problems occur, directors, employees, and others can report these either by phone or e-mail.

The Compliance Hotline provides multiple points of contact for reporting to the Legal Affairs and Compliance Division and outside lawyers and allows directors and employees to choose whether to report under their own names or anonymously.

If we receive a report, we will take corrective and remedial measures in close cooperation with the whistleblower. We are also working to increase people’s trust in the system, such as placing top priority on the protection of the whistleblower — measures include prohibiting disadvantageous treatment of them and ensuring confidentiality of their reports.

In addition, we offer a Harassment Consultation Desk in the Legal and Compliance Division and a dedicated outside organization that employees and others can call or email to discuss any harassment issues.

Responding to Customer Consultations and Complaints

The Bank takes consultations and complaints from customers seriously, responds to them promptly and systematically, and reflects them in its business operations in a positive manner to improve customer convenience.

Response to the UK Modern Slavery Act 2015

The UK Modern Slavery Act 2015 legally requires any commercial organization with a certain annual turnover to produce a statement about their efforts to prevent slavery, forced or compulsory labor, and human trafficking in their business and in their supply chain.

The Bank has posted this important statement on our English website since 2016 in accordance with the requirements of the UK Modern Slavery Act 2015.

The statement stresses that acts of slavery, forced or compulsory labor, and human trafficking are contrary to the Bank's mission and policies and it describes our efforts to prevent such acts.

[UK Modern Slavery Act 2015 Transparency Statement](https://www.nochubank.or.jp/en/about/ukmsa_transparency_statement.html)

https://www.nochubank.or.jp/en/about/ukmsa_transparency_statement.html

Human Resources Strategy

Toward Advanced Human Capital Management

Basic Policy

To become a leading bank that supports the agriculture, fishery, and forestry(AFF) industries, food production and consumption, and the daily lives of local communities, the Bank has established a basic policy on human resources management (Human Resources Management Policy) and will continuously support human resources who continue to autonomously take on challenges and make changes.

Basic Policy on Human Resources Management (Human Resources Management Policy)

Continuously support human resources who continue to autonomously take on challenges and make changes as financial professionals with a sense of contributing to the AFF industries and local communities.

Based on this basic policy, the Bank implemented a revision of its personnel system in April 2023, with two major conceptual pillars of “autonomy” and “expertise,” aimed at enabling employees to autonomously enhance their expertise so they can play active roles both internally and externally, resulting in advancement of the organization. That way, the Bank is committed to human resource development and support for the career development of employees.

For human resource development, we have introduced the notion of job competency, or required abilities for particular duties and functions, in addition to common competency, which defines commonly required abilities. Through interviews between supervisors and subordinates, we confirm the required abilities (competencies) and review and evaluate the behaviors demonstrated in various work-related situations, with the results being fed back to promote staff awareness and commitment to enhancing expertise. In addition, we offer a wide range of training programs in which employees

can participate on their own initiative, thereby supporting autonomous skill development.

For the development of employees’ careers, the Bank places the right people in the right jobs based on the competency, aptitude and career perspective of each person, and supports their self-fulfillment through work by adopting the Job Posting Program to enable autonomous selection of one’s next job, the Trainee System inside and outside Japan to provide opportunities to experience jobs, and the Course Change Program to expand the fields of action. The Bank is also actively involved in recruiting external human resources to gain a competitive edge.

To enhance employee engagement, the Bank is promoting initiatives to facilitate diverse work styles, such as a flextime system and a system for employees to choose their own transfers based on life events, and to improve health management and benefit programs for employees.

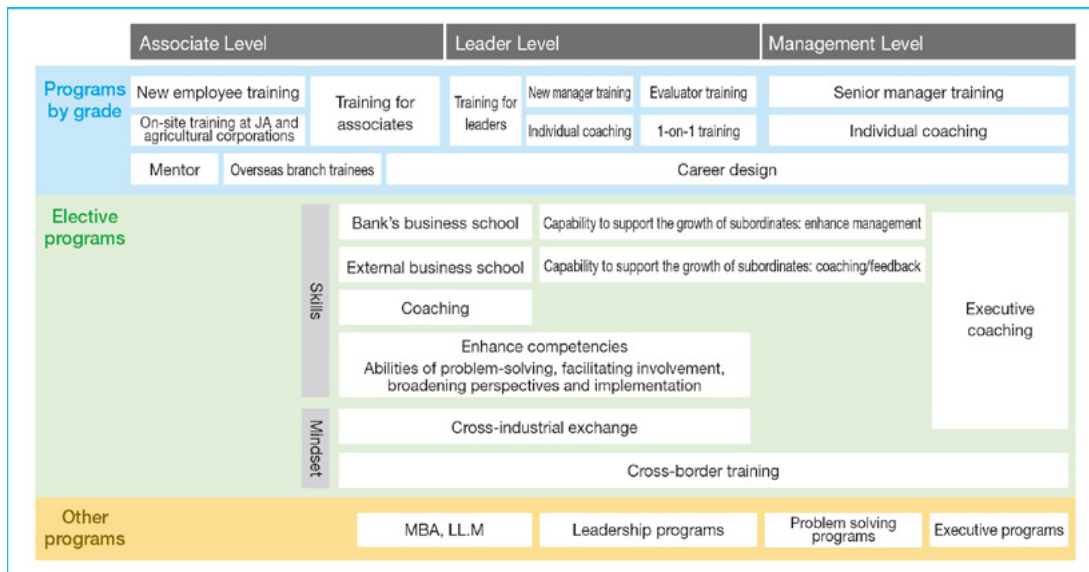
Human Resource Initiatives

The Bank is implementing a diverse range of programs for human resource development, including various trainings, external dispatch programs and reskilling support to encourage autonomous learning by employees.

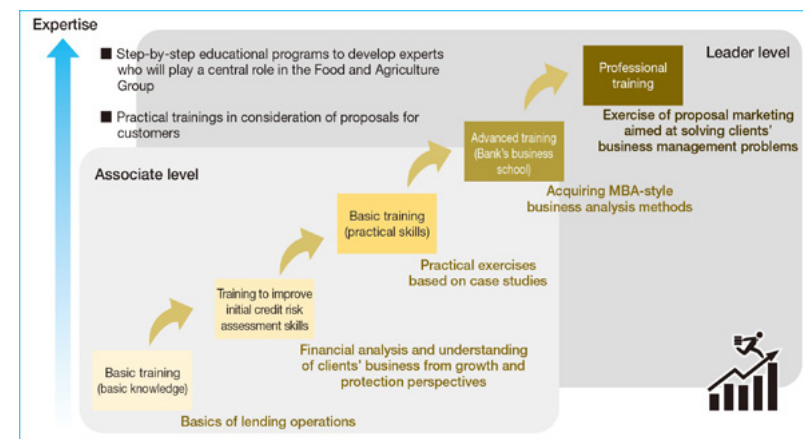
As a hierarchical training system, we offer trainings according to the roles required for the different employee grades from associate to management. Meanwhile, each employee can apply for various training programs, external education programs and overseas study programs to develop competencies, acquire new skills and knowledge, and foster a challenging mindset.

The Bank is also working to enhance its theme-based education system for the realization of its strategies. To prepare for the introduction of the job group system in fiscal 2024, we are preparing and implementing educational programs by job group to develop specialized human resources in each business. In addition, we are working to develop DX experts and provide reskilling support to encourage employees to play active roles inside and outside the Bank.

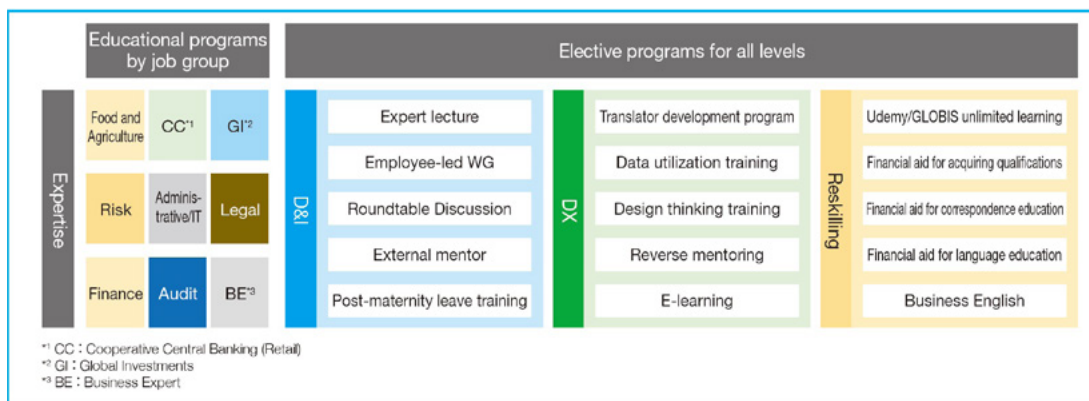
Hierarchical Education System



Examples of educational programs by job group—Human resource development for the Food and Agriculture Group



Theme-based Education System



Survey on Employee Engagement

The Bank conducts a survey at least once a year targeted at all employees and introduced an engagement survey in fiscal 2021. The results of these surveys are reported to the Board of Directors and other relevant bodies. By visualizing employee engagement through analysis of the survey results and identification of issues, we discuss and implement effective measures to ensure that employees feel valued in their work and work environment, increasing their engagement and, as a result, we aim to enhance the vitality of the organization.

Continued Identification with the Bank's Purpose My Purpose Project

The Bank launched the "My Purpose Project" in fiscal 2022 to provide an opportunity for directors and employees to reconfirm for what purpose and for whom they work. As a part of the project, the Bank's directors and employees have visited farmers to do farm work by joining the "JA farming support team." A total of 300 directors and employees had participated in the team's 12 visits as of June 2023.

Internal Public Relations Initiatives

The Bank started internal PR activities through a corporate portal, with the aim that such delivery of internal information and communication among directors and employees would help them identify with the Bank's Purpose and see it as their own personal business. In fiscal 2022, internal information was delivered 48 times, communicating how directors and employees recognize "shared value" when engaging in their duties and how diverse people are working actively within the Bank.

Anti-Harassment Measures

To prevent sexual or power harassment as well as harassment on the basis of pregnancy, childbirth and child- or nursing-care leaves, we engage in a wide range of activities such as providing e-Learning and position-by-position education, guidance and consultation by the persons in charge of human rights issues throughout the organization, and external contacts for consultation.

We have established and are operating a harassment hotline with which employees can conduct individual consultations, and are seeking to ensure a broad awareness that employees can quickly access the harassment hotline whenever they need to. Further More, we strive to protect the privacy of the persons concerned and to take prompt action.

So that we can ensure psychological safety in the workplace, we are focusing our initiatives on preventing harassment and strengthening the harassment hotline function.

Occupational Health and Safety

The Norinchukin Bank engaged in developing working environments where employees can perform their duties in good health and with a sense of security.

Our health management policy is formulated each year by the Occupational Hygiene Committee. This policy prescribes measures to be taken to reinforce the management of the physical and mental health of employees and help promote their health.

While ensuring that all employees take regular health checkups, we urge their families to take health checkups as well. According to the results of these checkups, health guidance is provided by industrial doctors and medical staff. Efforts are also being made to reduce working hours, considering the possible adverse impact of long hours of labor on employee health.

As part of its efforts to ensure mental health at the workplace, we advise self-care methods for employees, offer counseling and other consultation opportunities, and conduct position-by-position mental health education. In addition, we carry out stress checks, offer readily available self-checking functions and have the Mental Health Consultation Room in place to provide consultations as required at the medical office in the head office of the bank.

To increase the health consciousness of employees and establish the practice of doing moderate exercise on a regular basis, we offer a wide range of educational programs and welfare services. Specifically, we subsidize sports club memberships and have health leaders lead health promotion activities.

Labor Relations

The Norinchukin Bank has an employee union as a counterpart organization to its management. In addition, this employee union employs a union shop system. As a general rule, all employees become union members on joining the Bank.

Our employee union has the authority to negotiate with management on important matters such as the maintenance and improvement of labor conditions for its members. Furthermore, surveys are conducted with members to aid in negotiation with management, and forums have been established for offering various recommendations to management. For any changes in personnel and labor-related systems that would exert significant impact on the lives and work styles of union members, management is required to come to an agreement with the employee union, whether

through the management committee, the labor committee or other negotiations.

Diversity & Inclusion

Initiatives to Promote Diversity & Inclusion

Pursuing its Diversity initiatives, the Bank imagines that the ideal employees would “respect and welcome their different attributes and views of the world, enjoy and actively accept different views and ideas, and frankly and actively exchange ideas and opinions with each other in a psychologically safe environment, thereby creating new ideas and ways of thinking and putting them into practice.” Combining the Diversity initiatives with the perspective of “inclusion,” which is the acceptance and inclusion of diversity, the Bank is now working to promote Diversity & Inclusion.

Initiatives Supporting the Raising of Next-Generation Children and Promoting the Active Participation of Women

The Bank received the Platinum Kurumin Certification for Childcare Support Company for its efforts to realize a work-life balance and support for balancing work with childrearing such as providing maternity leave before and after childbirth, a support program for employees who take childbirth and childcare leave, and a shortened working hour program for childcare. In addition, the Bank is promoting measures to introduce various initiatives to promote work-style reform such as flexible working hours, paid leave by the hour, certain interval between work hours, staggered work hours and teleworking. In addition to these measures and our efforts to increase the rate of women among new graduate hires, we are helping to build a network among female employees such as by holding Women Employee Career Forums to support career advancement, introducing external mentoring programs, dispatching female employees to external training programs for cross-industrial exchanges and holding working group meetings for post-maternity leave employees. Furthermore, we conduct efforts to foster awareness in the Bank, such as by inviting outside lecturers to provide seminars on promoting women’s participation and work-style reform.

Initiatives for Hiring People with Disabilities

To expand the employment of people with disabilities in alliance with the Group companies, the Bank established Norinchukin Business Assist Co., Ltd., in December 2016. The Bank is working to create opportunities and a workplace environment where people with disabilities can continue to work with peace of mind and play an active role while fully demonstrating their abilities and individuality, and to deepen mutual understanding among employees.

Initiatives for Global Human Resources

With international diversified investment being a pillar of the Bank’s business, its globalization is progressing further by locally employing staff with high expertise. As initiatives to promote the development of human resources on a global basis, top management visited all overseas offices in 2022 to share with locally hired employees the importance of diversity from a global perspective and their expectations for the realization of diversity through face-to-face communication.

Initiatives for Senior Human Resources

Senior employees are active in a variety of fields, making the most of their rich knowledge, experience and abilities. The Bank provides support for career and capacity development through training and other programs to enable each employee to choose a career that would make them continuously active inside and outside the organization in line with their own career perspectives and working styles, while autonomously enhancing their expertise.

Deepening Understanding of LGBTQ Issues

To create a workplace where employees can work as they like regardless of their sexual orientation or gender identity and remain free from harassment and discrimination, the Bank internally delivers information and elearning programs to promote a deeper understanding of LGBTQ issues.

Development and Skills Enhancement of Cooperative Member Human Resources

Development and Skills Enhancement of Cooperative Member Human Resources

In alliance with Norinchukin Academy Co., Ltd., a training specialist for cooperative members, The Bank is working to develop human resources that meet the trust and expectations of individual members and customers, targeted at the senior management and employees of JA Bank, JF Marine Bank and JForest Group, by pursuing initiatives to 1) nurture and strengthen the power of Reform Leaders who promote the practice of prefectural and JA strategies and 2) promote the acquisition and enhancement of specialized skills and knowledge. We have offered online personnel training sessions to reduce the risk of COVID-19 infection, in addition to gatherings in the conventional meeting format.

Strengthened Human Resource Training Initiatives to Achieve JA Bank Medium-Term Strategies

We continue to hold the JA Bank Central Academy-Managers Course targeted at directors in charge of JA's banking business, the Senior Executives Course targeted at senior managers in charge of JA's banking business, the Seminar for JA Presidents/Board Chairpersons targeted at JA presidents/board chairpersons and Intensive Management Strategy Course targeted at JA's branch managers and mid-career employees. Through these training courses designed to develop human resources who can lead the reform of JA and JA Shinnoren, we have supported the business reform of JA Bank. We are also engaged in the development of the human resources required to promote the measures of the JA Bank Medium-Term Strategies by offering training options allowing them to acquire specialized skills and financial knowledge, including group trainings, correspondence courses and qualifying tests.

Human Resource Training Initiatives at JF Marine Bank

For JF Marine Bank, we are focused on developing the human resources necessary to enhance the fishery financial function by continuing its group trainings, such as the JF Marine Bank Innovative Leader Training: Course targeted at store managers of JF Shingyoren and the Step-Up Seminar targeted at fishery industry financial consultants and other staff, as well as offering online training that allows trainees to learn a variety of basic knowledge required for fishery finance.

Supporting Human Resources Training at the JForest Group

We support JForest Group's organizational reform initiatives by helping to nurture the human resources leading the organization. We do this through holding the Seminars for JForest targeting top executives at JForest and JForest Moriren (Prefectural Federations of Forestry Cooperatives), as well as JForest Cooperatives Counsellor Training aimed at personnel holding the title of counsellor, who support the backbone of JForest's practical management.

Personnel Exchanges between the Bank, JA, and JA Shinnoren

The Bank is enhancing personnel exchanges with JA, JA Shinnoren, and others to promote mutual understanding and sharing of know-how as JA Bank. Moreover, we second staff to cooperative organizations (e.g., JA and JA Shinnoren) in order to deepen their understanding of the actual work of cooperatives from the point of view of employees of the central organization for cooperatives and of a financial institution for farmers, fishermen and foresters.

Business Management

Please see Business Management on the Bank's website.

<https://www.nochubank.or.jp/en/governance/>

Compliance

Compliance Initiatives

Basic Compliance Policies

As a financial institution whose business is founded first and foremost on trust and confidence, the Bank recognizes that the creation of an enhanced and more effective compliance framework is an increasingly important management objective, especially considering strong public criticism of corporate and other organizational improprieties and the significant public expectations of corporations today.

As a global financial institution that plays a central role in Japan's financial system, and the national-level financial institution serving as the umbrella organization for JA Bank and JF Marine Bank, the Bank is committed to fulfilling its basic mission and social responsibilities. To prove itself worthy of its customers' and members' trust and expectations considering changes in the social and business environment, the Bank continues its unceasing efforts in the area of compliance by managing its business in accordance with societal norms, for instance, by fully complying with laws and regulations based on the principle of total self-reliance. We are also constantly working to achieve a higher degree of transparency by emphasizing proper disclosure and accountability.

As part of this effort, the Bank has defined its basic compliance policy in its Code of Ethics, Environmental Policy and Human Rights Policy. In addition, the Bank disseminates the "Code of Conduct" to all senior management and employees to show the criteria for judgment and action to ensure good faith and fair execution of duties as a prerequisite for business operations and advises specific ways of thinking to put shared values into action. These measures will ensure that compliance awareness is thoroughly understood and practiced by all directors and employees as they go about their daily business. In response to recent growing societal demand for greater customer protection, based on its Customer Protection Management Policy, the Bank has taken steps to reinforce its management systems as part of its compliance efforts aimed

at winning customer trust.

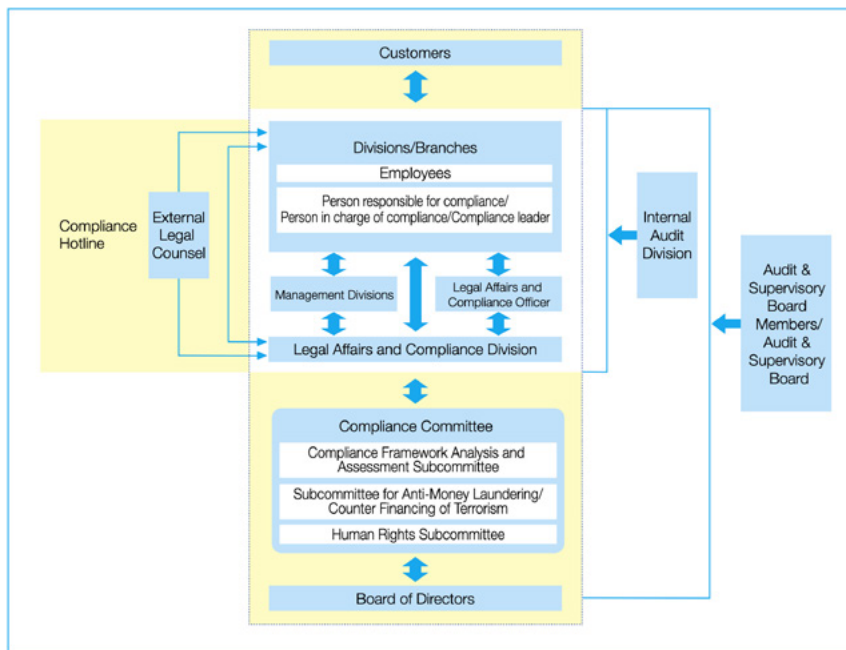
These steps include providing explanations to customers, handling customer complaints and inquiries, managing customer information, managing contractors in the case of outsourcing customer-related business and managing transactions that might involve a conflict of interest with customers.

Compliance Activities Directly Linked to Management

The Bank's compliance framework comprises the Compliance Committee, the Compliance Division (Legal Affairs and Compliance Division), Legal Affairs and Compliance Officer and the management divisions of relevant businesses, as well as personnel responsible for compliance, those in charge of compliance and compliance leaders assigned to the Bank's divisions and branches. The Compliance Committee has been established as a body under the Board of Directors to deliberate on the Bank's basic compliance issues. Topics of high-level importance discussed by the Compliance Committee are subsequently approved by or reported to the Board of Directors.

In addition, the PDCA cycle pertaining to the operation of the framework is being strengthened by the Subcommittee for Anti-Money Laundering/Counter Financing of Terrorism and the Human Rights Subcommittee, which are subcommittees under the Compliance Committee. The Bank also has clarified its efforts to disseminate a sound risk culture and systematically prevent inappropriate behavior as part of its risk handling policy in the RAF.

Compliance Framework



Compliance Practices within the Bank

The Bank's compliance framework at branches and divisions is based on the combined efforts of each employee, primarily centered on the General Manager of each branch or division and other equivalent persons who are responsible for compliance, together with a person in charge of compliance and a compliance leader.

Directly appointed by the General Manager of the Legal Affairs and Compliance Division, persons in charge of compliance oversee all compliance-related matters at their branches or divisions. They are expected to handle requests for advice or questions from other members of staff, to organize branch or divisional training and educational programs, and to liaise with, report to and handle requests to the Legal Affairs and Compliance Division. Legal Affairs and Compliance Officers appointed in the Food & Agri Banking Business, the Retail Banking Business, the Global Investments and the Corporate & Shared Services headquarters have been responsible for supporting each headquarters' operations from the aspect of compliance.

The Legal Affairs and Compliance Division, supervising overall compliance activities, acts as the secretariat for the Compliance Committee. It strives to strengthen the Bank's compliance framework by conducting compliance reviews, responding to requests from branches and divisions for compliance-related advice, and conducting compliance monitoring, which includes visiting branches and divisions to verify their compliance practices directly while providing guidance. The Legal Affairs and Compliance Division supervises compliance activities in the area of customer protection as well and ensures that branches and divisions are practicing compliance while collaborating with other related divisions.

Whistleblower System

The Legal Affairs and Compliance Division has also installed the Compliance Hotline to enable directors and employees to report on compliance issues. The Compliance Hotline offers several contacts to report to the Legal Affairs and Compliance Division or outside lawyers while enabling the reporter to choose anonymity or non-anonymity. When a compliance issue is reported, the Bank maintains close contact with the whistleblower, makes necessary improvements and implements corrective measures. The Bank's compliance operation prioritizes protecting whistleblowers such as prohibiting disadvantageous treatment of a whistleblower and keeping the information of reported content secret. These are necessary efforts to improve directors' and employees' trust in the Bank. In FY2022, 8 cases were reported to the internal and external reporting channels at the bank, and the status of the responses and other matters are reported to the Audit & Supervisory Board Members.

Compliance Program

Each fiscal year, the Bank institutes a Compliance Program incorporating its management frameworks for compliance and customer protection, as well as promotion of initiatives, education and training plans for them. The Legal Affairs and Compliance Division implements the Compliance Program and monitors its progress to further reinforce the Bank's compliance framework.

Cooperation with Group Companies

The Bank is taking steps to strengthen its group's compliance systems by promoting a common awareness of compliance issues discussed at regular meetings with compliance divisions at its group companies.

Measures to Prevent Money Laundering

The Bank has established policies to prevent money laundering as follows to ensure that the entire group complies with the relevant laws and regulations and fulfills its sound financial intermediary function.

Group-wide Basic Policy

The Bank and the Bank Group comply with all applicable laws and regulations, take robust confirmation measures when accepting customers to exclude antisocial elements, terrorists, etc., and implement continuous customer management measures based on a risk-based approach. The Bank ensures the maintenance of its effective management system to prevent money laundering, in accordance with the characteristics of the Bank and the Bank Group.

Customer Management Policy

With an appropriate internal system to prevent money laundering and other risks, the Bank takes the following measures according to the risk-based approach.

- Strict confirmation before each transaction using various information gathered when accepting customers initially, and the preservation of confirmation records
- Management measures to reduce money laundering and other risks, such as monitoring of transactions based on business characteristics, notification of suspicious transactions, and analysis and management thereof
- Control measures in accordance with the magnitude of money laundering and other risks for each customer, such as strict control of additional confirmation for customers with high money laundering and other Risks
- Review of customer management measures based on the results of periodic investigation and analysis of all customer transactions
- Measures such as terminating transactions if appropriate customer management cannot be implemented or for other reasons
- Measures such as freezing assets of terrorists

- Confirmation of the anti-money laundering measures within foreign banks with which the Bank concludes correspondent agreements
- Continuous management and review of the above Measures

Internal Management System Policy

The Bank takes the following measures to improve its internal management system to prevent money laundering and other risks.

- Establish and implement policies, procedures and plans for the prevention of money laundering and other risks; inspect and verify the status of compliance; and continually improve the system based on the results of such inspection and verification
- Promote directors and employees awareness of the importance of their roles in preventing money laundering and other risks and foster a corporate culture of such awareness, through guidance and trainings
- Appoint managers in charge
- Clarify the roles of the divisions such as business divisions/branches that handle customers, operation management divisions, and audit divisions
- Report to the management on the status of measures to improve the management system over the entire the Bank Group, including its overseas offices; the status of customer management and other updates; and continue improvement measures
- Other necessary measures

Measures to Combat Bank Transfer Fraud

The Bank has established policies to prevent money laundering and other fraudulent activities and is strengthening preventive measures in this area as part of an increasingly necessary international cooperative effort.

Measures to Eliminate Antisocial Elements

Under the Code of Ethics, the Bank takes a strong and resolute stance against antisocial elements that pose a threat to social order and security, and in order to block all relationships with such antisocial elements, the Bank has established a systematic exclusionary system, in line with the following basic principles, and strives to ensure sound management.

(1) Response as an organization

The Bank has established the foundation of express provisions under the Code of Ethics and will respond as an entire organization, from the top management downward, and not simply leave it to the personnel or department in charge. In addition, the Bank will guarantee the safety of employees who are asked to respond to unjustified demands from antisocial elements.

(2) Cooperation with outside agencies

In preparation for unjustified demands from antisocial elements, the Bank endeavors to establish continuing cooperation with outside agencies such as the police, the National Centers for Removal of Criminal Organizations and lawyers.

(3) Blocking of relationships including business transactions

The Bank shall block all relationships with antisocial elements including business relationships. In addition, unjustified demands from antisocial elements will be rejected.

(4) Civil and criminal legal responses in times of emergency

The Bank shall reject unjustified demands from antisocial elements and take legal action, if necessary, on both a civil and criminal basis.

(5) Prohibition of secret deals and provision of funds

Even in cases where the unjustified demands from antisocial elements are based on misconduct related to business activity or involving an employee, the Bank will absolutely not engage

in secret deals. Furthermore, the Bank shall absolutely not provide funds to antisocial elements.

Bribery and Corruption Prevention

The Bank's "Rules on Gift and Hospitality," which are set forth under the Code of Conduct, clearly state that the Bank is committed to preventing corruption in all its forms, including extortion and bribery. Bribery includes the act of providing or offering to provide goods or other things (including non-monetary benefits) with the intention of influencing the recipient, and the act of accepting or requesting goods or other things with the intention of offering benefits to the provider. In accordance with the said rules, the Bank stipulates the necessary procedures to ensure the appropriateness of gifts and hospitality acts involving the Bank or its directors and employees and ensures that all directors and employees are fully aware of these procedures. When those acts are conducted, the Bank ensures that the personnel responsible for and in charge of compliance confirm in advance that there are no problems from such perspectives as appropriateness and legal compliance.

In addition, the Legal Affairs and Compliance Division periodically monitors the status of gifts and hospitality acts and reports to the Compliance Officer, the Compliance Committee and the Board of Directors.

Moreover, the Compliance Hotline is in place to enable directors and employees to whistleblow on compliance issues, including corruption and bribery, by telephone or e-mail.

Responding to Customer Consultations and Complaints

The Bank takes consultations and complaints from customers seriously, responds to them promptly and systematically, and reflects them in its business operations in a positive manner to improve customer convenience.

Information Security

Information Security Initiatives

The Bank utilizes a variety of information obtained during transactions with customers, etc., for various kinds of operations. Amid the increasingly diverse environments and purposes for information handling due to the rapid progress and evolution of information technology, the Bank is focused on information security measures to protect and manage customers' information appropriately.

The Bank's Board of Directors has the ultimate responsibility for establishing and maintaining an information security management system. The Bank works systematically to enhance its information security, which is led by the Risk Management Division with overall responsibility for information security planning, promotion and progress management, together with the persons responsible for information security (General Managers) and other personnel in charge of information security at each branch or division. Also, important matters related to the improvement of the information security management frameworks are discussed mainly at the Operational Risk Management Committee.

Regarding the handling of personal information, the Bank has set out the Personal Information Protection Declaration and has established the security framework that complies with Japanese legal requirements as a Personal Information Handling Business Operator and Person in Charge of a Process Related to an Individual Number as defined under "Act on the Protection of Personal Information." For its employees, the Bank provides trainings on the appropriate handling of personal information to raise their awareness of the handling of customers' personal information. The Bank's policy extends to external vendors to ensure their appropriate personal information management in case outsourced work involves personal information by concluding memorandums of understanding etc.

Overseas, the Bank has established a privacy policy applicable to the Bank's London Branch and Norinchukin Bank Europe N.V., as well as a privacy policy for residents in the United States.

Cybersecurity

Cybersecurity Initiatives

The Bank is strengthening its cybersecurity measures as it recognizes the threat of increasingly sophisticated and intricate cyberattacks as an important managerial risk.

Basic Policy on Cybersecurity

The Bank has established a basic policy for cybersecurity management in the “Basic Regulations on Cyber Security” to minimize the risk of cyber incidents causing damage to the Bank’s customers and/or disrupting the Bank’s operations or the financial system as a whole.

Cybersecurity Structure

As for organizational structure, we designate the Director in charge of the IT & Systems Planning Division as the “Chief Information Officer” to clarify roles and responsibilities regarding cyber risks. Under the supervision of the Chief Cyber Security Officer, various measures are in place, led by the IT & Systems Planning Division in charge of cybersecurity. The occurrence of cyber incidents, threat trends and the status of cybersecurity measures in place are regularly reported to the Board of Directors and other management-level meetings such as the Business Infrastructure Committee and the Operational Risk Management Committee, where cybersecurity policies are discussed.

Within the IT & Systems Planning Division is a team specializing in cybersecurity called the “Computer Security Incident Response Team (CSIRT).” The Bank’s CSIRT works closely with the SOC, or Security Operation Center, which is staffed by an external security vendor, and monitors events that could be signs of a cyber incident 24 hours a day, 365 days a year, thereby preparing for an initial response when a cyber incident occurs. The CSIRT also collaborates with the government, law enforcement agencies and various organizations such as ISAC to gather information on cyberattack tactics and new vulnerabilities and to strengthen

countermeasures.

Furthermore, to ensure cyber resilience, the Bank established procedures and contingency plans for responding to cyber incidents and confirm the roles and procedures of each department through periodic incident response exercises.

Cybersecurity Management Process

Regarding the confidentiality, integrity and availability of its information systems, the Bank assesses system risks, based on the “Security Guidelines on Computer Systems for Banking and Related Financial Institutions” and other information from the Center for Financial Industry Information Systems (“FISC”), and implements necessary control measures.

As a cross-organizational cybersecurity management process, the Bank organizes “cybersecurity programs” in accordance with NIST’s Cybersecurity Framework from the perspectives of “identify,” “protect,” “detect,” “respond” and “recover,” and reviews necessary measures based on external threats such as changes in attackers’ tactics and internal vulnerabilities. The effectiveness of these cybersecurity management efforts is confirmed through internal and external audits, as well as vulnerability assessments and penetration tests.

Education on Cybersecurity

The Bank provides education for different purposes to improve the knowledge and awareness required of each of its directors and employees.

- E-learning for the Bank’s directors and employees to acquire basic knowledge of security
- Newsletters for presenting cybersecurity-related articles to raise awareness of cybersecurity among the Bank’s directors and employees
- Suspicious e-mail trainings for all directors and employees to increase their awareness of and readiness for targeted e-mail attacks
- Lectures by experts to improve the knowledge on cybersecurity of directors

- Incident response trainings for directors and staff of relevant departments to confirm response procedures in the event of a cyber incident
- Trainings by external experts to improve CSIRT’s forensic skills

The Bank also established an external qualification incentive program to develop cybersecurity specialists and improve their professional skills.

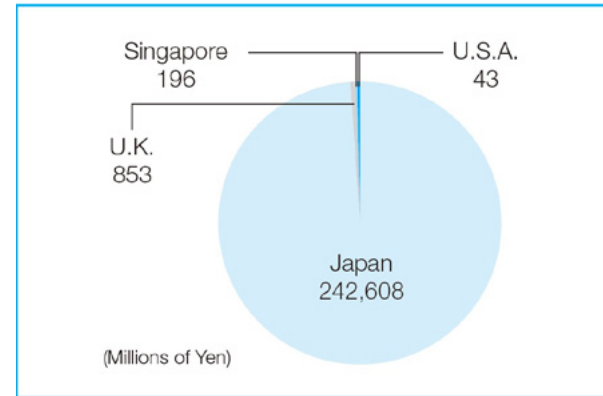
Tax Compliance

Efforts to Enhance Tax Compliance

The appropriate fulfillment of tax obligations is one of the critical social responsibilities of a company. With the business model of globally diversified investments, the Bank exercises its tax obligations not only in Japan but also with awareness of foreign tax laws and regulations concerning overseas lending and investing activities from Japan and business operations at its overseas locations, as well as international initiatives such as the BEPS Actions agreed by major jurisdictions at the OECD and implemented in Japan.

The Bank also conducts efforts to enhance tax compliance within the organization with the aim of increasing its medium- to long-term corporate value through sustainable growth. Specifically, the Bank provides its officers and employees with seminars designed to increase their tax literacy and will make continued efforts to increase awareness of tax compliance and reinforce tax governance.

Amount of Tax Payment by Jurisdictions(As of March 31, 2022)



ESG Data

Environment

GHG Emissions

		Unit	FY2020	FY2021	FY2022
Scope1 (Direct emissions from owned or controlled sources)	The Bank's business sites	t-CO ₂	★ 1,256	★ 1,259	1,342
	Group companies	t-CO ₂	8	★ 24	25
	Total	t-CO ₂	1,264	★ 1,283	1,366
Scope2 (Indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company)* ¹	The Bank's business sites	t-CO ₂	★ 19,057	★ 18,590	14,854
	Group companies	t-CO ₂	1,009	★ 614	672
	Total	t-CO ₂	20,066	★ 19,204	15,526
Total of Scope 1–2	The Bank's business sites	t-CO ₂	★ 20,313	★ 19,849	16,196
	Group companies	t-CO ₂	1,017	★ 638	696
	Total	t-CO ₂	21,330	★ 20,487	16,892
Scope3 Category1 Purchased goods and services** ²	The Bank's business sites	t-CO ₂	-	-	265
	Group companies	t-CO ₂	-	-	46
	Total	t-CO ₂	-	-	311
Scope3 Category3 Fuel- and energyrelated activities	The Bank's business sites	t-CO ₂	808	744	708
	Group companies	t-CO ₂	31	20	21
	Total	t-CO ₂	1,529	1,460	729
Scope3 Category5 Waste generated in operations	The Bank's business sites	t-CO ₂	-	-	7
	Group companies	t-CO ₂	-	-	9
	Total	t-CO ₂	-	-	16
Scope3 Category6 Business travel	The Bank's business sites	t-CO ₂	457	450	437
	Group companies	t-CO ₂	238	246	253
	Total	t-CO ₂	695	697	690
Scope3 Category7 Employee commuting	The Bank's business sites	t-CO ₂	-	-	815
	Group companies	t-CO ₂	-	-	471
	Total	t-CO ₂	-	-	1,287
Scope3 Category15 Investments	Please refer to Calculating Financed Emissions				
GHG emissions (total of Scope 1–3)	The Bank's business sites	t-CO ₂	21,578	★ 20,588	18,429
	Group companies	t-CO ₂	1,286	★ 909	1,496
	Total	t-CO ₂	22,863	★ 21,497	19,925

Energy Consumption

		Unit	FY2020	FY2021	FY2022
Electric power consumption	The Bank's business sites	kWh	★ 41,040,001	★ 39,990,982	36,987,910
	Group companies	kWh	2,208,164	★ 1,500,164	1,559,170
	Total	kWh	43,248,165	★ 41,491,145	38,547,080
	Of which renewable energy consumption* ³	kWh	356,376	★ 321,036	5,084,703
Steam consumption	The Bank's business sites	MJ	★ 10,672,283	★ 8,912,274	1,890,405
	Group companies	MJ	-	★ 0	0
	Total	MJ	10,672,283	★ 8,912,274	1,890,405
Cold water consumption	The Bank's business sites	MJ	★ 816,476	★ 897,725	5,421,202
	Group companies	MJ	-	★ 46,342	48,926
	Total	MJ	816,476	★ 944,066	5,470,128
Hot water consumption	The Bank's business sites	MJ	★ 0	★ 1,500,055	2,556,137
	Group companies	MJ	-	★ 359	5,790
	Total	MJ	0	★ 1,500,414	2,561,927
Kerosene consumption	The Bank's business sites	kl	★ 84	★ 84	82
	Group companies	kl	0	★ 0	0
	Total	kl	84	★ 84	82
Heavy oil consumption	The Bank's business sites	kl	★ 20	★ 22	10
	Group companies	kl	0	★ 0	0
	Total	kl	20	★ 22	10
LP gas consumption	The Bank's business sites	Thousand m ³	18	★ 17	18
	Group companies	Thousand m ³	-	★ 0	0
	Total	Thousand m ³	18	★ 17	18
City gas consumption	The Bank's business sites	Thousand m ³	★ 432	★ 433	486
	Group companies	Thousand m ³	3	★ 11	11
	Total	Thousand m ³	435	★ 444	498
Gasoline consumption	The Bank's business sites	kl	347	320	305
	Group companies	kl	9	7	9
	Total	kl	356	327	314

Use and Discard of Resources

	Unit	FY2020	FY2021	FY2022
Water usage*4	m ³	82,129	63,614	49,629
Water usage (Specific energy consumption per gross floor area)	m ³	0.8	0.6	0.5
Paper quantity consumed*5	t	241	169	170
Waste generated*6	t	181	163	115
Recycled volume*6	t	43	41	30

★Items subject to third-party verification by the Japan Quality Assurance Organization

Greenhouse Gas Emissions Verification Report

FY2021:(PDF:750KB)

<https://www.xxxxxx>

FY2020:(PDF:731KB)

<https://www.xxxxxx>

•Report Scope:

The Bank's business sites: The Bank's domestic and overseas business sites (Before FY2020, only domestic locations)

Group companies: The Bank's consolidated subsidiaries(Before FY2020, The Bank's consolidated subsidiaries and the Bank's overseas business sites)

•Method of measuring GHG emissions:

Used the coefficients according to the "Greenhouse Gas (GHG) Emissions Measurement and Reporting Manual" prepared by the Ministry of the Environment and the Ministry of Economy, Trade and Industry, Government of Japan. For measurement at overseas business sites, the coefficients stipulated by the respective countries were used, in principle.

For Scope 3, used the coefficients according to the "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain" prepared by the Ministry of the Environment and the Ministry of Economy, Trade and Industry, Government of Japan.

*1 Non-fossil certificates from renewable energy sources at the Bank's head office building(Otemachi One Tower) and the use of renewable energy at other facilities are calculated as zero emissions.

*2 Non-fossil certificates from renewable energy sources at the Bank's head office building(Otemachi One Tower) and the use of renewable energy at other facilities are calculated as zero emissions.

*3 Includes purchases of non-fossil certificates derived from renewable energy sources at theBank's headquarters building(Otemachi One Tower).

*4 Amount of water consumption at the Bank's head office building (Otemachi One Tower) and Akishima Center, as well as its Group companies and overseas business sites

*5 Amount of copy paper delivered to the Bank's domestic business sites, Group companies and overseas business sites

*6 The amount of waste generated from the Bank's head office building (Otemachi One Tower), Group companies and overseas business sites.

Society

Basic Human Resources Data

	Unit	FY2020	FY2021	FY2022	
No. of employees*1	No.	3,584	3,536	3,439	
	Men	No.	2,343	2,303	2,233
		%	65.4	65.1	64.9
	Women	No.	1,241	1,233	1,206
%		34.6	34.9	35.1	
No. of non-core employees	No.	548	545	584	
	Men	No.	448	444	465
Women		No.	100	101	119
No. of dispatched employees	No.	50	67	93	
	Men	No.	1	1	0
Women		No.	49	66	93
No. of seconded employees	No.	395	477	504	
No. of overseas local hires	No.	169	169	171	
Age structure	20s and below	No.	900	826	754
		%	25	23	22
	30s	No.	1,059	1,126	1,154
		%	30	32	34
	40s	No.	851	832	811
		%	24	24	24
	50s	No.	771	748	716
		%	22	21	21
	60s or higher	No.	3	4	4
		%	0	0	0
Average age	Age	39	39	39	
	Men	Age	40	40	40
		Women	Age	38	39
Average length of service	Years	13.6	13.7	14.1	
	Men	Years	13.0	13.2	13.6
Women		Years	14.6	14.7	14.9

No. of new graduate hires	No.	90	92	116	
	Men	No.	47	54	54
	Women	No.	43	38	62
No. of mid-career hires	No.	9	33	26	
		%	9	26	33
	Men	No.	7	26	20
		%	13	33	27
	Women	No.	2	7	6
		%	4	16	9
Share of employees retained for 10 consecutive years of service* ²	%	74.2	72.3	74.8	
	Men	%	83.3	78.7	78.7
	Women	%	62.3	63.9	69.2
Turnover	%	1	1	2	
	Men	%	1	1	2
	Women	%	2	1	3
Average monthly salary* ³	Thousand yen	521	538	541	
No. of persons with disabilities hired	No.	139	130	136	
Share of persons with disabilities hired* ⁴	%	2.67	2.52	2.60	
No. of post-retirement age employees* ⁵	No.	303	299	329	

*1 Including those who are retiring at the end of the current fiscal year

*2 Percentage of employees hired nine to 11 fiscal years ago who continue to work as of this report

*3 "Equal treatment for equal duty" policy is applied, with no gender discrimination or regional gaps within the country

*4 Aggregate hiring ratio from the Bank, Group subsidiaries and special subsidiaries

*5 Employment using the senior staff and the meister systems

Human Resource Development Data

	Unit	FY2020	FY2021	FY2022
Training investment*	million yen	-	-	839.9
Number of persons educated abroad (MBA/LLM)	No.	124	124	125
Number of certified DX translators	No.	-	-	73
Number of sustainability e-learning course participants	No.	3,365	3,300	3,175

* Expenses for various training programs, external training programs, overseas study programs, personal development support (subsidies for language and qualification acquisition, etc.), etc.

Results of Promotion of Active Participation of Women

	Unit	FY2020	FY2021	FY2022	
Ratio of women hired	Career track	%	34	26	43
	Specified roles	%	67	100	100
	Regional	%	90	78	89
Share of women managers	%	6.3	6.6	7.6	

Wage gap between men and women

All workers: 54.3%

Full-time workers: 53.2%.

Career-track workers: 57.9%

Branch career-track workers 80.8%

Business Experts: 83.0%

Part-time workers: 54.2%

Period covered: Fiscal 2022 (April 2022 to March 2023)

Wages: Includes basic salary, overtime allowance, bonuses, etc., and excludes retirement allowance, commuting allowance, etc.

Full-time workers: Includes workers seconded to outside companies.

Part-time workers: Includes contract workers, excluding trainees, incoming seconded workers, and temporary staff.

(Supplemental Explanation of Differences)

We do not consider gender differences in wage rules or evaluation criteria.

Branch career track and Business Expert figures are calculated by applying the new personnel system effective April 2023.

The reason for the lower average annual wages for women than men is due to differences in the ratio of gender in management positions (particularly senior management positions) and differences in age composition.

With regard to women's empowerment, we strive to achieve a 100% male maternity leave utilization rate, engage in work-style reform, and increase the ratio of women among new-graduate hires. These measures are based on our General Employers Action Plan. In addition, we continue to strengthen efforts to create an organization in which a diverse workforce, regardless of gender, plays an active role. We believe these efforts will result in a closing of the wage gaps described above.

Childcare/Nursing-Related Data

	Unit	FY2020	FY2021	FY2022
No. of employees taking childcare leave	No.	148	155	185
	Men	97	101	118
	Women	51	54	67
Share of employees taking childcare leave	%	88	93	105
	Men* ¹	79	93	101
	Women* ²	91	93	113
Share of employees returning after childcare leave* ³	%	100	100	100
Days of nursing leave taken	Day	290	379	626
No. of employees taking nursing care leave	No.	3	2	2

*1 The number of employees taking childcare leave divided by the number of dependents of employees giving birth (if leave and childbirth do not fall in the same fiscal year, these figures are counted toward the fiscal year where the leave began)

*2 The number of employees taking childcare leave divided by the number of employees giving birth (if leave and childbirth do not fall in the same fiscal year, these figures are counted toward the fiscal year where the leave began)

*3 Percentage of female employees who gave birth who continued to work (including periods of childcare leave) until their child's first birthday

Workplaces and Work styles Data

	Unit	FY2020	FY2021	FY2022
Workplace and Work-Style Data	hours	1,862	1,895	1,886
	General staff	1,798	1,829	1,861
	Management	2,133	2,158	2,092
	Discretionary work system staff	2,245	2,232	2,218
Average overtime hours	hours	11.1	12.4	12.0
	Career track	14.8	16.7	15.4
	Regional	6.5	6.6	7.2
Average days of paid leave taken*	Day	14	14	15
Percentage of paid leave taken*	%	70.1	69.6	76.1
	General staff	73.3	73.6	80.5
	Management	61.7	58.4	65.0

*Results based on calendar year figures

Customer Consultations and Complaints

	Unit	FY2020	FY2021	FY2022
No. of received customer consultations and complaints	No.	52	28	16

Governance

Governance System

	Unit	As of July 1, 2021	As of July 1, 2022	As of July 1, 2023
Supervisory Committee members	No.	20	17	14
Women therein	No.	1	1	1
Directors and Executive Officers	No.	15	15	15
Women therein	No.	1	1	1
Audit and Supervisory Board members	No.	5	5	5
Women therein	No.	1	1	1

	Unit	FY2020	FY2021	FY2022
Number of Supervisory Committee meetings	No.	14	13	15
Average rate of attendance at Supervisory Committee meetings	%	92.7	91.8	93.3

Compliance

	Unit	FY2020	FY2021	FY2022
Number of Compliance Hotline reports	No.	8	8	8