

Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Response

(Outline of the Business)

The Norinchukin Bank ("the Bank") operates various businesses in alliance with Japan Agricultural Cooperatives (JA), Japan Fishery Cooperatives (JF) and Japan Forest Owners' Cooperatives (JForest) at each locality and prefectural-level JA Shinnoren, JF Shingyoren and JForest Moriren. In the retail banking business, JA and JF nationwide, together with JA Shinnoren, JF Shingyoren and the Bank, develop businesses as JA Bank and JF Marine Bank. JA Bank finances local needs, utilizing deposits received by each JA from individual members. Remaining funds are deposited to JA Shinnoren and used mainly to finance larger-scale firms. The Bank receives the remaining funds as deposits from JA Shinnoren and conducts investment and finance activities globally. The Bank returns the profit to JA Shinnoren and JA. Likewise, at JF Marine Bank, JF, JF Shingyoren and the Bank each play a role in managing deposits received. JForest Group, comprised of JForest, JForest Moriren and JForest Zenmoriren (National Federation of Forest Owners' Cooperative Associations), in contrast, does not conduct banking business. The Bank cooperates in close alliance with JForest Group, providing support/subsidy for its activities and human resource development.

(Food and Agriculture Business)

As the main bank for the AFF industries, the Bank has created a unique cooperative financing program, aimed at providing support not only from the aspect of financial support but also from a business operations perspective to turn the AFF industries into growth industries and to support customers' growth and

Links and references

https://www.nochubank.or.jp/en/ir/valuereport/pdf/vr_22.pdf

https://www.nochubank.or.jp/en/ir/annualreport/pdf/ar_2022.pdf

development. Whilst cooperative organizations (JA, JF, JForest and related federations) are taking a leading role in these initiatives as financial contact points for leaders in the AFF industries, the Bank is focused on providing financial support, etc., to large-scale AFF leaders, cooperative organizations, etc. This financing for AFF industries has been positioned as the Bank's core business since its establishment. In addition, the Bank's financing covers a wide range of industries, including not only those directly involved in the AFF industries such as the food industry where AFF products are processed; the pulp and paper industries; the chemical and machinery industries that produce production materials for primary industries; and the trading, supermarket and restaurant industries that distribute primary industry products, but also customers in other fields, including the leasing, credit, IT, telecommunications, real estate and service industries

(Investment Business)

The Bank is one of the largest financial institutions in Japan and, at the same time, it is one of Japan's leading institutional investors. Assets invested in the market by the Bank amount to approximately ¥60.0 trillion, which accounts for a major portion of the Bank's total assets. For investment in securities, the Bank has promoted "globally diversified investment" since 1998 to achieve stable returns over the medium to long term. With offices in the world's financial centers, including New York, London and Singapore, the Bank obtains and reviews information to construct a portfolio with less risk as a whole by diversifying investments in a wide range of markets and assets with different risk-return characteristics. Recently, the Bank has bolstered group-wide asset management business. Various asset management firms belong to the Norinchukin Group, including Norinchukin Value Investments Co., Ltd., which has engaged in long-term concentrated investments since its founding in 2014; Norinchukin Zenkyoren Asset Management Co., Ltd., which has management resources such as credit and alternative assets transferred from the Bank in 2021; Nochu-JAML Investment Advisors Co., Ltd., which was established in 2021 to manage the real estate private REIT services; and Norinchukin Capital Co., Ltd., which was established in 2021 to increase private equity investments. In collaboration with these asset management firms in the group, the Bank satisfies a wide range of investor needs for financial instruments and asset management services. In addition, the Bank further focuses on expanding and deepening sustainable finance on a group-wide basis toward one of its Medium/Long-Term Goals of executing ¥10 trillion in new sustainable finance by fiscal 2030.

Bonds account for a major portion of the Bank's assets due to their risk-return characteristics and other attributes and are the Bank's core investment tool. When making investment decisions, the Bank gives full attention not only to interest rate risk but also

to credit and liquidity risks. The Bank has built up an efficient bond portfolio through investments in various types of bonds, including Japanese government bonds, government agency bonds, mortgage-backed bonds and foreign corporate bonds

In selecting equity investments, the Bank considers risk-return characteristics and correlations with other asset classes to manage its portfolio with a long-term view. While the Bank's strategy for equity investments focuses on passive investing linked to various stock indices, the Bank complements this strategy with active investing aimed at generating returns beyond those obtained from the index-linked passive approach through diversified domestic and foreign stock investments. In credit and alternative investments, the Bank selects low-risk assets based on global credit cycle analysis, risk-return profile in various investment asset classes and the analysis of correlations with conventional assets (bonds and stocks). In managing foreign currency assets, the Bank takes steps to limit foreign exchange risk in most of these investments by employing various tools, such as foreign currency funding.

As of 03/2022, approximate balance of loan and bills discounted is 23 trillion yen, money held in trust is 11 trillion yen, and securities is 47.trillion yen.

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

- Yes
 No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- UN Guiding Principles on Business and Human Rights
 International Labour Organization fundamental conventions
 UN Global Compact
 UN Declaration on the Rights of Indigenous Peoples
 Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: -----
 Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -The UK Modern Slavery Act
 None of the above

Response

Links and references

<https://www.nochuban.k.or.jp/en/sustainabil>

(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.

- 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)*

(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

[ity/pdf/2022/all_en.pdf](https://www.nochuban.k.or.jp/en/sustainability/pdf/2022/all_en.pdf)

https://www.nochuban.k.or.jp/en/sustainability/pdf/2022/08_en.pdf

Human rights policy
https://www.nochuban.k.or.jp/sustainability/management/policy/pdf/humanrights_policy.pdf

Environmental policy
https://www.nochuban.k.or.jp/sustainability/management/policy/pdf/environmental_policy.pdf

Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly¹ and fulfil the following requirements/elements (a-d)²:

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Response

All main business is in the scope of impact analysis.

- *Food and Agriculture Business (mainly corporate finance)*
- *Investment Business*
- *Retail Business (managing and improving JA Bank business in the nationwide area)*

Links and references

https://www.nochubank.or.jp/en/ir/annual_report/pdf/ar_2022.pdf

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

i) by sectors & industries³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or

ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

Response

We invest various financial products such as stocks, bonds, alternative investments, project finance etc, and lend various clients not only in Japan, but also in the world. As for the breakdown, please refer to annual report, consolidated financial disclosure.

Links and references

https://www.nochubank.or.jp/en/ir/annual_report/pdf/ar_2022.pdf

¹ That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

² Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

³ 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?⁴ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

<p>Response Please refer to the comment of strategy alignment in principle 1. We identified material issues of 'Five focus areas and 14 topics' to prioritize in the Bank's whole business.</p>	<p>Links and references</p>
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Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)⁵? Please disclose.

<p>Response Based on the material issues, discussion among boards and managements, the perspective and expectation of stakeholders, we identified 'climate change mitigation and adaption' and 'the empowerment of AFF industries' as the impact area.</p>	<p>Links and references</p>
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d) For these (min. two prioritized impact areas): Performance measurement: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the [Annex](#).

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

<p>Response As for 'climate change mitigation and adaption', we cover all businesses all over the world. We identified 'the reduction of GHG emissions', and 'New sustainable finance' as the indicator. As for 'the empowerment of AFF industries', we mainly cover 'Food and Agribulutre Business' and 'Retail Business' in Japan. We identified 'the increase of the AFF leaders' income' as the indicator.</p>	<p>Links and references https://www.nochubank.or.jp/sustainability/m/management/highlight/</p>
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⁴ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

⁵ To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁶

Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change mitigation, climate change adaptation, the empowerment of AFF industries

How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.:
(optional)

⁶ You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets⁷ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with⁸ have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

Response

As for 'the reduction of GHG emissions', we joined Net Zero Banking Alliance (NZBA), and set targets aligned with NZBA, and it also aligned with SDGs No.13.

As for 'the increase of AFF leaders' income', we refer to several national policies such as 'Strategy for Sustainable Food System, MIDORI' from Ministry of Agriculture, Forestry, and Fisheries, we treats their income increase in a unified manner, as 'the added value amount' that we defined as the total of "operating income," "depreciation" and "personnel expenses," which includes not only the perspective of "profit improvement" but also the concepts of "appropriate capital investment" and "human resources investment."

Links and references

<https://www.nochubank.or.jp/sustainability/management/highlight/>

Strategy for Sustainable Food System, MIDORI

https://www.maff.go.jp/e/policies/env/env_policy/meadri.html

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the [Annex](#) of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response
Climate change mitigation	...	
	...	
	...	

Impact area	Indicator code	Response
Financial health & inclusion	...	
	...	
	...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

Response

(the reduction of GHG emissions) Indicator code:A.4.1

- *Reduce financed emissions*
 - *Net Zero by FY2050*
 - *Interim Target for FY2030*

Lending

Electricity sector FY2030 138-165gCO₂e/kW

Investment (stocks and bonds)

-49% VS FY2019

- *Reduce GHG emissions by the Bank itself*
 - *Net Zero by FY2030*

(New sustainable finance) Indicator code:A.3.1, A.3.2

10trillion yen of new sustainable finance from FY2021 to FY2030

(the increase fo AFF leaders' income)

We haven't set overall numerous target yet, but through the individual consultation with AFF leaders', we set several numerous targets in respective consultation cases. We are on the way to measure 'the added value amount' wholely.

Links and references

<https://www.nochubank.or.jp/sustainability/management/highlight/>

c) SMART targets (incl. key performance indicators (KPIs)⁹): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

Response

Same as described above.

Links and references

d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.

⁷ Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

⁸ Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

⁹ Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

Response

(the reduction of GHG emission, and new sustainable finance)

Through the dialogues and collaborations with investment and finance clients, the Bank works to have deep discussions and mutually understand our investment and finance clients to provide solutions to their issues and needs. As for the details, please refer to principle 3 as described below.

(the increase fo AFF leaders' income)

In collaboration with the JA Bank, we conducted consulting activities on management problems for leaders in the agricultural industry (186 cases in FY2021 and 301 cases in FY2022).

We focused on not only offering problem-solving solutions but also verifying the status of implementation and the support processes toward the realization of solutions.

Links and references

<https://www.nochubank.or.jp/sustainability/management/stakeholder/>

<https://www.nochubank.or.jp/sustainability/aff/income/>

Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: ... (please name it)	... second area of most significant impact: ... (please name it)	(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Response

(the reduction of GHG emissions)

- Reduce financed emissions

Lending

Electricity sector

FY2020 217gCO₂e/kW

FY2019 213gCO₂e/kW

Investment (stocks and bonds)

FY2020 0.55tCO₂e/million yen

FY2019 0.66tCO₂e/million yen

-17% VS FY2019

- Reduce GHG emissions by the Bank itself

FY2021 19,849t-CO₂

FY2019 20,313t-CO₂

(New sustainable finance)

4.4trillion yen of new sustainable finance from FY2021 to FY2022

(the increase fo AFF leaders' income)

On the way to measure.

The number of consultation cases are 301 in FY2022

Links and references

<https://www.nochubank.or.jp/sustainability/management/highlight/>

Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers¹⁰ in place to encourage sustainable practices?

Yes In progress No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes In progress No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities¹¹). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Response

Through the dialogues and collaborations with investment and finance clients, the Bank works to have deep discussions and mutually understand our investment and finance clients to provide solutions to their issues and needs.

(Engagement based on client relationship)

We engage in dialogue with borrowersfinance clients about according to 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.

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.

(Engagement as a global institutional investor)

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

Links and references

<https://www.nochubank.or.jp/sustainability/environment/tcfd/strategy.html>

<p><i>corporate climate change action through collaborative engagement with institutional investors worldwide.</i></p> <p><i>Working with other institutional investors to engage in constructive dialogue on climate change, we encourage behavioral change toward decarbonization among target companies.</i></p> <p><i>We also accumulate knowledge through collaborative engagement and improve the effectiveness of individual engagement as we strive to create decarbonized societies.</i></p>	
<p>3.2 Business opportunities</p> <p>Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services , information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).</p>	
<p><i>Response</i></p> <p><i>New sustainable finance – climate change mitigation and adaption</i></p> <p><i>Arrangement and intermediate fees – climate change mitigation and adaption</i></p>	<p><i>Links and references</i></p>

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups¹²) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the

¹⁰ A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

¹¹ Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

¹² Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Response

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

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

Links and references

Sustainability Report 2022 p.58/82

https://www.nochubank.or.jp/en/sustainability/pdf/2022/all_en.pdf

Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes In progress No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Response

As responsible managers for the control and promotion of sustainability management, we have assigned two officers, one abroad (in London) and the other in Japan, as Chief Sustainability Officers (Co-CSuOs). Besides, to achieve strengthened sustainability management throughout the Bank in a unified manner, we have assigned HQ/Unit Sustainability Officers (SuOs) at the respective headquarters/units.

As a meeting structure to discuss and deliberate a variety of topics, such as overall planning and management issues regarding sustainability management, we have established the Sustainability Committee under the Board of Directors. Related senior management and employees including the Co-CSuOs (see above) participate in the Sustainability Committee meetings. The content of deliberations is proposed or reported to the Board of Directors and the Supervisory Committee, as required, and is subject to the supervision of those two entities.

Also, to achieve sophisticated sustainability management, we have established the Sustainability Advisory Board to deliberate with outside experts and incorporate their opinions.

Links and references

Sustainability Report 2022 p.13/82

https://www.nochubank.or.jp/en/sustainability/pdf/2022/all_en.pdf

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Response

The Bank provides environment and human rights seminars annually, and all senior management and employees at the Bank are required to participate in at least one. We invite specialists from a wide range of fields to present seminars to enlighten and disseminate the concept of respect for environmental preservation and human rights under broad themes. In fiscal 2022,, we provided five online sessions delivered to all business sites via a remote conference system, and we posted these session in the Bank's streaming site so that every employees can access to watch sessions all the time at their convenience.

Links and references

Sustainability Report 2022 p.71/82

https://www.nochubank.or.jp/en/sustainability/pdf/2022/all_en.pdf

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹³ Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Response

As basic policies to resolve environmental and social issues, the Bank established our Environmental Policy and Human Rights Policy in 2019. Also, the Bank has formulated policies on environmental and social considerations in providing financing or investment for businesses that could have significant adverse impacts on the environment and society. We will continue to revise these policies as needed, considering domestic and international trends regarding initiatives to address social and environmental issues, as well as the expectations from our stakeholders and points of view of them.

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.

Links and references

Sustainability Report 2022 p.39/82

https://www.nochubank.or.jp/en/sustainability/pdf/2022/all_en.pdf

¹³ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes In progress No

Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes Partially No

If applicable, please include the link or description of the assurance statement.

Response

We will obtain third party assurance by 4 years from the signing of PRB which is March 2026 aligned with PRB principles.

Links and references

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
- SASB
- CDP
- IFRS Sustainability Disclosure Standards (to be published)
- TCFD
- Other:

Response

Other than above, we as a financial institution based on the AFF cooperatives in Japan participates in and endorses following initiatives to fulfill its social responsibility toward attaining a sustainable global environment, while promoting alliances with the industrial, governmental and academic sectors.

- *Principles for Financial Action for the 21st Century (Mar 2012)*
- *United Nations Global Compact (Nov 2016)*
- *CDP (Mar 2017)*
- *Equator Principles (May 2017)*
- *TCFD (Apr 2019)*

Links and references

Annual Report 2022 p.15/82

https://www.nochubank.or.jp/en/sustainability/pdf/2022/all_en.pdf

<ul style="list-style-type: none"> • <i>Japan Climate Initiative (Apr 2019)</i> • <i>PCAF (Mar 2022)</i> • <i>Japan GX League (Mar 2023)</i> • <i>AIGCC (May 2022)</i> • <i>Climate Action 100+ (Jun 2022)</i> • <i>TNFD Forum (Jun 2022)</i> • <i>Japan Impact-driven Financing Initiatives (Nov 2022)</i> • <i>Net Zero Banking Alliance (Mar 2023)</i> • <i>Glasgow Financial Alliance for Net Zero (Mar 2023)</i> • <i>Keidanren Initiative for Biodiversity Conservation (Jun 2023)</i> • <i>Japan Climate Leaders Partnership (July 2023)</i> 	
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6.3 Outlook
 What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹⁴, target setting¹⁵ and governance structure for implementing the PRB)? Please describe briefly.

<p><i>Response</i></p> <p><i>As for the climate change mitigation and adaptation, we will expand sectors of lending business aligned with NZBA principles. Also, we continue to conduct engagement with our investees and lending clients so that we can expand our sustainable finance, and enhance their action to the climate change mitigation and adaptation.</i></p> <p><i>As for the empowerment of AFF industries, we strengthen and expand our consultation service to AFF leaders together with JA Bank, and also try to measure ‘the added value amount’.</i></p>	<p><i>Links and references</i></p>
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¹⁴ For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

¹⁵ For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- | | |
|--|---|
| <input type="checkbox"/> Embedding PRB oversight into governance | <input type="checkbox"/> Customer engagement |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank | <input type="checkbox"/> Stakeholder engagement |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability |
| <input type="checkbox"/> Conducting an impact analysis | <input checked="" type="checkbox"/> Data quality |
| <input type="checkbox"/> Assessing negative environmental and social impacts | <input checked="" type="checkbox"/> Access to resources |
| <input checked="" type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting |
| <input type="checkbox"/> Setting targets | <input type="checkbox"/> Assurance |
| <input type="checkbox"/> Other: ... | <input checked="" type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these: