

Third Party Comments

Third Party Opinion of the Sompō Group's CSR and Sustainability Initiatives

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IHOE: An NPO established in 1994 "for the democratic and balanced development for all the lives on the Earth." While their main focus is providing management support to civil society organizations and social business operators, IHOE also provides support for social responsibility initiatives by major companies.
<https://blog.canpan.info/ihoeh/> (in Japanese)



This third-party opinion is based on the information available in the CSR and sustainability section of the Sompō Holdings website, the integrated annual report released in August 2022, and with reference to interviews with personnel from SOMPO Care and those from the Administration, Human Capital, CSR/Sustainability, and Social Contribution Departments of Sompō Japan Insurance. It concerns activities undertaken in fiscal 2021 and those ongoing in fiscal 2022 (until the end of November 2022).

In addition to the ongoing implementation of CSR and sustainability initiatives, the Sompō Group has defined policies for medium- and long-term material issues, and I believe the Group has reached the stage where it ought to step up its collaboration with external parties and further its efforts to solve social issues and promote value creation, including business model development.

Areas Evaluated Highly

- On the topic of management geared towards achieving the corporate purpose, the Group has articulated the three values it seeks to provide to society and the driving force behind their implementation currently rests with the motives (My Purpose) of the employees themselves. I commend the fact that these values continue to be confirmed and shared. I also highly evaluate the fact that the Group has set KPIs for achieving its purpose and is disclosing its progress towards attaining them. I continue to look forward to seeing the Group forecast the kind of social issues it needs to address and expand its KPIs to include reductions in greenhouse gas (GHG) emissions and respect for human rights, among other indicators, so that its social values can also be put into practice at each workplace and linked to the creation of business partners in its value chain to implement initiatives relating to fundamental sustainability/CSR issues, such as the environment and human rights, and promote collaboration on its theme park platform with various companies and NPOs/NGOs for the development, provision and evolution of solutions.
- On the topic of initiatives expected to generate social value in the Nursing Care & Senior Business, I hold a favorable view of the fact that the Group is deploying the utilization of real data as a business to other companies and government agencies. I hope that going forward the information obtained can be utilized to quantitatively grasp the contribution to the optimization of services to users and the improvement of employee motivation, and then leveraged to build out a platform that is beneficial to users and employees, not just nursing care providers. I am also still keen to see the Group pool its strengths to lead the way in developing businesses related to risk preparedness, including insurance products and risk consulting in the Nursing Care & Senior Business, and BCP/BCM planning and training of human resources to respond to natural disasters and infectious diseases in particular.

Initiatives Progressing Well but Requiring Further Effort

- On the topic of mitigating and adapting to climate change, I commend the Group for continuing to reduce its paper consumption mainly by reviewing the types of forms it uses, continuing to introduce renewable energy, establishing GHG emission reduction targets for customers to whom it extends investments and loans, responding to climate change risks and opportunities primarily by providing risk consultations and agricultural and weather index insurance services to customers, suspending the underwriting of new insurance contracts for, and investments and loans to, coal-fired power plants and coal mine developments, and continuing long-term programs in collaboration with civil society, such as public seminars on environmental issues and wildlife conservation activities. Going forward, in order to achieve the Japanese government's pledge to reduce greenhouse gas emissions in Japan by 46% by 2030 (compared to 2013), I continue to strongly urge the Group to expand its initiatives so that its Group companies and agencies can benefit from a

knock-on effect, and so that it can assist clients in introducing renewable energy and improving business efficiency and insulation, and promote initiatives for protecting biodiversity and other resources at the Group's paper suppliers. In Japan and overseas, I would also like to see the Group support, from a financial and insurance perspective, the so-called "eco-driving campaign" and decarbonization investments. With that in mind, in order to ascertain, in concrete terms, the kind of world, customers, and Group situation it will likely encounter in the 2050s, I think the Group's TCFD scenarios need to be quantitative and more accurate. Furthermore, I still hope to see an evolution in the Group's services by way of active collaboration with agencies, business partners, and NPOs/NGOs, which is one of the Group's major strengths, to meet the requirements of the TNFD as well, and strengthen services that support the formulation of sector-specific assumption scenarios.

- On the topic of human rights initiatives, I commend the Group for (1) identifying and working on material issues, including employee health and safety and long working hours, based on the Group's human rights materiality assessments in line with its policy on human rights, for (2) developing consultation-oriented insurance services as a business, and for (3) conducting workplace surveys at SOMPO Care. In the future, to promote human rights transformation and financing that respects human rights (and prevents infringements) in the P&C insurance sector and at business partners, I hope to see successive developments starting with industries thought to have the biggest impact regarding human rights due diligence, the avoidance of negative impacts, and access to remedy in the event that issues do arise. I also hope to see the United Nations Guiding Principles on Business and Human Rights (Ruggie Framework) being put into practice at the entire Group and more opportunities for the Group's executives and employees, as well as those of its agencies, to receive relevant training, in light of the Group's interaction with society on multiple fronts and the fact that it holds a dominant position in numerous settings.
- On the topic of business and organizational management that takes into consideration human diversity, the approach of Sompō Japan Insurance to produce a manual on how to interact with senior citizens and people with disabilities, as well as the Group's definition of HR core values and the formulation of a succession plan for 88 key posts in the Group, are positive developments. I hope the Group will continue to clarify its long-term personnel portfolio targets and I also expect the Group to continue to expand its system for nurturing the next generation of globally active senior management by providing training to validate assumptions in preparation for the market and business environment of the future. I would also like to see the Group encouraging the creation of communities where people with disabilities and other minority employees can share their experience and knowledge and mutually support each other in the context of their stage in life. I also want to see the continued use of easy-to-understand Japanese, for not only the benefit of foreigners in Japan, but to assist customers with dementia or other disorders.
- On the topic of maintaining and improving the health of employees and providing a supportive workplace, it is positive that 25% of employees now use leave, shorter working hours, and teleworking schemes designed to accommodate childcare, elderly care, and nursing care commitments. In the future, I strongly hope that the Group will continue to provide support to young female employees to prevent illness and manage their health in order to reduce the gender gap in the years of service to a more reasonable level.
- On the topic of social contribution activities in the area of culture and art, I highly rate the Group's efforts to create various opportunities, for example, by operating an art museum and hosting workshops. Going forward, I hope to see such initiatives evolve with a view to the connections between art, including the fine arts, culture, and finance, as well as the development and provision of platform functions for companies and operators of art museums.

Response to Third-Party Opinion

Ryoko Shimokawa

Group CSuO, Senior Vice President and Executive Officer



I would like to thank Mr. Kawakita again for his assessment of the Group's efforts to solve social issues to achieve SOMPO's Purpose, as well as for his advice on improvements and expectations of further progress. Mr. Kawakita has been providing third-party opinions on our reports since 2001. We have found his informed opinions, which are attuned to changes in the external environment and the Group's initiatives, to be very useful in advancing specific discussions within the Company.

In this year's third-party opinion, he gave us high marks for our management framework, which identifies the value that SOMPO provides to society, sets KPIs for achieving this, and manages its progress. This framework is one of the strengths of the Sompō Group, and we intend to make it even more effective so that each of our businesses can provide solid value to its customers, business partners, and other stakeholders. On the other hand, I recognize that, as Mr. Kawakita mentioned among his expectations, putting this framework into practice in the workplace is extremely important. We will work to ensure that each and every employee of the Group sees this as one's own personal matter, while also working to promote purpose dissemination and culture change, with My Purpose as the starting point.

Looking to future issues, Mr. Kawakita also mentioned that he would like to see us expand our initiatives to address environmental issues, such as the reduction of greenhouse gases and consideration for biodiversity in the procurement of paper, and to promote the evolution of related services, with the involvement of insurance agencies, business partners, and other key partners of the Group, which is mainly engaged in the insurance business. For the Sompō Group, insurance agents are the starting point for customer contact, so we will work to gain their understanding and sympathy for efforts to solve social issues, discuss specific measures to be taken, and work together with our business partners to realize a better society through dialogue. Mr. Kawakita also raised the issue of how to deal with human rights risks, which Japanese companies have been taking steps to address in recent years. This reminded me once again that we have an important responsibility to not only develop our own framework for dealing with human rights risks, but to leverage our risk management knowledge and know-how to encourage a human rights transformation among our business partners. Although we are already developing products and services in this domain, further measures, such as industry-specific risk analysis, will lead to social transformation and the acquisition of economic value for the Group.