

June 28, 2022
Sompo Holdings, Inc.

Accelerating "SOMPO Climate Action" Joining "NZIA: Net-Zero Insurance Alliance" and Strengthening Action Policy

Sompo Holdings, Inc. (Chairman & Group CEO: Kengo Sakurada, hereinafter "the Sompo Group") announced "SOMPO Climate Action*1" (adapt to climate change, mitigate climate change, and contribute to societal transformation) in its medium-term management plan starting from FY2021, and aims to realize SOMPO's Purpose through "Contribute to a greener society where the economy, society, and environment are in harmony".

In order to accelerate and implement our efforts on "SOMPO Climate Action", toward achieving net-zero greenhouse gas (hereinafter "GHG") emissions, the Sompo Group joined to "Net-Zero Insurance Alliance (hereinafter "NZIA")" which aims to achieve net-zero GHG emissions in its underwriting portfolio, and established a policy for ESG-related underwriting, investment, and loan.

1. Joining the NZIA

In order to accelerate the implementation of "SOMPO Climate Action", the Sompo Group joined NZIA which aims to achieve net-zero GHG emissions from its insurance underwriting portfolio by 2050.

Through our membership in NZIA, the Sompo Group will accelerate its efforts to achieve net-zero GHG emissions of the group, and will contribute to the transformation of society by leveraging its financial functions.

In addition, the Sompo Group has already been a member of "NZAM: Net Zero Asset Managers' Initiative*2" and "NZAOA: Net Zero Asset Owners' Alliance*3", so with its recent membership in the NZIA, the company has become the first Japanese company to join three net zero alliances under the umbrella of the Glasgow Financial Alliance for Net Zero (GFANZ), a global alliance of financial institutions aiming to achieve net-zero GHG emissions by 2050.

<About NZIA>

The UN-convened Net-Zero Insurance Alliance (NZIA) brings together a group of the world's leading insurers and reinsurers to play their part in accelerating the transition to net-zero emissions economies. They are committing to individually transition their underwriting portfolios to net-zero greenhouse gas (GHG) emissions by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100. By joining the NZIA, these insurers and reinsurers are demonstrating the key role of the insurance industry as risk managers, insurers and investors in supporting the transition to a net-zero economy.

Currently, NZIA is developing methodologies for measuring insurance-associated GHG emissions, and setting targets for insurers' underwriting portfolios. The Alliance has 26 member companies as of today, that account for close to 15% of global insurance premiums.

2. Strengthening the Policy on ESG-related insurance underwriting, investment, and loan

In addition to joining the NZIA, the Sompo Group has strengthened its policy on ESG-related insurance underwriting, investment, and loan in order to implement "SOMPO Climate Action". Based on this policy, the Sompo group will promote GHG reductions through engagement with our business partners and investee, and will also promote the development of new products and services and contribute to the "Energy Transition", which is essential for the transition to a green society.

Since the policy contains "Advancing Social Equity" including human rights issue, the Sompo Group will also accelerate efforts to create both economic and social value through dialogue and partnerships with customers and other stakeholders toward the future. (The full text of the "Policy for ESG-related Underwriting, Investment, Loan" is provided in [Appendix])

3. Going Forward

The Sompo Group, together with its stakeholders including business partners etc., will implement "Contribute to a greener society where the economy, society, and environment are in harmony", with the aim of realizing the SOMPO's Purpose which is expressed as "With 'A Theme Park for Security, Health and Wellbeing', create a society in which every person can live a healthy, prosperous and happy life in one's own way".

*1 About "SOMPO Climate Action"

<https://www.sompo-hd.com/csr/materiality/topic1/>

*2 About "Sompo Asset Management Joins Net-zero Asset Managers' Initiative (in Japanese) "

<https://www.sompo-am.co.jp/resources/e0/e000a349960ad1dc5fc54d40c3c89de344fdfafa.pdf>

*3 About "Sompo Holdings Joins the Global Investor Initiative: UN-convened Net-Zero Asset Owner Alliance"

https://www.sompo-hd.com/-/media/hd/en/files/news/2022/e_20220527_1.pdf?la=ja-JP&force_isolation=true

Policy for ESG-related Underwriting, Investment and Loan

The SOMPO Group strives to make the world more resilient. We see sustainability as a long-term driver of value, and we rely on insights gained from SOMPO's Purpose to guide our underwriting, investment, and business decision-making.

To ensure that each company in the Group fulfills its corporate social responsibility, we have established a Group Sustainability Vision and other policies, and based on these, we identify market opportunities, manage risk, and enhance our corporate value through community involvement, social responsibility, and diversity & inclusion.

The Group's ESG principles on underwriting, investments, and loans is as follows.

◆ Advancing the Energy Transition

As the most significant challenge humankind faces, we believe the world – and the financial services sector – must take meaningful climate action today. Therefore, we commit to net zero emissions in our underwriting, investments, and operations by 2050.

We promote the transition through our insurance of and investments in renewable energy and other innovative green technologies

We will not underwrite new insurance or make new investments in or loans for new or existing coal power plants or thermal coal mine projects (*1). We also will not underwrite new insurance or make new investments in or loans for oil and gas extraction projects in the oil sands or the Arctic National Wildlife Refuge (ANWR). We will not insure or make investments or loans to companies whose primary business is coal (*2), or oil and gas extraction projects in the ANWR, unless they establish a GHG reduction plan by January 2025 (*3).

We have been a signatory to the United Nation's Principles for Sustainable Insurance (PSI) and Principles for Responsible Investment (PRI) for several years, and in order to more proactively realize the goals of the Paris Agreement, the Group has recently joined the Net Zero Insurance Alliance (NZIA), the Net Zero Asset Owner Alliance (NZAOA), and the Net Zero Asset Managers Initiative (NZAM).

We aim to support our customers on their sustainability journey, working with them to reduce their carbon footprint.

◆ Advancing Social Equity

Under the Group Policy for Human Rights, the Group acts with a commitment to respecting the fundamental human rights of all stakeholders in the global marketplace.

With the aim of enabling each and every employee to maximize his or her strengths, we have positioned diversity and inclusion as an important management strategy for growth, and are working to build a system and corporate culture to realize this goal.

In addition, when underwriting insurance and making investments and loans, and when entering into new partnerships with each of our business partners (brokers, reinsurers, investment managers, lessees, vendors, etc.), we take into consideration our Group's Sustainability related vision and policies.

◆ Aspiring for Excellence in Governance

Based on the Group Sustainability Vision, the Group will make business decisions based on high ethical standards, respecting international codes of conduct and considering the interests of all stakeholders, including customers, employees, local communities, and shareholders.

In addition, we will proactively and fairly disclose transparent information to society regarding our progress toward achieving our goals, etc., in accordance with TCFD and other disclosure standards.

*1-We may carefully consider and respond to cases where there are innovative technologies such as Carbon Dioxide Capture, Utilization, and Storage (CCS, CCUS), carbon recycling, ammonia co-firing, or other innovative technologies in place that are expected to reduce GHG emissions and contribute to the realization of the Paris Agreement.

*2-Defined as companies that derive at least 30% of their revenues from coal-fired power generation, thermal coal mines, or oil sands, or electric utilities companies that generate at least 30% of their energy from coal.

*3-We will not apply restrictions to insurance that supports the health and wellbeing of individuals, e.g. workers' compensation insurance.