



ESG REPORT 2021



TOP MESSAGE

As a life insurance company that provides long-term peace of mind, we are working to resolve social issues on a global scale.

Working to realize a sustainable society and maximize our policyholders' interests through the development of society as a whole

As the coronavirus disease (COVID-19) wreaks havoc around the world, I would like to express my heartfelt sympathies to those who have passed away, and extend my condolences to their family members. I would also like to extend my sincerest sympathies to all those who are suffering from or have been affected by the pandemic. Concurrently, I'd like to express my profound admiration and respect, along with my deepest gratitude, to the medical professionals who have been working selflessly on the medical front lines to treat and prevent the disease, and to all those who have been working throughout this pandemic to support the social infrastructure essential to our daily lives.

The onslaught of COVID-19 has brought home to us the severity of the impact of a global issue. We also need to be more strongly aware of the importance of addressing climate change, as various natural disasters have been observed around the world due to global warming. As a corporate manager of a life insurance company that provides long-term peace of mind, I recognize that we are being tested on how we face these global issues and fulfill our responsibilities.

Since its founding, Nippon Life has served as a social safety net through the dissemination of life insurance and has striven to contribute to the stability and development of people's lives based on the basic spirit of "co-existence, co-prosperity and mutualism." In the asset management, we have worked to realize a sustainable society, grow in line with the development of society as a whole, and increase our policyholders' interests by undertaking investment and financing in consideration of profitability and safety as well as the public nature of our business.

ESG investment and finance have been rooted in our basic philosophy since our founding

ESG investment and finance, which takes into account environmental (E), social (S) and governance (G) issues, is essentially the same as the asset management that we have carried out since our founding. In the mid-to long-term time-line that is unique to a life insurance company that provides long-term coverage, we believe that considering

ESG in addition to economic growth and pursuing sustainability will lead to greater profitability and contribute to the interests of individual policyholders.

In the new Mid-Term management plan that started this fiscal year, we have identified "Sustainability Management" as one of core principles of business management and plan to promote initiatives conducive to resolving social issues in order to realize a safe, secure and sustainable society. As ESG investment and finance is one of the most important initiatives, we established the ESG Investment Strategy Office this fiscal year.

In July this year, one of our employees was appointed as a Board member on the United Nations' Principles for Responsible Investment (hereinafter, "PRI"), an international organization that promotes the PRI. In the future, we will also participate in initiatives to promote and expand ESG globally and make further contributions toward resolving global issues.

Climate change is a crucial issue which we should tackle globally together with international initiatives

Among the ESG issues, climate change is a particularly crucial one that is related to the very sustainability of the global environment. International cooperation toward net zero CO₂ emissions is expanding around the world, including China, Japan, and the U.S. as well as Europe. Our company has set a goal of reducing not only greenhouse gas emissions from our business activities but also those from our asset management portfolio to net zero by 2050. In October this year, we joined the Net-Zero Asset Owner Alliance, an international initiative in which institutional investors aim to transition to portfolios with net zero greenhouse gas emissions by 2050.

In order to achieve the net zero target, we will proactively continue to fund initiatives that contribute to decarbonization, and to conduct dialogue with investee companies based on their circumstances specific to countries, regions, or individual companies and to encourage them to enhance their disclosure and initiatives.

We published an ESG Report this fiscal year to report more detailed information on our ESG-related initiatives to our stakeholders. We will continue to push ahead with ESG investment and finance that can contribute to our policyholders' interests, aiming both to contribute to the realization of a sustainable society and to improve investment returns.

Hiroshi Shimizu

President



CORPORATE PROFILE (As of the end of March 2021)

Name	Nippon Life Insurance Company		
Location	Osaka Head Office: 3-5-12, Imabashi, Chuo-ku, Osaka 541-8501, Japan Tokyo Headquarters: 1-6-6, Marunouchi, Chiyoda-ku, Tokyo 100-8288, Japan		
President	Hiroshi Shimizu		
Established	July 4, 1889		
Offices	● Branches	.....	108
	● Global representative offices	.....	4
	● Sales offices	.....	1,521
	● Agencies*	.....	18,562
Group Companies	● Insurance and insurance-related businesses	.....	21
	● Asset management-related businesses	.....	58
	● General affairs-related operations	.....	10

* "Agencies" includes agencies of banks and other financial institutions.

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Contributing to the realization of a sustainable society through ESG investment and finance while securing long-term, stable investment returns

Nippon Life has based its life insurance operations on the spirit of "co-existence, co-prosperity and mutualism." With this in mind, we have carried out investment and financing that contributes to profitability, safety, and the public interest.

We believe that ESG investment and finance is an approach consistent with this spirit, which we have embraced since our founding, and that it will help sophisticate our conventional investment and financing decisions from the medium to long-term perspectives.

Based on this belief, Nippon Life has positioned ESG investment and finance as an axis of its asset management strategies. By employing various ESG investment and finance methods, we aim both to contribute to the realization of a sustainable society and to secure long-term, stable investment returns.

In the new Mid-Term management plan that started in FY2021, we have defined "Sustainability Management" as one of the foundations of our business operations. We plan to promote initiatives conducive to resolving social issues in order to realize a safe, secure and sustainable society. We have positioned ESG investment and finance as one of the most important initiatives toward achieving this goal.

ESG investment and finance

- Integration
- Engagement
- ESG-themed investment and finance (including impact investment)
- Negative screening

E
Environment

S
Social

G
Governance

Profitability

Safety

Public interest

Nippon Life

Securing long-term, stable investment returns

To fulfill our coverage obligations

Realize a safe, secure and sustainable society



Nippon Life's Vision

Realize a society that does not create poverty and inequality

Develop a framework for society to nurture the next generation

Build a society that can boast to the world of good health and long lives

Initiatives to contribute to the extension of health expectancy

Realize a sustainable global environment

Initiatives to address climate change

BASIC POLICY

To create a prosperous future ESG investment and finance Policy by Nippon Life

Basic approach for management of general account assets

- We conduct asset management placing the highest priority on fulfilling our financial obligations to our policyholders.
- We endeavor to increase long-term, stable investment returns by implementing consistent investment strategies.
- Taking into account the mission and public nature of the life insurance business, we conduct asset management to meet the needs of our policyholders.

ESG investment and finance Policy

In light of its social responsibilities as a life insurance company, Nippon Life will conduct asset management based on consideration for environmental, social and governance issues across all assets from the medium- to long-term perspectives, according to asset and regional characteristics. By conducting such asset

management, Nippon Life will work to coexist with the environment, communities and society, and to share sustainable growth with the global economy and other companies along with striving to secure long-term, stable investment returns.

1 Nippon Life will consider ESG perspectives in investment and finance processes across all assets, as it strives both to contribute to the realization of a sustainable society and secure long-term, stable investment returns. Moreover, in bond investments,

financing and related activities based on ESG themes, the Company will confirm whether the use of funds will help to solve environmental or social issues. In addition, Nippon Life will make environmentally and socially considerate real estate investments.

2 As part of constructive dialogue with investee companies, Nippon Life will conduct dialogue based on ESG themes, along with implementing

appropriate stewardship activities. In the process, Nippon Life will support the sustainable growth of investee companies.

3 As part of dialogue with investee companies, Nippon Life will request improvements in disclosure of not only financial information but also non-financial information, including

ESG perspectives. In parallel, Nippon Life will conduct surveys and research on how information should be disclosed appropriately.

4 Nippon Life will make efforts to enhance and share its investment process through sharing ESG investment and finance expertise with its subsidiaries and information

exchange with signatory companies, industry groups, and so on, as well as studying advanced cases of ESG investment and finance.

5 Nippon Life will contribute to stimulating activity in the ESG investment and finance market by publicly disclosing the status of its ESG investment and finance and

proactively communicating opinions related to ESG investment and finance through participation in international conferences and so on.

Key figures Nippon Life's advantages in ESG investment and finance

General account assets (nonconsolidated)

¥72 trillion
(as of March 31, 2021)

Amount of ESG-themed investment and finance

¥1.1 trillion
(April 2017 to June 2021)

Nippon Life is proactively carrying out investment and financing for which the use of funds is linked to the theme of achieving the SDGs, with the assumption that profitability will be secured.

PRI assessment

**Acquired A+
in 4 modules
for the 2nd
consecutive year**

In the 2020 assessment of the United Nations Principles for Responsible Investment (PRI), we acquired A+ in the four modules of Strategy and Governance, Listed Equity - Incorporation, Listed Equity - Active Ownership and Property.

We had dialogue with

747 companies

Of which we had dialogue on E/S themes with

672 companies

(July 2020 to June 2021)

In addition to governance (G), we have been enhancing dialogue on environmental (E) and social (S) themes in recent years.

HISTORY

History of Nippon Life and ESG

Since its founding, Nippon Life has based its life insurance operations on the spirit of "co-existence, co-prosperity and mutualism." With this in mind, we have made efforts to conduct sound management from a long-term perspective while giving the highest priority to maximizing benefits for our customers. In the asset management field, we have carried out investment and financing that contributes to the public interest.

For example, in 1890, the year following its foundation, Nippon Life invested in the corporate bonds of Osaka Railway, known as the first corporate bonds issued in Japan.

We believe that ESG investment and finance, which supports the sustainable growth of investees from a medium-to long-term perspective, basically share the same foundation as our medium-to long-term investment policy, in which we have focused on balancing profitability, safety and the public interest.

By pushing ahead with ESG investment and finance activities, we aim both to contribute to the realization of a sustainable society and to improve investment returns.

Nippon Life's ESG investment and finance activities

Since our founding, we have carried out investment and financing that contributes to society and the public interest.

Nippon Life founded

1889

Global trends

Socially responsible investment is expanding, toward realizing a sustainable society

● Agreed with the TCFD



● Introduced negative screening

2020

2021

● Started impact investment

2019

● Adopted the Equator Principles



2018

2017

- Formulated the ESG investment and finance Policy
- Set targets for ESG investment and finance (JPY 700 billion as the numerical target for FY2017 to FY2020).

Implemented investment and financing of approx. 1 trillion yen, exceeding the target.

● Signed the United Nations Principles for Responsible Investment (PRI).



● Accepted Japan's Stewardship Code

2014

- Started integration of ESG considerations in all asset classes
- Set the target of net zero CO₂ emissions in 2050
- Appointed as a PRI Board Director
- Set targets for ESG-themed investment and finance (1,500 billion yen as the numerical target for FY2017 to FY2023).
- Joined the Net-Zero Asset Owner Alliance (NZAOA)

2006

● The United Nations Principles for Responsible Investment (PRI) formulated

2014

● Japan's Stewardship Code released

2015

● Paris Agreement adopted
● SDGs adopted
● Japan's Corporate Governance Code released

2017

● TCFD recommendations
● Japan's Stewardship Code revised

2018

● Japan's Corporate Governance Code revised

2020

● Japan's Stewardship Code revised again

2021

● Japan's Corporate Governance Code revised again

Roles of ESG investment and finance in the Mid-term management plan

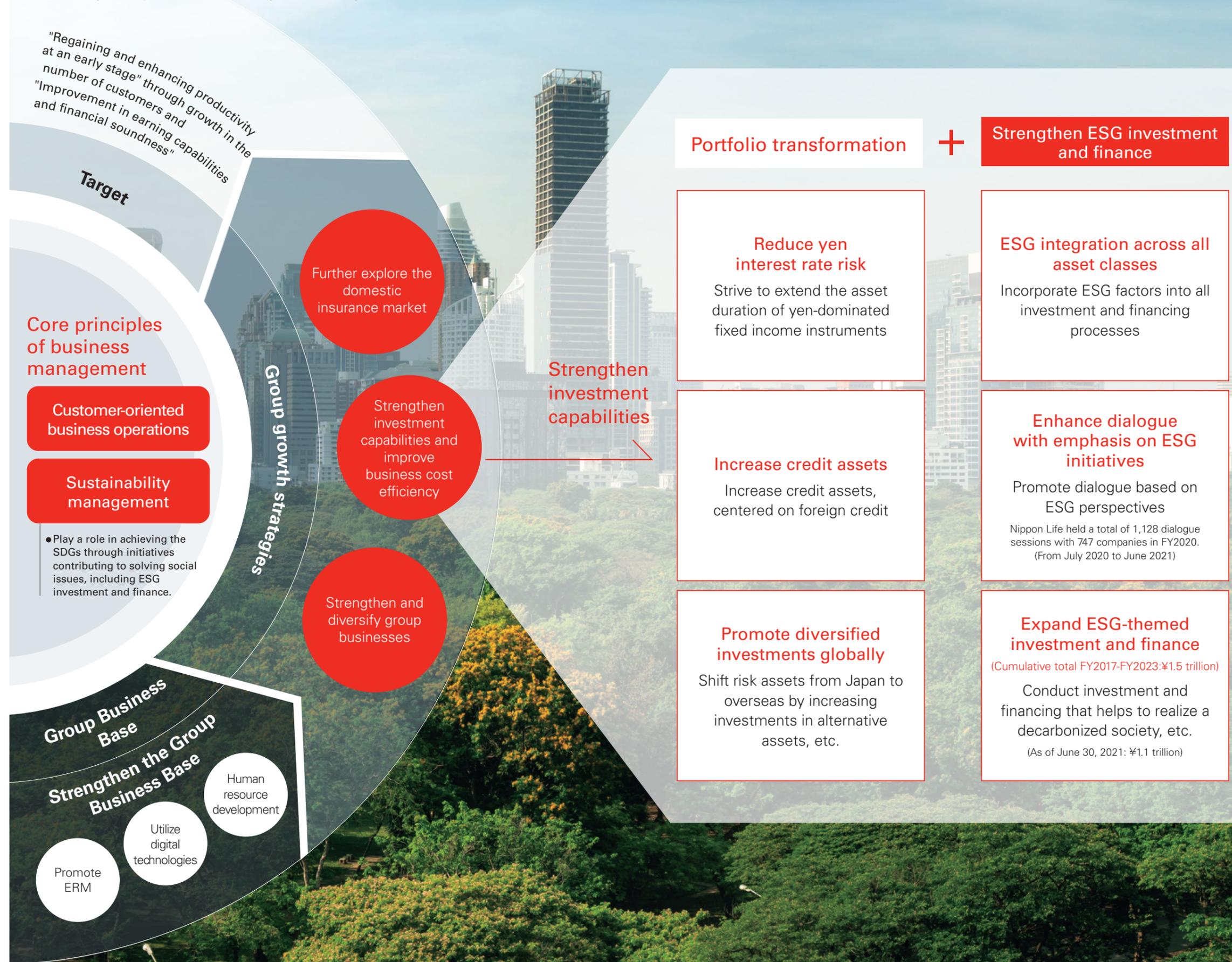
The outbreak of COVID-19 has sharply accelerated various changes that had been arising gradually, such as those in response to climate change, digital transformation, and workstyle reform. Now, ESG has become a key factor that has a significant impact on the sustainability of companies in the medium to long run and may lead to changes in the industrial structure. For Nippon Life, a company that places priority on medium-to long-term investment, ESG is particularly important to reduce risks in asset management and improve the profitability of our business.

As low interest rates and high business costs are likely to continue, we must work harder to enhance our investment capabilities and streamline our business costs. To this end, to achieve both a stable profit margin and reduced risk by improving risk-return efficiency, we will promote distribution of funds according to our long-term portfolio and make investment and financing decisions based on ESG.

Mid-Term Management Plan (2021-2023)

"Going Beyond"

Goal: Continue to support the future of our customers and society through "People, Services and Digital Technology"



Strengthening the system for ESG investment and finance

Governance system for ESG investment and finance

We have strengthened our governance for ESG investment and finance by establishing a system in which the investment and financing initiatives are reported to the Sustainability Management Promotion Committee, an advisory organ to the Management committee, and then to the Management committee and the Board of Directors.

Prologue

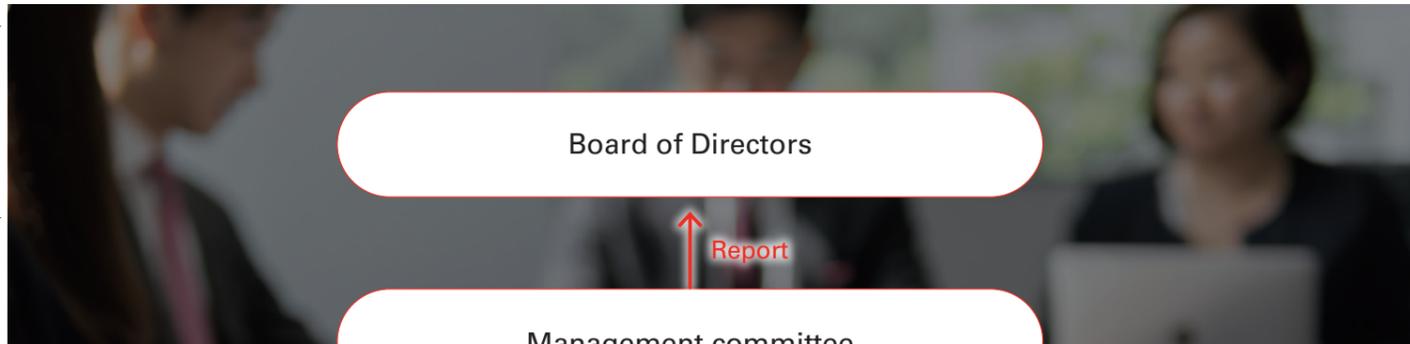
Strategies

Investment Methods

External Initiatives

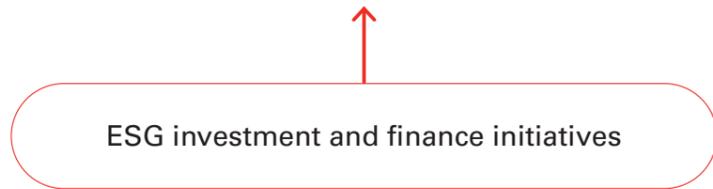
Future

ESG REPORT 2021



Sustainability Management Promotion Committee

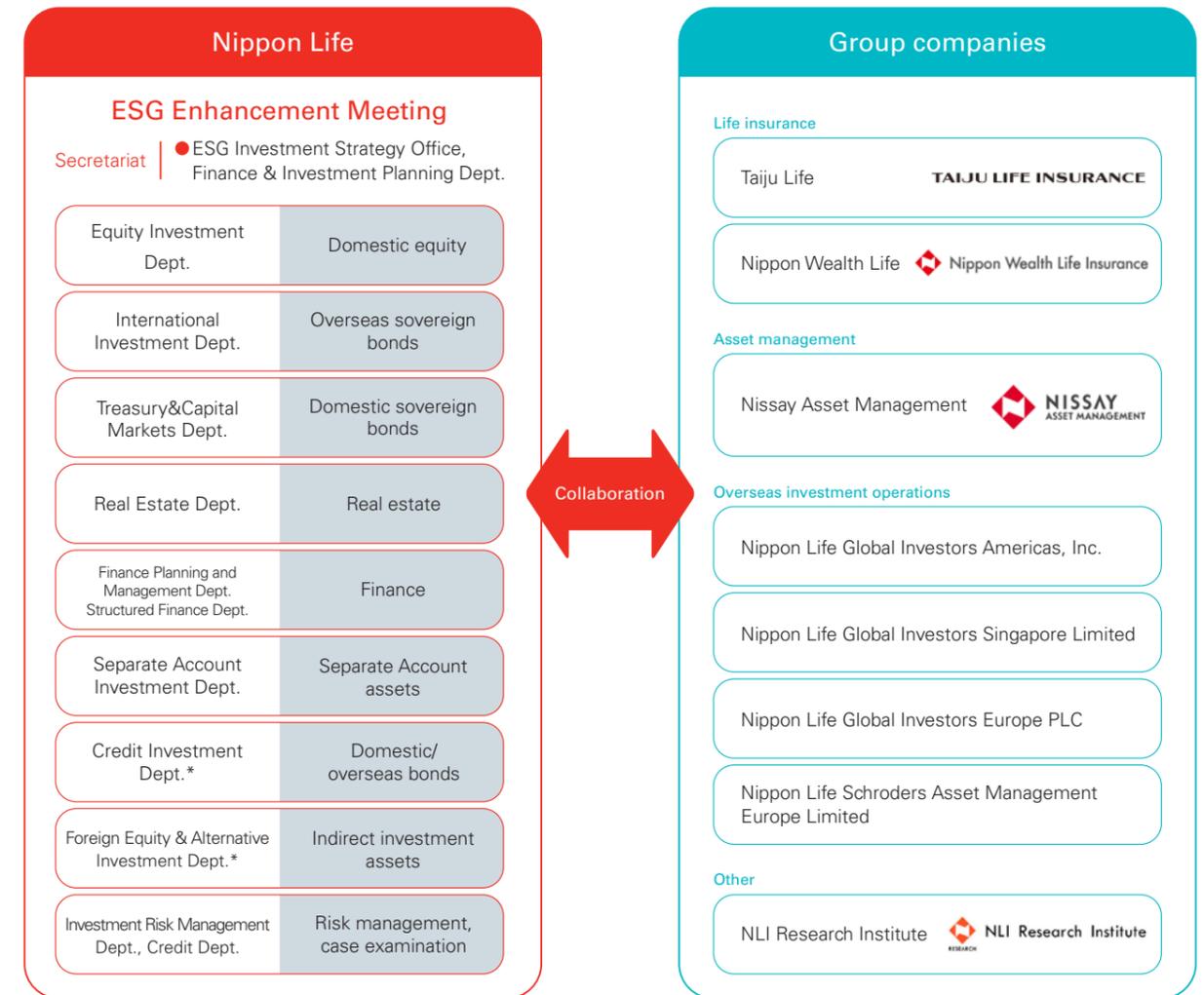
Missions	<ul style="list-style-type: none"> ● Formulate and promote company-wide policies for initiatives related to sustainability management ● Deploy company-wide activities to promote environmental conservation and social contribution
Secretariat	<ul style="list-style-type: none"> ● Corporate Planning Dept. ● Finance & Investment Planning Dept. ● CSR Promotion Dept.
Major matters to be submitted	<ul style="list-style-type: none"> ● Response to various sustainability issues, including the SDGs ● PDCA reports on important sustainability issues ● Promotion of environmental and social contribution activities, etc.



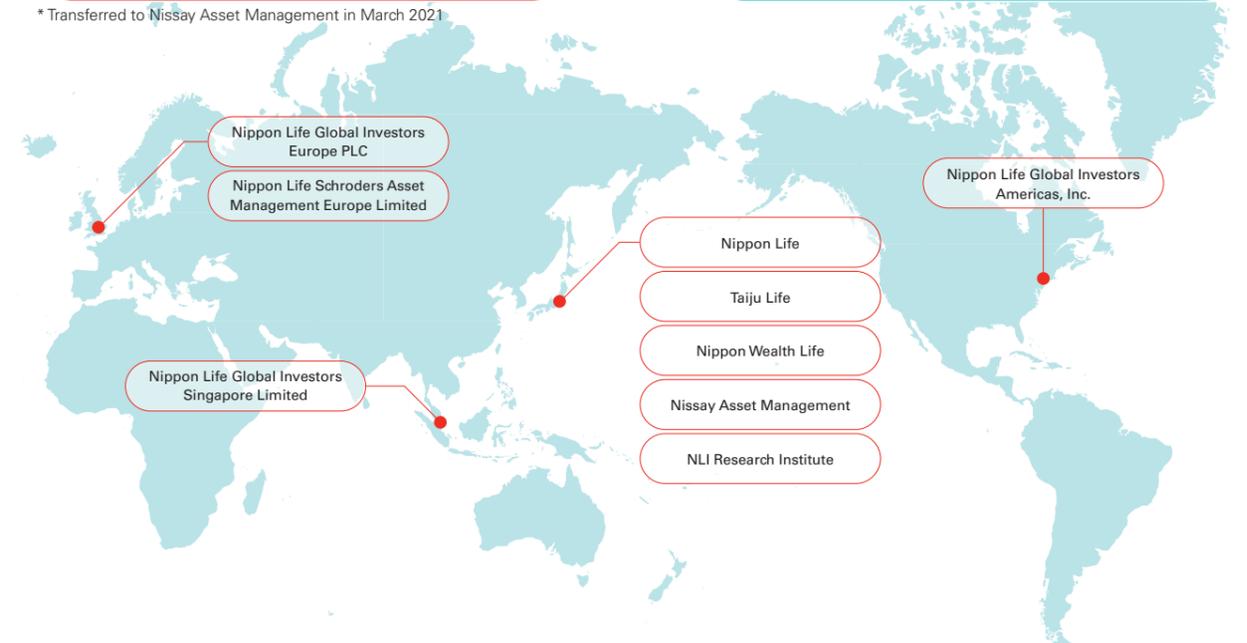
ESG investment and finance promotion structure

To further strengthen our ESG investment and finance, we set up the ESG Investment Strategy Office in March 2021 as an organization in charge of promoting plans and initiatives related to ESG investment and finance across asset classes and conducting research and analyses. The ESG Investment Strategy Office serves as the Secretariat and advances initiatives in close collaboration with relevant investment departments at the ESG Enhancement Meeting, in which working-level personnel participate.

At the same time, in a global investment framework, we exchange information with Group companies concerning ESG investment and finance with the aim of sophisticating our Group ESG investment and finance.



* Transferred to Nissay Asset Management in March 2021



Prologue

Strategies

Investment Methods

External Initiatives

Future

ESG REPORT 2021

The capability to encourage. The power to change.

Four major ESG investment and finance methods

ESG is considered a key factor that will not only influence the sustainability of companies in the medium to long run but may also change the industrial structure. Nippon Life faces ESG issues from a medium-to long-term viewpoint and aims to conduct ESG investment and finance through constructive dialogue with investee companies. By employing various methods instead of relying on a single approach according to the unique characteristics of different assets and regions, we aim both to ensure profitability and to realize a sustainable society while encouraging corporate growth, thereby increasing customer returns.

1

Integration

We make investment and financing decisions by factoring in ESG evaluations based on the impact on enterprise value and creditworthiness in addition to traditional financial analysis.

P18



2

Engagement

We conduct constructive dialogue with investee companies, thereby encouraging medium-to long-term improvement in enterprise value.

P20



3

ESG-Themed Investment and Finance

We proactively carry out investment and financing for which the use of funds is linked to the theme of achieving the SDGs, with the assumption that profitability will be secured.

P22 (P24 for impact investment)



4

Negative screening

We have a policy of not investing in or financing projects that are contrary to humanitarian values or projects that have a significant impact on climate change.

P25



Aiming both to realize a sustainable society and to improve investment returns

1

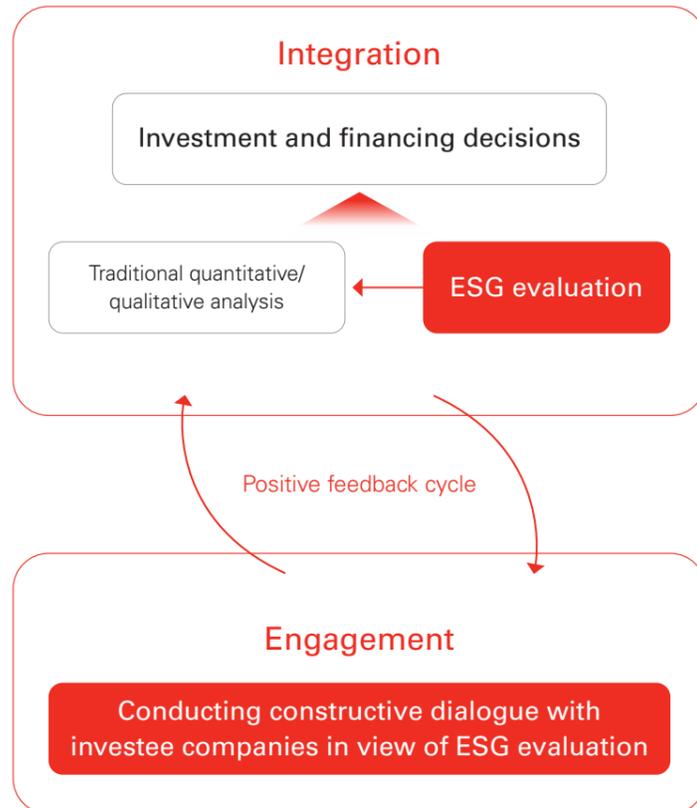
Integration

Incorporating ESG factors into all asset management processes

Nippon Life employs various methods in conducting ESG investment and finance. Among them, we position “integration” as the most important approach. According to this method, ESG factors are considered and incorporated in our investment and financing processes for all asset classes.

Specifically, we make investment and financing decisions by gathering and evaluating ESG information with methods tailored to asset characteristics, while factoring in ESG evaluations based on whether they will impact enterprise value and creditworthiness, together with performing traditional analysis such as financial analysis.

Moreover, by supporting the ESG initiatives of our investees through dialogue with them, we build a positive feedback cycle between “integration” and “engagement,” thereby aiming to reduce portfolio risks and improve returns.



Stocks

We evaluate the ESG activities of investee companies based on factors such as information obtained from dialogue with investee companies and information from ESG ratings agencies. We make investment decisions by factoring ESG evaluations into qualitative evaluations of corporate analysis based on whether they will impact the enterprise value of investee companies, together with performing quantitative evaluations of earnings projections and valuations.

ESG evaluation			Traditional evaluation methods			
Dialogue with companies	Utilization of Group resources	External information	+	Financial analysis	Non-financial analysis	Future CF projection

Investment decision

Finance

We evaluate the ESG activities of borrower companies based on factors such as information obtained through on-site company visits of borrowers. We conduct credit assessments of projects by factoring ESG evaluations into qualitative evaluations of corporate analysis based on whether they will impact the creditworthiness of borrower companies, together with performing quantitative evaluations of financial analysis, lending conditions and other factors. In project finance, we conduct credit assessments of projects considering factors such as environmental and social risks and refer to standards such as the Equator Principles. We also consider ESG factors in the credit assessments of individual projects, in addition to assigning internal ratings based on ESG factors.

ESG evaluation				Traditional evaluation methods			
Dialogue with companies	Utilization of Group resources	External information	Equator Principles (project finance)	+	Financial analysis	Non-financial analysis	Credit-worthiness evaluation

Financing decision

* In March 2021, Nippon Life transferred certain investment management functions such as corporate bond investment to its subsidiary Nissay Asset Management. Integration is being carried out in accordance with the measures described above.

Corporate Bonds

We evaluate the ESG activities of investee companies based on factors such as information obtained from dialogue with investee companies. We factor ESG evaluations into qualitative evaluations of corporate analysis based on whether they will impact the repayment ability of investees, together with performing quantitative financial analysis, assessment of interest rate levels and other factors.

ESG evaluation			Traditional evaluation methods			
Dialogue with companies	Utilization of Group resources	External information	+	Financial analysis	Non-financial analysis	Credit-worthiness evaluation

Investment decision

Sovereign Bonds

We evaluate the ESG activities of investees based on international statistics, information from ESG ratings agencies, and other data. We make investment decisions by factoring ESG evaluations into qualitative evaluations of investment targets, based on whether they will impact the creditworthiness of investees, together with performing quantitative evaluations of the fiscal and economic conditions, interest rate levels and other factors.

ESG evaluation		Traditional evaluation methods			
Information obtained through exchange of opinions, etc.	External information	+	Financial analysis	Non-financial analysis	Credit-worthiness evaluation

Investment decision

Real Estate

We proactively acquire environmental and social certifications for investment property by setting environment-friendly building standards, along with pushing ahead with the introduction of equipment to conserve energy and reduce CO₂ emissions. In the process of selecting real estate contractors, we confirm the status of their environmental and social activities in construction work and the procurement of materials.

ESG evaluation			Traditional evaluation methods		
Environment-friendly building standards	Selecting real estate contractors (Confirming their environmental and social consideration in construction work and materials procurement)	Environmental/social certifications	+	Income and expenditure forecast	Due diligence

Investment decision

Indirect Investment

We confirm external managers' policies on ESG and the status of activities such as ESG integration, while considering investment strategies and asset characteristics. We consider these factors in making investment decisions.

ESG evaluation	Traditional evaluation methods		
Confirming external managers' policies on ESG and the status of ESG integration and other activities	+	Due diligence	Monitoring

Investment decision

Comments by personnel in charge



Kosuke Ueda
Manager, Stock Section,
Equity Investment Dept.

Today, ESG has become an important factor that influences enterprise value in terms of both growth potential and risks. In conducting ESG analysis, we not only assess whether a company proactively engages in ESG activities but also analyze and evaluate how such activities will influence the business performance and enterprise value of the company in the medium to long run, and incorporate the results of such evaluation in our investment decisions.

When conducting ESG analysis, we use various sources of information, such as the information released by the companies themselves or by ESG ratings agencies. Among them, Nippon Life places priority on dialogue with investee companies, in particular. We conduct dialogue with our investee

companies on themes related to the environment (E) and society (S) in principle, in addition to conventional themes related to governance (G), such as the structure of the Board of Directors and response to companies' misconducts. Through such dialogue, we carefully examine the status and future direction of the ESG initiatives of each company and reflect their impact in our forecast of the company's medium-to long-term business performance. We do not just provide our evaluation results but also communicate our viewpoints and principles of evaluation, thereby supporting efforts of the companies. By creating such a virtuous cycle, we will help improve the enterprise value of the investee companies while contributing to the realization of a safe, secure and sustainable society.



Yusuke Sorita
Nissay Asset Management
Credit Investment Dept.
Manager, Credit Investment
Section

For investment in corporate bonds, capacity to repay debts, which means the sustainability of the companies, is important. Therefore, ESG is an essential factor in the risk assessment of issuers.

Since the credit investment function of Nippon Life was transferred to Nissay Asset Management, the Group's asset management company, in March 2021, our Credit Investment Dept. has employed the know-how of ESG evaluation of companies that Nissay Asset Management has accumulated since 2008, advancing incorporation of ESG analysis in the risk assessment of bond issuers.

Specifically, the impact of a company's ESG initiatives on its medium-to long-term enterprise value is analyzed and evaluated by the analyst based

on the results of his/her direct interview and dialogue with the company. By combining these evaluation results with the existing financial analysis and business analysis to improve the accuracy of analysis of cash flows representing the source of funds for redemption and financial soundness, the analyst determines the credit risk of the company. Thus, integrating ESG factors in analysis of bond issuers will enable more appropriate screening of issuers.

By reducing downside risk in corporate bond investment through such an integration approach, we will contribute to the realization of a sustainable society while ensuring the profitability of our business.

2

Engagement

Encouraging improvement in enterprise value through dialogue

As an institutional investor that makes long-term investments, Nippon Life will contribute to the development of investee companies through constructive dialogue with the companies and derive benefits from the improved enterprise value, along with aiming to realize a "safe, secure and sustainable society." In this approach, we believe that it is important to build mutually beneficial relationships based on mutual trust with the companies taking into account their unique characteristics and the current situation in Japan, so that we can grow together.

We will continue to enhance dialogue on ESG-related themes. By conducting dialogue over several years, we will support initiatives by investee companies from a medium-to long-term perspective.

Achieving economic growth and conserving the global environment are both necessary for a sustainable society, which is a precondition for corporate activities. Based on this belief, we expect investee companies to identify the impact of their activities on the environment and work to minimize any negative impact.



For the sustainable growth of a company, it is essential for it to establish good relationships with all its stakeholders. Based on this belief, we expect investee companies to work to solve, directly or indirectly, social issues and provide value for society.

As the foundation of business management that contributes to the improvement of medium-to long-term enterprise value of investee companies, we confirm that their corporate governance, including the promotion system of environmental (E) and social (S) initiatives, is functioning in an effective and appropriate manner.

< COLUMN > Continuing engagement over several years to resolve important issues related to exercise of voting rights*

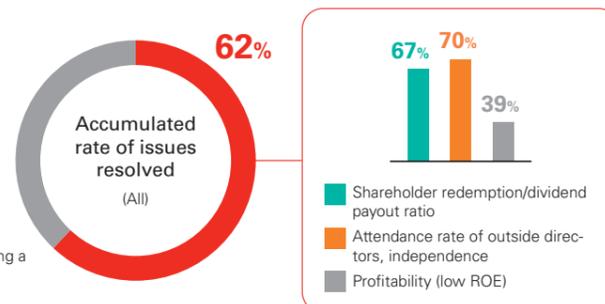
In stock investment, we continue to conduct engagement with companies that have important issues related to the exercise of voting rights (companies conflicting with the guidelines for exercise of voting rights) with the aim of resolving the important issues through engagement. As a result of continuing engagement with companies that had important issues as of July 2017, around 60% of the issues in total were resolved four years later.

Similarly, it is important to continue dialogue on ESG themes over several years from a medium-to long-term perspective. Based on this belief, we will support the initiatives of companies by making full use of the experience and know-how of engagement we have accumulated.

* To "resolve important issues related to exercise of voting rights" refers to ensuring a company no longer conflicts the guideline for exercise of voting rights.

* For details of the stewardship activities, please see the Nissay website (https://www.nissay.co.jp/kaisha/otsutaeshitai/shisan_unyou/ssc/).

Rate of important issues that existed as of July 2017 and have been resolved after four years (June 30, 2021)



Continuing to enhance dialogue on ESG themes

Since before the establishment of the Japan's Stewardship Code in fiscal 2013, Nippon Life has placed emphasis on governance (G) in dialogue with investee companies, along with shareholder returns and profitability. In view of social trends, we have continued to enhance dialogue by gradually adding new themes.

Starting from fiscal 2017, we have enhanced dialogue on themes related to the environment (E) and society (S). For the environment, we started dialogue on climate change as the main theme in fiscal 2018 and increased the number of investee companies that we conduct dialogue with. For society, we have gradually increased important themes for dialogue from the perspective of improving enterprise value, taking into account changes in the business environment.

* A fiscal year begins in July each year and ends in June the following year.

	Before FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Number of companies we had dialogue with	307 (2013)	353	548	595	776	758	807	747
Number of companies that conducted dialogues incorporating E.S. themes					138	195	310	672
E Environment						Climate change (including sound material-cycle society) Companies for dialogue on climate change as the main theme 15 companies → 36 companies → 71 companies Requesting investee companies to disclose information (1) Quantitative/qualitative analysis and disclosure of risks and opportunities in management associated with climate change (2) Disclosure of direction for reduction of greenhouse gas emissions toward achieving net zero in 2050		The 71 companies account for about 80% of emissions of all investees
S Society, etc.						Local community, regional revitalization Diversity Health and productivity management, industrial safety and health Workstyle reform Human rights are confirmed in each relevant theme		Supply chain management Employee engagement Digitization
G Governance						Increase themes in view of social trends Companies' misconduct, etc. Non-attendance of outside directors Attendance rate of directors Independency of outside directors Protection of minority shareholders' interest		
Shareholder redemption						Dividend payout ratio, etc.		
Profitability						Poor performance, etc. Low ROE, etc.		

3

ESG -Themed Investment and Finance

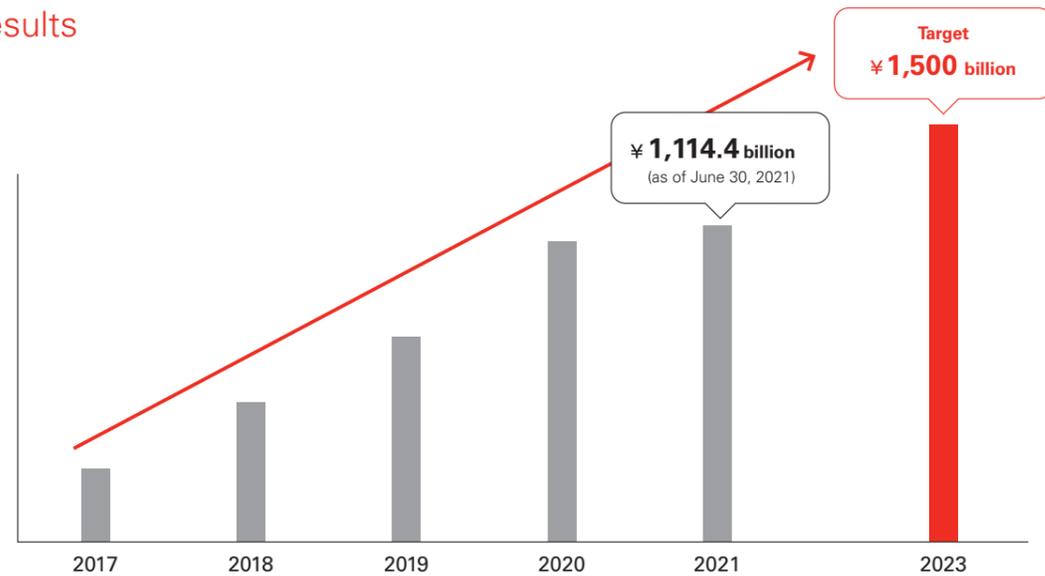
Investment and financing linked to solving ESG issues

Nippon Life is proactively carrying out investment and financing for which the use of funds is linked to the theme of achieving the SDGs, with the assumption that profitability will be secured. In the implementation process, Nippon Life conducts monitoring activities such as confirming the use of funds.

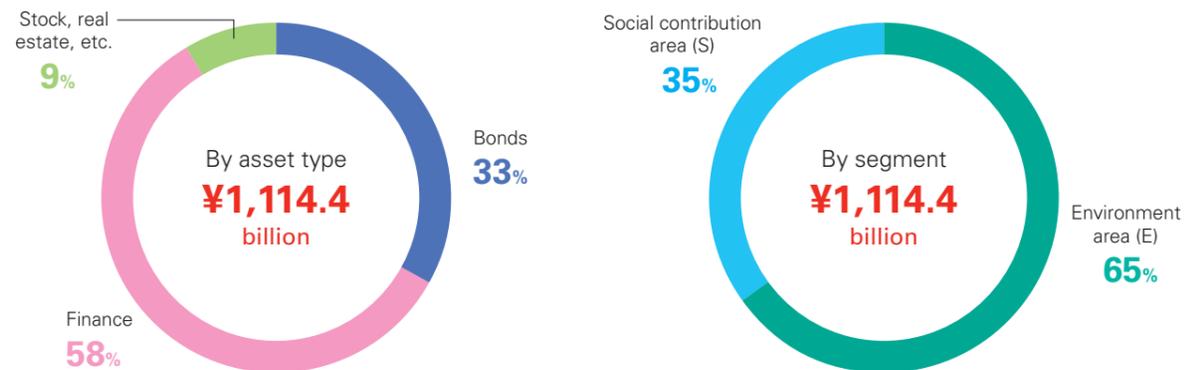
Under the previous Mid-term management plan (2017-2020), Nippon Life set a quantitative target for ESG-themed investment and finance of JPY 700 billion and achieved the target around one year ahead of schedule. Under the current Mid-term management plan (2021-2023), we have newly set a target of JPY 1,500 billion for the cumulative amount of investment and financing to be made since FY2017.

We will continue to develop investment projects that will contribute both to solving social issues and to improving asset management risks and returns, thereby advancing ESG-themed investment and finance.

Results



ESG investment and finance results by asset type and by segment as of June 30, 2021



Investment and financing cases



Financing of Offshore Windfarm Project in Akita

In February 2020, we signed an agreement on the financing of an offshore windfarm project in Akita Prefecture. This is the first commercial offshore windfarm project in Japan and will support expansion of use of renewable energy.



Comments by personnel in charge

Offshore windfarm, which generates power by installing turbines on the sea, is known as a clean energy source that does not emit CO₂ to generate power. This project is necessary to achieve not only decarbonization but also the energy mix targets announced by the government. It will also have ripple effects on the economy and contribute to creating jobs. We conducted analysis and evaluation of this project by utilizing the know-how we have cultivated through projects we had previously worked on in Europe. Since it was the first commercial offshore windfarm project in Japan, we faced some difficulties. However, it was a very good opportunity that should lead to subsequent projects. We will continue to proactively support initiatives for decarbonization through financing renewable energy and other ESG investment and finance activities.



Investment in Social Bond Issued by the International Finance Corporation

In April 2020, we invested in a Social Bond issued by the International Finance Corporation (IFC). It is used to finance projects that will benefit people who are unable to receive essential services in developing countries, including those impacted by the COVID-19 outbreak.



Source: Ascendis, IFC Case Study 2016
IFC Social Bond Impact Report FY2019



Investment in Sustainable Cities Bond Issued by the Inter-American Development Bank (IADB)

In July 2020, we invested in a Sustainable Cities Bond issued by the Inter-American Development Bank (IADB). It is used for the purpose of sustainable urban development, such as improving residential environments in Latin American and Caribbean countries that were heavily impacted by the COVID-19 pandemic.



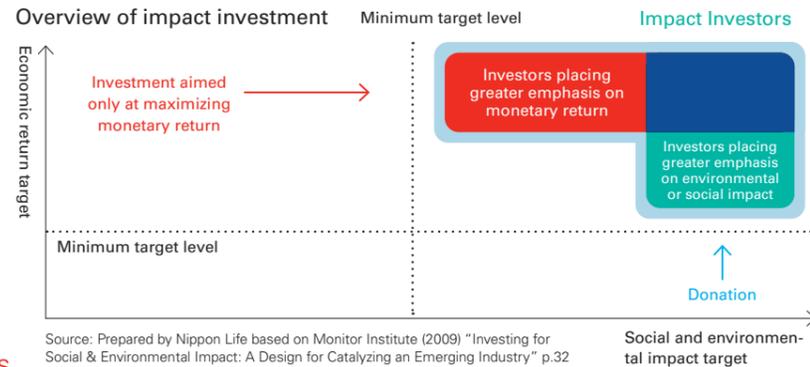
Source: IADB

3

ESG -Themed Investment and Finance – Impact Investment–

Aiming to generate a positive impact on the environment and society alongside earning a financial return

We aim to generate a positive impact on the environment and society alongside earning a financial return. To this end, we also carry out impact investment, an approach that measures our performance in terms of the impact we are having on the environment and society.



Investment and financing cases

Impact investment through investing in private equity fund

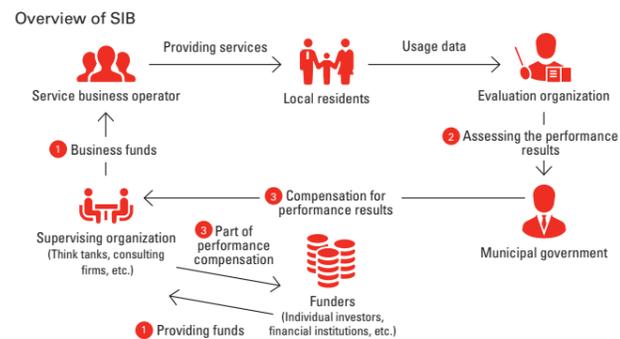
In July 2020, we invested in a fund managed by an affiliate of TPG Capital L.P., a top-tier fund manager engaged in impact investments, through one of the FoFs managed by Nippon Life's subsidiary Nippon Life Global Investors Americas, Inc. This fund will invest in companies seeking to generate a positive impact that helps to solve environmental and social issues.



This image is for illustrative purposes only.

Social Impact Bond (SIB)

In July 2021, we invested in the Next Rise Social Impact Fund established by Dream Incubator Inc. An SIB is a form of performance-based payment contract type project. This type of project aims to solve social issues while reducing administrative costs by entrusting businesses to private contractors or other means, and the government sector pays compensation according to the achievement degree of the performance index set in advance. This enables private business operators to procure funds from outside and repay them by receiving compensation from the government.



Comments by personnel in charge

At Nippon Life and Nissay Asset Management, based on the viewpoint of seeking co-existence with the environment and local communities/society and sharing stable growth with the economy and companies, we proactively promote ESG investment and finance, which will help solve environmental issues and contribute to society. We therefore position impact investment as an ESG investment that contributes to achieving the SDGs.

Needless to say, to achieve the SDGs, innovation is necessary. To realize innovation, initiatives and support by the public sector, such as the government and international organizations, are indispensable. At the same time, active involvement by the

private sector, such as financial institutions like us, is also very important.

From this viewpoint, though with the assumption that economic return is ensured, we recognize that great expectations are placed on impact investment, an approach of investing in innovative organizations and companies working to solve social or environmental issues with innovative technologies or business models.

We will continue to advance initiatives aimed at contributing to the realization of a sustainable society and expanding policyholders' benefits through impact investment while working to acquire and accumulate know-how.



Kaoru Ohnishi
Senior General Manager (Private Equity), Foreign Equity and Alternative Investment Dept., Nissay Asset Management

4

Negative Screening

Prohibiting investing in and financing specific companies or projects

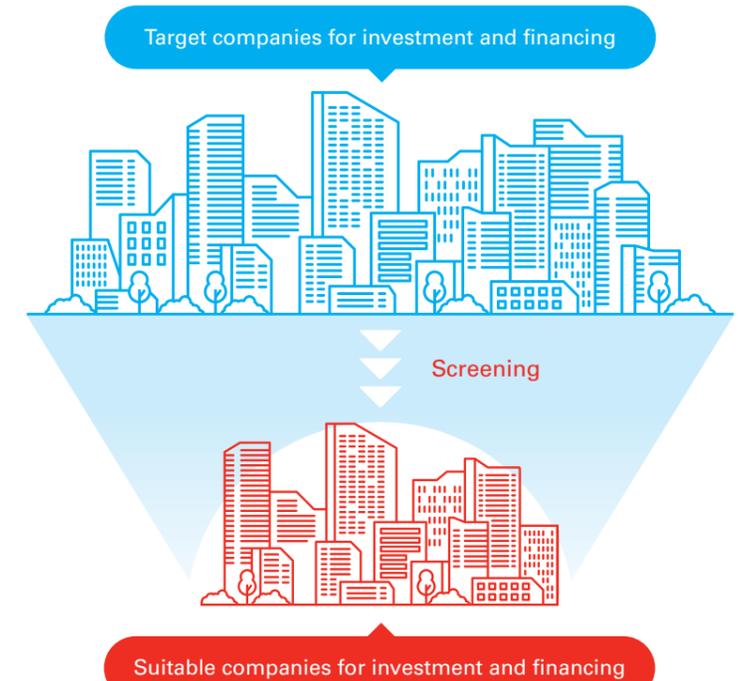
From the viewpoint of both ensuring profitability and realizing a sustainable society, we conduct negative screening targeting specific companies and projects that may have a significant impact on the environment or society to prohibit investing in and financing them.

Target of negative screening

In light of the mission and public nature of the life insurance business, we prohibit investing in and financing companies that manufacture Cluster Munitions and Antipersonnel Landmines, etc.

In addition, there has been rapidly growing international interest in climate change in response to initiatives such as the SDGs and the Paris Agreement adopted by the United Nations. With this in mind, we have embraced a policy, not to engage in new investing in and financing coal-fired power generation projects anywhere in Japan or overseas.

As to investing in and financing projects that may have a significant impact on the environment or society, such as oil and gas, we will carefully examine and decide on investing in and financing after confirming the status of consideration on the impact on the environment/society and risks.

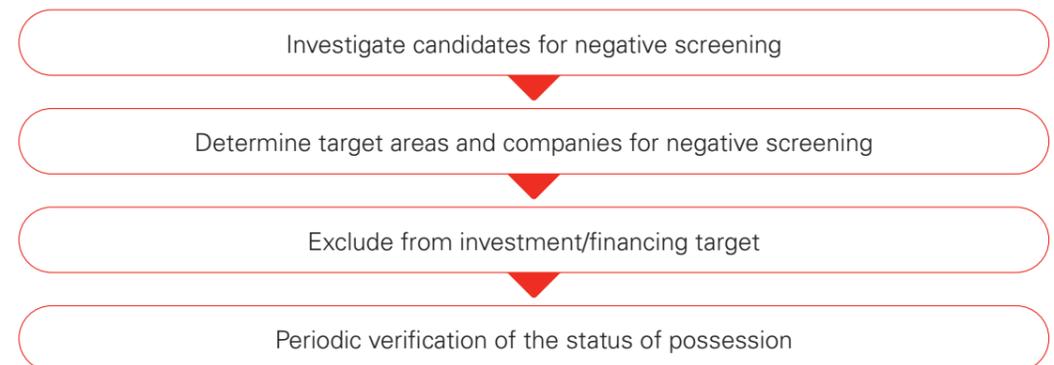


Screening target areas

Investing in and financing companies manufacturing specific weapons (cluster munitions, biological weapons, chemical weapons, antipersonnel landmines, etc.)

New investing in and financing coal-fired power generation projects both inside and outside Japan

Negative screening processes



Participating in Initiatives

Participation in major initiatives

PRI

Year of participation: 2017

Outline: An initiative created in April 2006 by then-Secretary-General of the United Nations Kofi Annan. The PRI are a set of principles aiming to realize a sustainable society by proposing that institutional investors incorporate ESG issues in their investment decisions.



TCFD

Year of participation: 2018

Outline: A task force on disclosure of climate-related financial information established under the FSB in December 2015. The TCFD recommends that companies and organizations voluntarily identify and disclose the impact of the "risks" and "opportunities" posed by climate change on their financial status.



Equator Principles

Year of participation: 2019

Outline: The Equator Principles (EPs) is a risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in projects and is primarily intended to provide a minimum standard for due diligence and monitoring to support responsible risk decision-making.



ESG Disclosure Study Group

Year of participation: 2020

Outline: A study group established in 2020 to examine the framework of ESG information disclosure from the perspectives of various stakeholders, including companies, investors, and auditing firms.



The Net-Zero Asset Owner Alliance

Year of participation: 2021

Outline: An international initiative of asset owners established in 2019, which is committed to transitioning investment portfolios to net zero greenhouse gas emissions by 2050 in order to achieve the Paris Agreement's 1.5°C target.



Enhancing Responsible Investment

Takeshi Kimura

PRI Board Director
(Special Adviser to the Board of Nippon Life Insurance)

ESG is an important factor that can affect the return and risk of financial assets. With this in mind, our company has aimed to enhance its ESG investment and finance activities in order to both contribute to the realization of a sustainable society and increase investment revenue.

Meanwhile, we have always felt the need to reach out to society as a whole by participating in and leading a global network of investors, since the realization of a sustainable society cannot be achieved through an individual company's efforts alone.

When I learned that the PRI, which plays a central role in promoting responsible investment, will be holding its Board election this summer, I thought it was a great opportunity to achieve our objective and decided to run for the post.

That is how I became involved in the PRI Board.

PRI's Missions

The PRI Board is collectively responsible for the long-term success of the PRI and in particular for: establishing the PRI's mission, vision, and values; setting the strategy. The PRI's mission is primarily to (1) address obstacles to a sustainable financial system that lie within market practices, structures and regulation, and (2) promote mutual cooperation among signatories through the adoption and implementation of the six Principles for Responsible Investment. The Board is composed of ten elected directors including myself, two UN advisors, and one independent chair. The number of signatories to the PRI has currently increased to more than 4,000, including institutional investors around the world, with total assets under management of over \$100 trillion. As signatory representatives, the PRI Board members have discussions at meetings of the board almost every month. I am the first PRI Board member elected from an insurance company.

What I would like to work on as PRI Board Director

When ESG is now trending, it is important to realize anew the meaning of "responsibility" in responsible investment. Even if responsible investors advocate ESG investment, unless the behavior of investee companies

moves more toward contributing to achieving the SDGs, it cannot be said that responsible investors have fulfilled their "responsibilities." As institutional investors, we are responsible not only for providing sufficient investment returns to our clients and beneficiaries, but also for creating the flow of funds in financial markets to realize a world where they are able to lead affluent lives socially and environmentally. The PRI's goal is to encourage many investors to fulfill these responsibilities. Each institutional investor should deepen their recognition of the meaning of "responsibility" in responsible investment to prevent ESG from ending up as a temporary boom. If many stakeholders start to take ESG for granted, just like we take the air we breathe for granted, the SDGs will naturally be achieved. Paradoxically, it might be ideal if ESG became so commonplace that the word would be obsolete. There is a long way to go before we reach such a stage, and I would like to contribute toward moving society in that direction as much as possible.

Seek best practices

Discussions on ESG investment and finance by institutional investors and the disclosure of ESG information by investee companies are progressing at a rapid pace worldwide, and it is very important to accurately grasp these trends. Through the PRI Board, I would like to contribute to global discussions on ESG and proactively share the information obtained from such discussions with many institutional investors, including signatories. Of course, I would also like to link this to the enhancement of Nippon Life's ESG investment and finance. What ESG integration should be like will change depending on the disclosure status of corporate information and other factors, and there is no standardized method that matches all investors and all asset categories. Currently, all investors are seeking best practices and are going through a trial and error process. Under these circumstances, PRI is working on activities to raise awareness to establish best practices by introducing pioneering cases of responsible investment. I would like to learn much from these cases and to make extensive use of them for Nippon Life's initiatives.

External Evaluation

Our company's ESG investment and finance initiatives have been positively evaluated by various organizations.

Awards received

Month, Year	Evaluation
February, 2021	Received a "Bronze Award" in the Asset Owner Category of the Ministry of the Environment's ESG Finance Awards Japan (2nd).
February, 2020	Received a "Bronze Award" in the Investor Category of the Ministry of the Environment's ESG Finance Awards Japan (1st).
March, 2019	Received the "Minister of the Environment Award" in the "Japan Green Investment Category of the Japan Green Bond Awards."
January, 2019	Awarded the "Grand Prize" at the 2018 Sustainable Finance Awards (4th).
October, 2017	Received the "Grand Prize and the Minister of the Environment Prize" at the Green Purchasing Awards (18th) for the expansion of the green market.
January, 2017	Awarded the "Excellence Prize" at the 2016 Sustainable Finance Awards.

2020 PRI annual assessment details

In the annual PRI assessment of our activities in 2019, our company received the highest evaluation grade "A+" for the second consecutive year in four modules for "Strategy and Governance," "Listed Equity - Incorporation," "Listed Equity -

Active Ownership," and "Property," as well as receiving evaluations in all areas that exceeded the median of PRI signatories.

Modules	Detailed content	Evaluation of our company	The median of PRI signatories
Strategy and Governance	Overall policy in regard to responsible investment, purpose, goals and governance	A+	A
Listed Equity - Incorporation	Incorporation of ESG factors into the process of listed equity investment selection	A+	A
Listed Equity - Active Ownership	Engagement and voting	A+	B
Fixed Income*	Incorporation of ESG factors into the process of fixed income investment selection	A	B
Property	Responsible property policy strategy, investment processes and monitoring	A+	B

*The Fixed Income score is an average of three modules (SSA, Corporate Financial and Corporate Non-Financial)

Dissemination of Ideas to Outside the Company

Our company shares and improves the management process of ESG investment and finance through sharing ESG investment and finance know-how with Group companies, exchanging information with signatory companies and industry organizations, as well as through studying advanced case studies. In addition, our company also actively communicates our activities related to ESG investment and finance, such as publishing the status of ESG investment and finance and disseminating our opinions through participation in international ESG-related conferences. In this way, we are contributing to the revitalization of the ESG investment and finance market.

Month, Year	Sponsor and cosponsor	Name of conference, etc.
March, 2021	Financial Services Agency	"Working Group on Social Bond"*
January, 2021	Ministry of Economy, Trade and Industry, Financial Services Agency, Ministry of the Environment	"Task Force on Preparation of the Environment for Transition Finance"
November, 2020	Nagano Prefecture	Nagano Prefecture "2050 Zero Carbon Roundtable"
October, 2020	RI	"RI Digital: Japan 2020"
July, 2020	The Organization of Global Financial City Tokyo	"FinCity Tokyo Mid-term Business Plan Study Working Group"
March, 2020	The Organization of Global Financial City Tokyo	"FinCity Global Forum"
September, 2019	AIGCC	"CEO/CIO Asset Owner Roundtable" (Singapore)
September, 2019	ICMA, JSDA	"Green Bond Conference"
July, 2019	Ministry of the Environment	"Review Committee on Green Bonds/Green Loans, etc." Following the formulation of the green bond guidelines, we participated in the study group for the revision of the green bond guidelines as an investor representative.

*The Credit Investment Department of Nissay Asset Management participated (transferred from Nippon Life in March 2021).



Initiatives of the Nippon Life Group (Nissay Asset Management)

Having worked on ESG-related asset management for over 10 years

Nissay Asset Management (hereafter referred to as "Nissay Asset") signed the Principles for Responsible Investment (PRI) in 2006 when they were launched, and has worked on ESG management for over 10 years. Nissay Asset's ESG management initiatives, which started with Japanese equities, have now expanded to include foreign equities and bonds.

Nissay Asset's ESG-related initiatives have the following three major characteristics.

The first is the introduction of our own ESG rating.

Today, there is a growing awareness of the importance of addressing ESG issues in corporate management. From the early stage of 2008, Nissay Asset has incorporated an ESG assessment system, believing that it is necessary to determine how a company's response to ESG issues will affect its future enterprise value.

Second, Nissay Asset has established a system in which the same analyst always conducts ESG assessment and financial analysis in a consistent manner. In order to accurately understand how a company's response to ESG issues affects its enterprise value, it is necessary not only to have a deep understanding of ESG issues, but also to have a comprehensive understanding of the company's system relating to its management and finances.

The third is the accumulation of achievements and know-how acquired through years of efforts. Since an academic foundation such as finance theory has not necessarily been established for ESG management, it is important to steadily promote the plan-do-check-act (PDCA) cycle through practice. As Nissay Asset's longstanding efforts have been successful, the company is now seeing a positive correlation

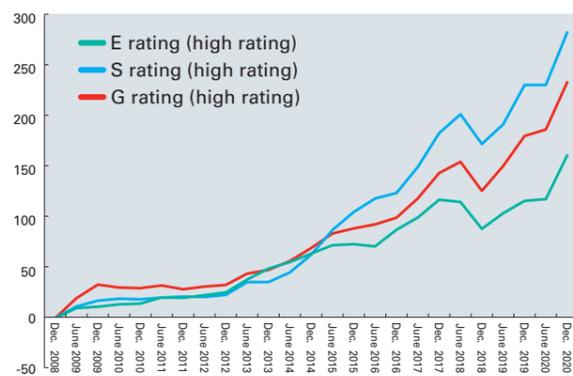
between ESG rating and stock price performance. Furthermore, as the external environment changes, including the adoption of the Paris Agreement, the formulation of the SDGs, and the spread of COVID-19, there is a tendency for this positive correlation to become even stronger.

We believe that the recognition of these efforts led to our winning the Gold Award in the Investor Category of the Ministry of the Environment's "ESG Finance Awards Japan(1st)" announced in February 2020, and to our selection as the lead sponsor of the "PRI Digital Conference" scheduled to be held in October 2021.

Return by cumulative excess of E, S, and G ratings (simple average)

Compared with TOPIX, period 2008/12/1-2021/3/31

Source: Compiled by Nissay Asset based on data from the Tokyo Stock Exchange.



Cumulative excess returns are compared with TOPIX (calculated based on simple average). The above table shows the performance of a group of companies with high ESG ratings, which are assigned independently by Nissay Asset. The data listed represents past results, which may fluctuate depending on market conditions, and does not guarantee future yields.

Promoting sustainability management as an asset management company

In addition to promoting the further enhancement of ESG management, we are currently also focusing on the promotion of sustainability management as a company. In May 2021, we established the Sustainability Committee chaired by the president, and are discussing the ideal form of sustainable management. Furthermore, while we are working with external initiatives such as the Net-Zero Asset Managers Initiative, etc., which we joined in March 2021, to fulfill our fiduciary responsibility as an asset management company, we intend to make further efforts to realize a sustainable society, including measures against climate change.

Group-wide ESG management system

The Nippon Life Group's overseas subsidiaries in the U.K., the U.S., and Singapore also conduct ESG assessment management similar to that of Nissay Asset. We will strive to maximize customer benefits by collaborating not only with domestic companies but also with overseas subsidiaries on ESG assessment methods that we have accumulated over the years.

Climate change issue

History of the international community

In the Paris Agreement adopted at COP21 in December 2015, the entire international community agreed to "aim to limit the rise in global average temperatures to well below 2°C compared to pre-industrial levels (2°C target) and pursue efforts to limit it to 1.5°C."

While the Kyoto Protocol, the Paris Agreement's predecessor, imposed the obligation to reduce emissions only on developed countries, the Paris Agreement is characterized by its requirement for all participating countries, including emerging economies, to reduce their emissions and its adoption of a bottom-up approach, which requires all signatories to put forward their best efforts through voluntarily and nationally determined contributions (NDCs) and to strengthen these efforts.

Subsequently, in a special report on the impacts of global warming of 1.5°C above pre-industrial levels published in 2018 by the IPCC, it was suggested that many climate change impacts could be avoided if global temperature rise was limited to 1.5°C instead of 2°C, and that measures to reduce emissions would also contribute to achieving the SDG targets in general.

Importance of action for climate change

In its Fifth Assessment Report published in 2014, the IPCC predicted eight major future risks that climate change could cause: sea level rise and high tide, flooding, infrastructure shutdown, death and disease from heat waves, food shortages, water shortages, loss of marine ecosystems, and loss of terrestrial ecosystems.

The Working Group I Report of the IPCC's Sixth Assessment Report, published in 2021 showed that the frequency and intensity of extreme weather events such as heat waves, torrential rain and drought have increased compared to pre-industrial times. The report also predicts that the impact of such events is expected to increase further in the future as global temperatures rise; the scientific findings reaffirm once again the importance of achieving the 1.5°C target.

On the other hand, the report also indicates that even if net zero is achieved worldwide in 2050, the temperature rise may temporarily exceed the Paris Agreement target of 1.5°C, and the entire world needs to be more proactive in its efforts to reduce the impact of climate change. As an institutional investor that invests in a wide range of assets, our company regards climate change as one of the high priority issues among various social issues, and we will further strengthen our efforts in asset management to help solve the issue of climate change.

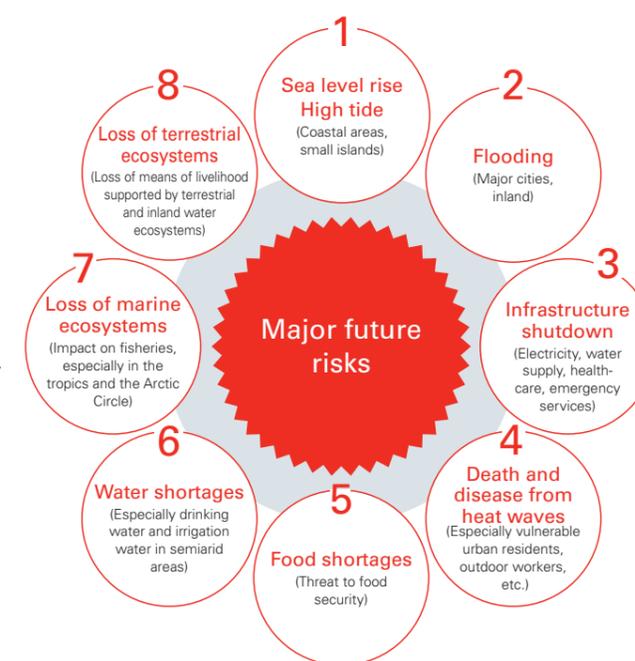
What is COP?

In a broad sense, COP is the abbreviation for Conference of the Parties. Specifically, COP is the conference held every year based on the "United Nations Framework Convention on Climate Change" (adopted in 1992), which agreed to take global warming countermeasures on a worldwide basis.

What is the IPCC?

The Intergovernmental Panel on Climate Change is an intergovernmental organization jointly established in 1988 by the United Nations Environment Programme (UNEP) and the World Meteorological Organization (WMO). The IPCC prepares a report every five to seven years, providing an assessment of the latest scientific findings on climate change.

Major future risks posed by climate change



Source: The Working Group II Report of the IPCC's Fifth Assessment Report

Response to the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations

Our company endorsed the TCFD recommendations in December 2018 and has been working to disclose its climate change-related initiatives. In this section, we describe the efforts of our company's asset management division in line with the framework of the TCFD recommendations. (For initiatives in the insurance business, please refer to our company's Nissay official website)

Governance

Based on the "Environmental Charter" formulated in 2001, Nippon Life recognizes that efforts to protect the global environment are the highest priority for all human beings and companies, and we strive to act in an environmentally friendly manner in all areas of our business activities. In 2017, our company formulated the "ESG investment and finance Policy," which aims to contribute to the formation of a sustainable society, including addressing climate change,

through asset management.

The Sustainability Management Promotion Committee, an advisory body to the Management Committee, identifies "efforts to address climate change issues" as a high priority sustainability issue and implements the PDCA cycle for reducing environmental impact, as well as reporting the state of the efforts to the Management Committee and the Board of Directors at the end of each fiscal year.

Risk Management

Our company centrally controls various risks, including climate change risks, on a cross-divisional basis, and through statistical risk measurement, etc., and we manage the risk status of the entire company in an integrated manner.

In March 2017, the asset management division formulated the "ESG investment and finance Policy" and has a policy of not engaging in new investment and financing for coal-fired power generation projects that have a large impact on

climate change, both in Japan and overseas. In 2019, our company adopted the Equator Principles, an international framework for environmental and social considerations in project finance.

In addition, we are working to improve our systems for analyzing the impact on our asset management portfolio, and have started measuring CO₂ emissions by our investees from FY2020.

Strategy

For Nippon Life, which makes investments and provides financing in the medium to long term in line with its insurance policies, there is a risk of physical damage to invested and financed assets due to climate change, or loss of their values as a result of the transition to a low-carbon society. On the other hand, we believe that green finance for compa-

nies, technologies and projects that contribute to a low-carbon society will lead to increase in investment and financing opportunities.

Our company will take these climate change-related risks and opportunities into account through each of our ESG investment and finance approaches.

Integration	We incorporate climate change-related risks and opportunities into investment and financing decisions through integration that takes into account ESG elements in the management process for all asset classes.
Engagement	By encouraging positive initiatives by investees through dialogue on the theme of climate change, we aim to enhance the enterprise value of investees and reduce the climate change risk of our asset management portfolio.
ESG -Themed Investment and Finance	We set a target of 1.5 trillion yen in ESG-themed investment and finance whose use of funds is linked to the theme of achieving the SDGs from FY2017 to FY2023, and are actively promoting these investment and financing initiatives.
Negative Screening	It is our policy not to engage in new investment and financing for coal-fired power generation projects that have a significant impact on climate change, both in Japan and overseas.

Indicators and Targets

Because of the large cost to handle climate change, companies that emit a large amount of CO₂ and other greenhouse gases face risks to their asset values, which could be negatively affected in the future, including their stocks and corporate bonds.

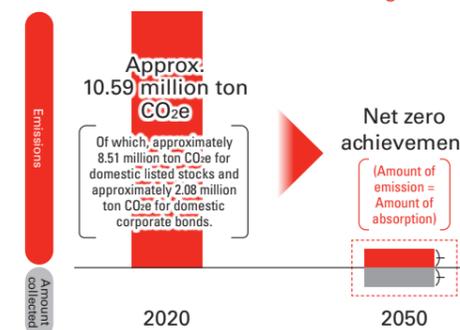
With this in mind, our company considers climate change to be a serious risk in our asset management. Taking into account our responsibility as an institutional investor that holds a large number of assets, we set a goal of reducing the CO₂ emissions of our asset management portfolio toward domestic listed stocks and domestic corporate bonds to net

zero by 2050.

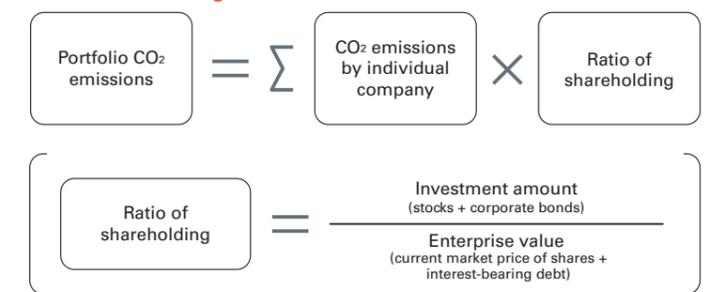
Based on the Japanese government's increase in greenhouse gas emission reduction targets and the progress of corporate initiatives, we plan to set an interim target for CO₂ emission reduction in FY2022. In October 2021, we also joined the UN-convened Net-Zero Asset Owner Alliance, an international initiative aimed at promoting reduction efforts.

We will continue to work with our investees and other investors to help realize a decarbonized society.

Portfolio CO₂ emission reduction target



Measurement image



*The targets are Scope 1 and Scope 2 of domestic listed stocks and domestic corporate bonds of our company's investees as of the end of March 2021. The calculation is based on published company data, data provided by MSCI Inc. and Bloomberg, and estimates. The figures may be recalculated in the future due to the revision of published company data, etc., and the review of calculation methods, etc. Some information is reproduced with permission of © 2021 MSCI ESG Research LLC.

Towards understanding the risks of climate change in asset management portfolios

With regard to the quantitative assessment of the risks of climate change, there are difficulties in formulating the linkage between the complex phenomena of climate change and financial and economic activities, and no standard risk assessment method has been established so far.

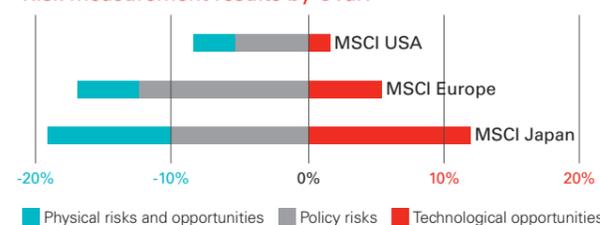
Our company is conducting research and analysis on the

usefulness and limitations of each risk assessment method, and intends to consider the use of quantitative assessment methods for the advancement of climate change risk management. Here is a brief introduction to some climate change risk indicators.

CVaR (Climate Value at Risk)

CVaR assesses the "policy risks," "technological opportunities" and "physical risks and opportunities" associated with the transition to a low-carbon society. It is a forward-looking risk assessment method that estimates future costs and benefits, quantitatively assesses the impact on enterprise value, and then reflects it in the value of stocks and corporate bonds to measure the impact of climate change on portfolio assets. The following figure shows the values of CVaR in the Japanese, U.S., and European indices. Although Japan has greater opportunities compared with the U.S. and Europe, the risk of climate change is also relatively high due to differences in industrial structure, which suggests that it is important to take advantage of opportunities and implement appropriate measures.

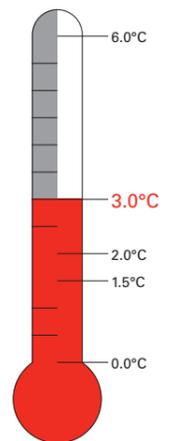
Risk measurement results by CVaR



Warming Potential

It is an intuitive measure of how many degrees Celsius increase in average temperature scenario corresponds to the greenhouse gas emissions from the current and future business activities of investee companies. This indicator will allow us to visualize whether our portfolio is in line with the 2°C and 1.5°C scenarios outlined in the Paris Agreement, and to what extent the portfolio deviates from the scenarios. For example, the Warming Potential of Japan's index (MSCI Japan) shows approximately 3°C, which suggests that there is a corresponding transition risk while aiming to achieve the 1.5°C scenario.

Risk measurement results by Warming Potential



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Review of approaches to ESG investment and finance and future policies

By implementing the PDCA cycle in ESG investment and finance, we hope to gradually improve our approach to ESG investment and finance. Our efforts to date and future direction are as follows.

Self-evaluation and future direction

	Efforts to date	Future direction
Enhancing ESG investment and finance	<ul style="list-style-type: none"> ● Start to consider ESG elements in the management process across all asset classes. ● Build up a track record in ESG-themed investment and finance and impact investment. ● Enhance dialogue with investees on ESG themes. ● Continue implementing negative screening. 	<ul style="list-style-type: none"> ● Diversify ESG investment and finance areas. ● Constantly reviewed by PDCA. ● Accumulate know-how on impact investment.
Strengthening external communication	<ul style="list-style-type: none"> ● Appointment of our company's employee to PRI Board Director (2021/7). ● Joined the Net-Zero Asset Owner Alliance (NZAOA) (2021/10). ● Publication of ESG report (2021/10). 	<ul style="list-style-type: none"> ● Actively participate in global discussions on ESG through activities as a PRI Board Director. ● Continue to strengthen external communication through participation in various initiatives, etc. ● Strengthen information disclosure in line with the framework recommended by the TCFD.
Strengthening the system	<ul style="list-style-type: none"> ● Added the management division (Finance & Investment Planning Department) in the secretariat of the Sustainability Management Promotion Committee. ● Established a meeting body (Group ESG Liaison Conference) to discuss and share various ESG-related initiatives among Nippon Life Group officials (2021/4) 	<ul style="list-style-type: none"> ● Promote discussion and examination of various ESG-related initiatives in each meeting body.



Promoting ESG investment and finance to achieve both a sustainable society and secure investment returns

Toshinori Kurisu
 ESG Investment Strategy Office
 General Manager of the ESG Investment Strategy Office

ESG initiatives are spreading at an accelerated pace

ESG initiatives, which had been driven mainly in Europe, has rapidly spread all over the world, and I fully realize that the trend has been accelerating further over the past year. An increasing concern about climate change due to frequent natural disasters and a growing awareness of social issues caused by the spread of COVID-19 served as the trigger for accelerating this trend. The governments of various countries are developing laws and frameworks, encouraging and supporting businesses.

In Japan, the Stewardship Code revised in March last year stipulates the "consideration of sustainability (medium to long-term sustainability, including ESG elements) based on investment strategies." Revisions to Japan's Corporate Governance Code in March this year include contents that require further promotion of sustainability management, such as measures against climate change and consideration of the human rights of employees as well as those throughout the supply chain. Moreover, as measures against climate change, the Japanese government set the ambitious target in October last year that it will reduce greenhouse gas emissions to zero by 2050, and announced in April this year that it will raise its reduction target to 46% by 2030 from 26%.

Recently, not a day has gone by without seeing the term ESG in the news. A great deal of ESG-related news is reported every day, and ESG efforts are being accelerated around the world.

Proactively incorporating ESG investment and finance methods and helping the investee companies to increase the enterprise values from a medium to long-term perspective

ESG investment and finance is not new, and is essentially the same as the asset management that Nippon Life has

emphasized since its founding, which takes into account not only profitability and safety but also the public interest. ESG considerations are imperative because corporate activities are based on the sustainable global environment and society. For companies, ESG is an important factor that impacts mid-to long-term enterprise value and even brings about changes in industrial structure.

Making an observation of market pricing which has been more influenced by ESG factors day by day, our company has promoted ESG investment and finance, aiming both to contribute to the transition to a sustainable society and secure investment returns, by making balanced use of various methods such as integration and engagement.

When monitoring various ESG investment and finance methods, I realize how important it is to make investment and financing decisions based not on assessments made by uniformly established standards or rules, but on the various individual circumstances by region, industry, and company, in order to realize a truly sustainable society. Even companies in the same industry require different initiatives to enhance their medium-to long-term enterprise value, depending on their business profiles and stages of development. It is important, therefore, to identify and promote these appropriate initiatives. By leveraging our strengths as a life insurance company that invests from a medium-to long-term perspective transcending generations, we will continue to make efforts to realize a sustainable society.

In addition, our company is promoting globally diversified investment amid the low interest rate environment in Japan. It is becoming increasingly important to provide funding for the realization of a sustainable society on a global basis and to increase medium-to long-term returns through this funding. While collecting information and expressing opinions through our participation in international initiatives, we will continue to promote investment and financing initiatives to realize a sustainable environment and society on a global scale.

