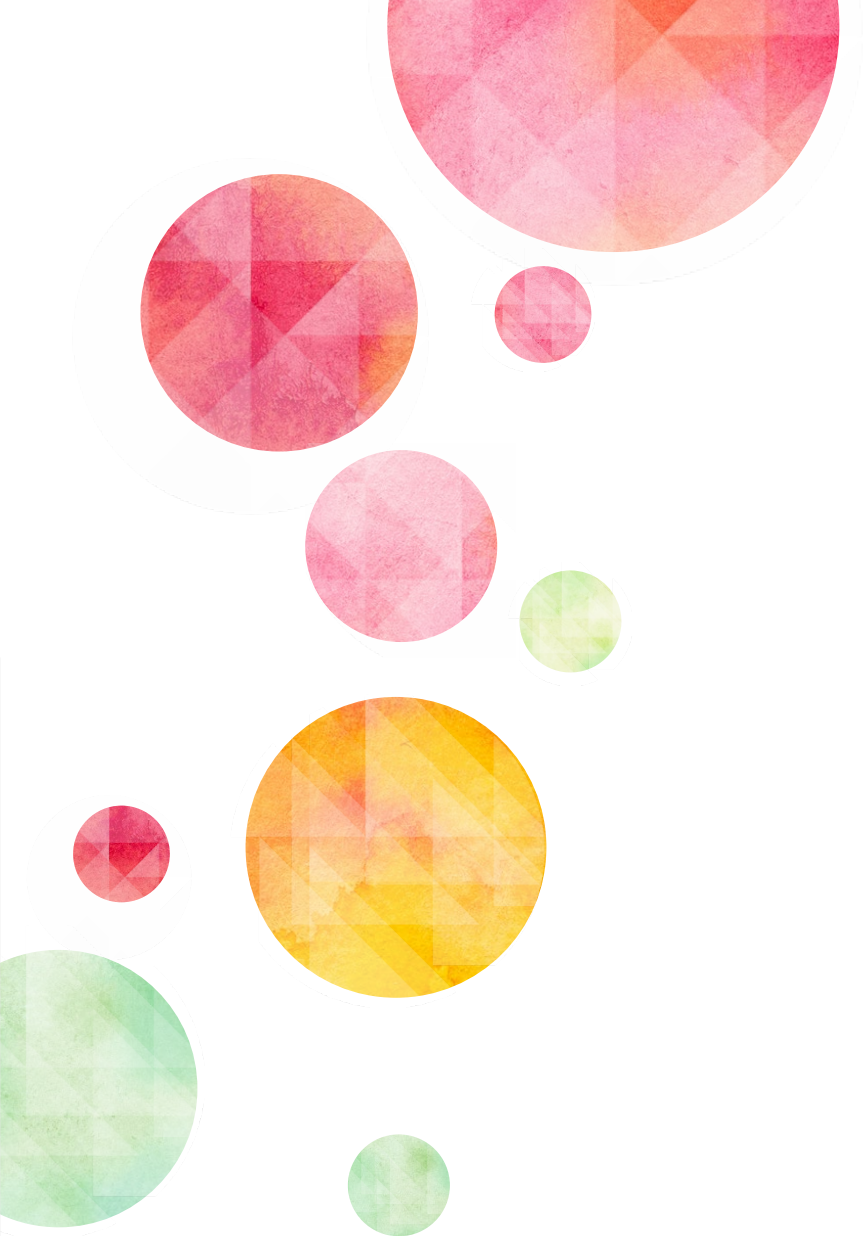


Nippon Life Insurance Company

TCFD & TNFD Report 2024



Nippon Life
Insurance Company



Top Message

			Related Items	
			TCFD	TNFD
I	Introduction	5	▼	▼
II	Governance	15	▼	▼
III	Risk Management	20	▼	▼
IV	TCFD			
	Risks and Opportunities	25	▼	
	Asset Management	27	▼	
	Business Activities	39	▼	
V	TNFD			
	Asset Management	49		▼
	Business Activities	56		▼
VI	Participation in Initiatives	65	▼	▼
VII	Topics	70		

Pursuing solutions to global-scale environmental issues as a life insurance company that provides peace of mind over the long term

Sustainability management in the Nippon Life Group

Nippon Life marked its 135th year in business on July 4, 2023.

Life insurance is a system of mutual aid based on the spirit of “co-existence, co-prosperity and mutualism.” Since our founding, we have practiced customer-oriented business operations and sustainability management, placing them at the core of our business management. This means that we aim to achieve further business growth by earning greater trust from customers and helping to solve social issues through our main business activities. Accordingly, we will continue to conduct all of our work with the understanding that policyholder interests come first and strive to actualize our customer-oriented philosophy.

Based on these principles, we aim to create a society in which everyone can live their lives with peace of mind, through the Nippon Life Group’s ongoing provision of multidimensional peace of mind. This peace of mind encompasses life insurance as well as support for raising a family, healthcare, asset formation, nursing care and more over the course of a person’s life.

In sustainability management for our Group, we define the priority areas for us to take action as the three areas of People, Community and Environment. The three areas are intercorrelated, as communities must have vitality if people are to be able to live their lives with vitality, and the natural environment forms the basis for people’s lives and therefore must be healthy. Of these areas, improving the sustainability of the environment is a pressing challenge around the world.

Nippon Life’s recognition of climate change and biodiversity

Many types of natural disasters are being observed worldwide in association with global warming and make us more strongly aware of the importance of taking action to address climate change. Taking action on environmental problems such as ocean plastic waste and global-scale ecosystem destruction is an urgent challenge for humankind. As a member of management at a life insurance company that provides peace of mind over the long term, I am called on to fulfill our responsibility in pursuing solutions to these global-scale environmental issues.

Based on our “Environmental Charter” established in 2001, Nippon Life recognizes that efforts to protect the global environment are the highest priority for all human beings and companies. We strive to act in an environmentally friendly manner in all areas of our business activities and are conducting initiatives with the aim of passing our irreplaceable global environment on to the next generation.

One such initiative is achieving net-zero greenhouse gas emissions in fiscal 2050, which we are working toward both from our position as an institutional investor and as a business operator. In addition, on the asset management side, we are taking action for biodiversity primarily by providing funds for investment that contributes to biodiversity conservation. In terms of our business activities, we are expanding our related activities in various regions. We have created and released this report as a means of disclosing these activities in line with the TNFD recommendations.



Hiroshi Shimizu
President

Initiatives as an institutional investor

For the grave challenge of climate change, we have set the target of net-zero greenhouse gas emissions for fiscal 2050 as well as intermediary targets for fiscal 2030 in our asset management portfolio. To encourage decarbonization at investee companies, we proactively provide funds to companies working toward a defined transition path and companies striving to implement technological innovations. We also hold measured dialogue with companies that have high greenhouse gas emissions.

For biodiversity, we have so far invested in green bonds and have conducted analyses to evaluate risks and opportunities related to natural capital in our portfolio. Going forward, we will deepen our review of specific approaches that align with the TNFD framework and further enhance our initiatives.

Companies having a positive impact on society, in other words shaping sustainability outcomes, is connected to sustainable development for both the companies and society and to increasing our investment income. At Nippon Life, we aim to proactively shape sustainability outcomes and help solve social issues while increasing our investment income as a result, through promotion of responsible investment with considerations for Environment, Social and Governance factors from a mid- to long-term perspective.

Initiatives in our business activities

As a company with the ability to conduct dialogue with investee companies, initiatives conducted in our business activities contribute to solving social issues. We have set 2030 reduction targets for CO₂ emissions generated in our business activities that correspond to reduction targets set by the Japanese government. We continue primarily working to steadily reduce our CO₂ emissions from the use of cars, electricity and paper.

In the area of biodiversity, we are partnering with local governments and groups working to protect the natural environment. In addition to cleanup campaigns in various regions and efforts to restore wetlands affected by disaster, we are also working to protect species under threat of extinction and fight the spread of invasive species.

Understanding the regional natural environment and ecosystem is crucial to biodiversity efforts. I and many others recently participated in tree planting in the Nissay Fuji Forest. In addition to simply planting trees, we also thin trees to allow light in and cultivate a healthy forest environment. To prevent deer from eating bark around the tree trunks, we build fences around trees using the branches of thinned trees. These activities remind me that with just a little help from humans, the natural environment can become rich with abundance.



Growing trees in the Nissay Fuji Forest
(President Shimizu)

Nippon Life's action declaration and resolve for climate change and biodiversity

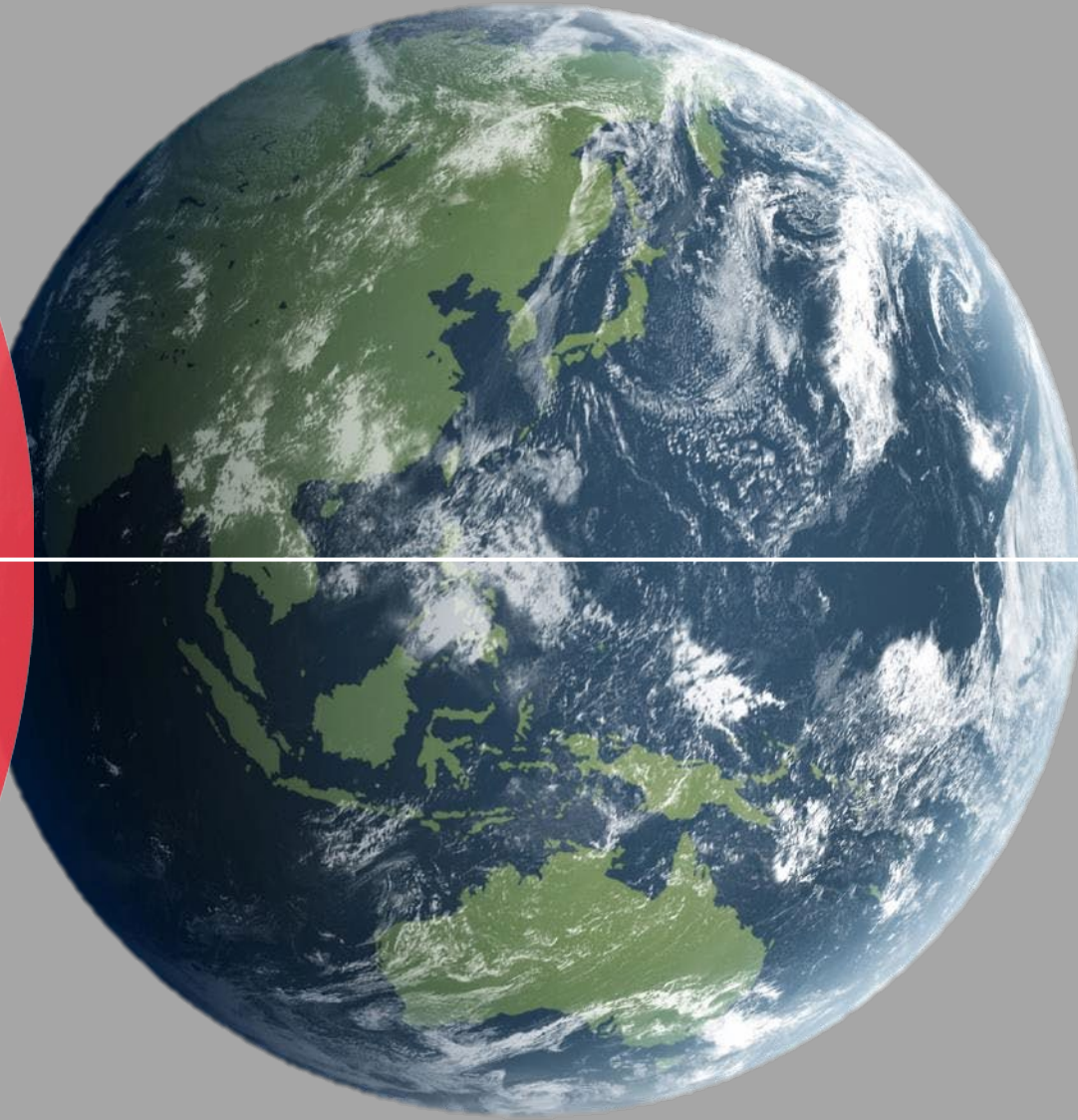
Life insurance is a product that provides customers with reassurance and security over the long term. To ensure that the society and planet where people live offer healthy abundance and peace of mind in the coming 100 and 200 years, the Nippon Life Group approaches customers and society with integrity in pursuit of realizing a society in which everyone can live their lives with peace of mind.

"Enhance today for your future" is our corporate message and reflects our resolve and willingness to stay firmly by the side of customers and society today while continuing to deliver reassurance and security for the future.

Actions taken today will create this future. At Nippon Life, our activities are characterized by their connection to local communities, and we are known as an institutional investor. In addition to our activities in local communities, there are also initiatives we can undertake from our position as an institutional investor. Through all of our corporate activities, we will continue to pass on the indispensable Earth to the future.

Hiroshi Shimizu
President

I Introduction



1 Global Progress on the SDGs

The international community needs to do more

Companies and investors are taking steps to implement sustainability management, aiming to achieve the SDGs and in turn realize a sustainable society, but these efforts have not yet produced sufficient outcomes.

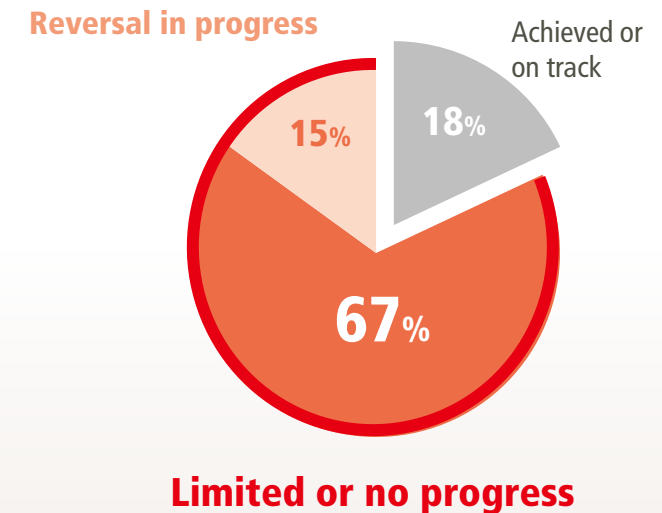
The Sustainable Development Goals (SDGs), comprising 17 goals and 169 targets, were adopted at the United Nations Sustainable Development Summit 2015, and since then the international community has been working toward achieving the SDGs by the target year 2030.

The year 2023 marks the halfway point to 2030. There has been limited or no progress on 67% of the targets, while 15% of the targets have moved even farther out of reach.

This means that the global community needs to drive progress on the SDGs in the remaining seven years.



Global progress on achieving the SDGs in 2030



Source: Sustainable Development Report 2023, Sustainable Development Solutions Network

2 Climate Change & Biodiversity

Take actions simultaneously for climate change and biodiversity, focusing on the links between them

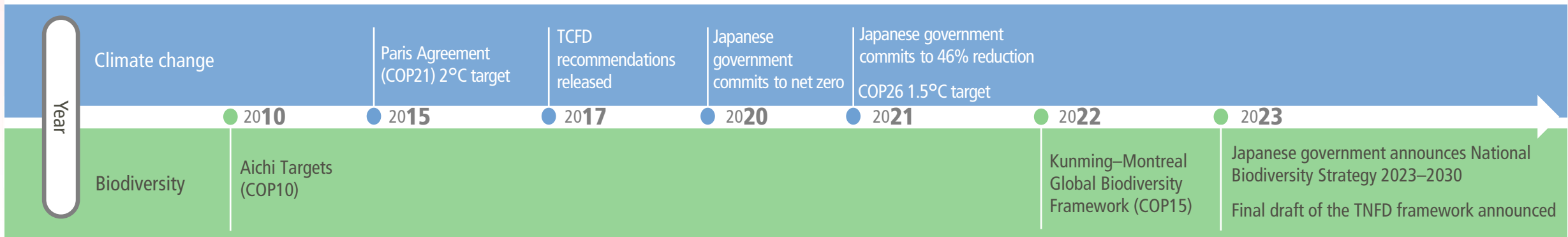
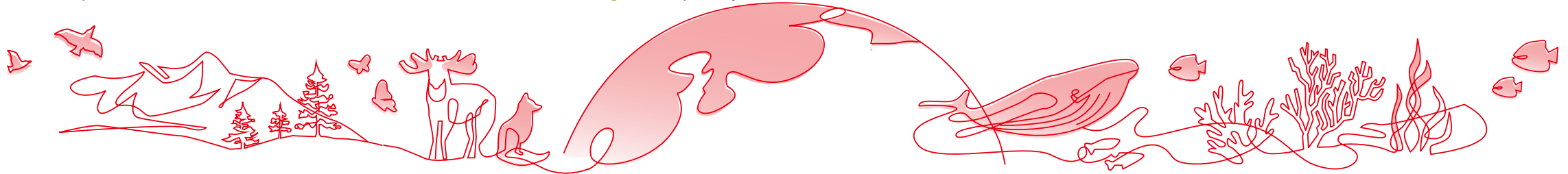
At Nippon Life, we periodically disclose information about our actions to address climate change and our biodiversity initiatives, in line with the TCFD and TNFD frameworks.

The Earth is now facing a grave test.

The two serious challenges of **global warming** and the **biodiversity crisis** have implications for the survival of the human race.

To safeguard our irreplaceable global environment for future generations, we are taking actions for the environment both in our business activities, namely insurance underwriting within and outside Japan and providing services to customers, and in our asset management, namely investing funds deposited by customers.

Note: This report discloses information in the fields of **business activities** and **asset management** separately.



3 Sustainability Priority Issues

We position sustainability management at the core of our business operations and strive to improve sustainability with a focus on the three areas of People, Community and Environment

For these areas, we have defined five sustainability priority issues and the management foundation that supports them, and are working to help solve social challenges while engaging in the life insurance business.

In the sustainability priority issue of "Passing on the indispensable Earth to the future," we are taking actions to protect the environment based on three focus areas to support creating environmental conditions that enable everyone to lead their lives with peace of mind.

Sustainability Priority Issues

- 1 Providing reassurance and security for life
- 2 Supporting future generations to be filled with hope
- 3 Respecting DE&I and human rights

- 4 Supporting to create vibrant local communities

5 Passing on the indispensable Earth to the future

Mainly

Climate change

Biodiversity

Recycling society
Actions for plastics

We are taking action based on these 3 focus issues.



4 Sustainability Statement

Aiming to create a society in which everyone can live their lives with peace of mind through sustainability management

We have released the Sustainability Statement to communicate our thinking about sustainability management.

We aim to create a society in which everyone can live their lives with peace of mind through improving sustainability in the areas of People, Community and the Environment. With this in mind, we will continue to stay by the side of our customers and the wider society.

Enhance Today for Your Future

—Creating a Society in Which Everyone
Can Live Their Lives with Peace of Mind—

In the 100-year life era,
Nippon Life Group is committed to supporting individuals' dreams
and aspirations while addressing their concerns.

We strive to improve sustainability for People, for Community
and for the Environment so that everyone can live their lives with peace of mind.

People

Nippon Life offers comprehensive life insurance to address various risks and assured payment of claims and benefits. We are a committed partner to people at all stages of life, providing support for raising children and young adults, healthcare, asset formation, nursing care and more.

Community

As a community member, Nippon Life actively engages in efforts to help solve local challenges and contributes to creating vibrant, thriving communities.

Environment

As a responsible institutional investor, Nippon Life contributes to solving societal challenges such as climate change and helps build conditions for global environmental health.

Enhance today for your future.
Nippon Life Group will be by your side.

5 Environmental Charter

We established the Nippon Life Environmental Charter in 2001

The Environmental Charter states that not only Nippon Life but also Nippon Life Group companies and business partners will take actions while striving to include environmental considerations in all fields of company activities.

We are committed to working to mitigate climate change, realize a recycling society and conserve biodiversity as initiatives that address various environmental challenges.

We will continue to promote environmental initiatives based on our Environmental Charter.

Environmental Charter

I. Fundamental Principles

As a member of the global community, Nippon Life recognizes that preserving the global environment is a top priority for every individual and company. Together with our Group companies and business partners, we will implement environmentally responsible actions in our corporate activities in every field and aim to pass on this irreplaceable global environment for future generations.

II. Action Guidelines

1. Global environmental preservation through all corporate activities

We strive to contribute to preserving the global environment in the development of our all corporate activities.

2. Initiatives for various environmental issues

We strive to reduce the environmental impact of our corporate activities, conserve resources and energy, recycle resources, and promote green procurement, thereby contributing to resolving climate change and realizing a recycling society as well as addressing plastic waste and the preservation of biodiversity.

3. Complying with environmental laws and regulations and preventing pollution

We comply with environmental laws and regulations including environmental agreements, guidelines, and other policies and practices and strive to prevent environmental pollution.

4. Promoting environmental education and social contribution activities

We contribute to society by promoting environmental preservation activities, such as greening while thoroughly training to all executives and employees and raising environmental awareness.

5. Continuously improving environmental initiatives

We continue to strengthen our initiatives by setting goals, taking action, and regularly reviewing results while making necessary adjustments.

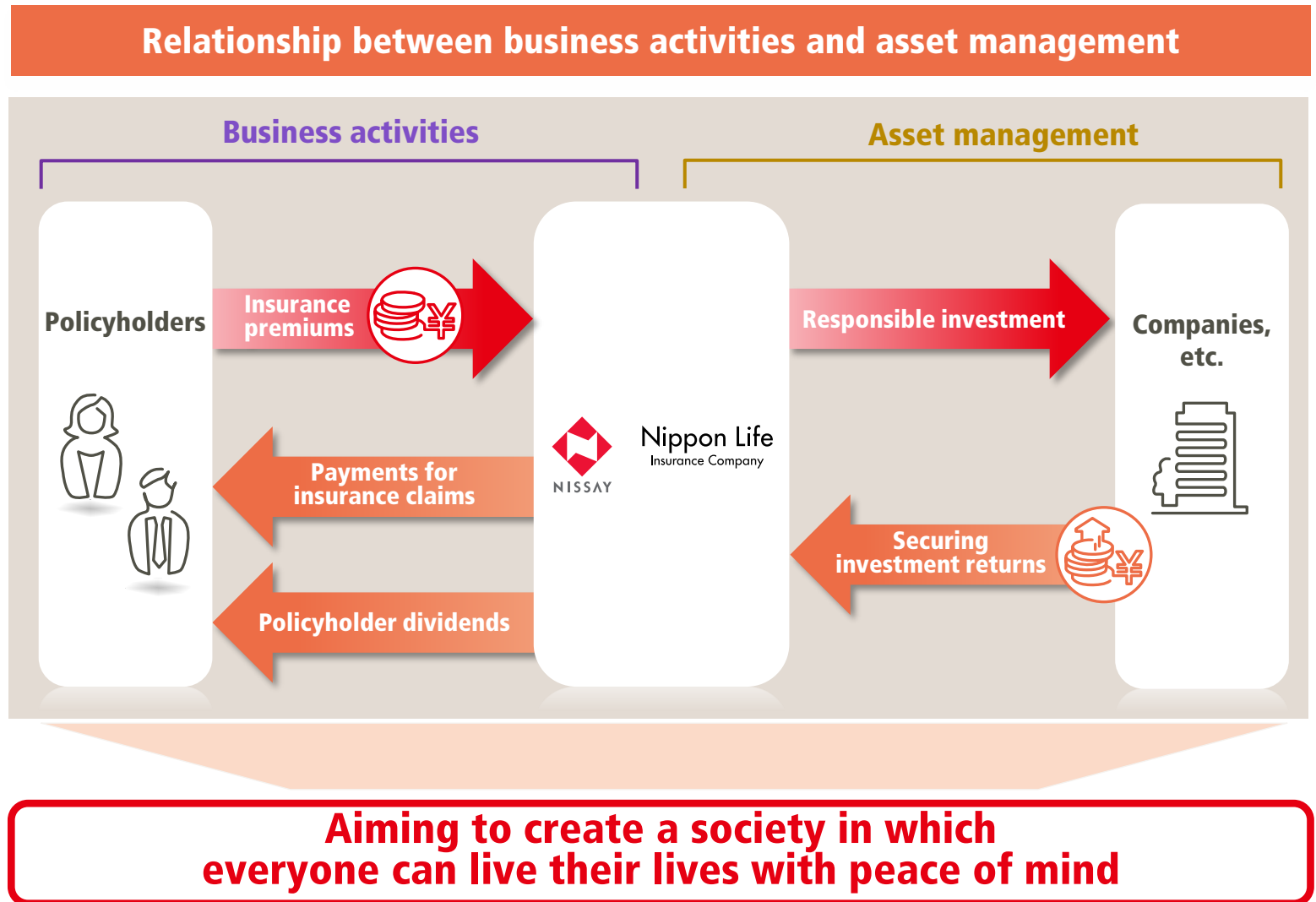


6 Business Activities & Asset Management

We aim to realize sustainability in terms of both business activities and asset management

From the insurance premiums deposited by policyholders, we conduct the business activities of providing insurance and services, and invest insurance premiums to manage assets in preparation for future payouts.

Asset management at Nippon Life involves investment and finance in a range of assets in Japan and globally to secure investment returns. We also engage in responsible investment with consideration for company and societal sustainability.



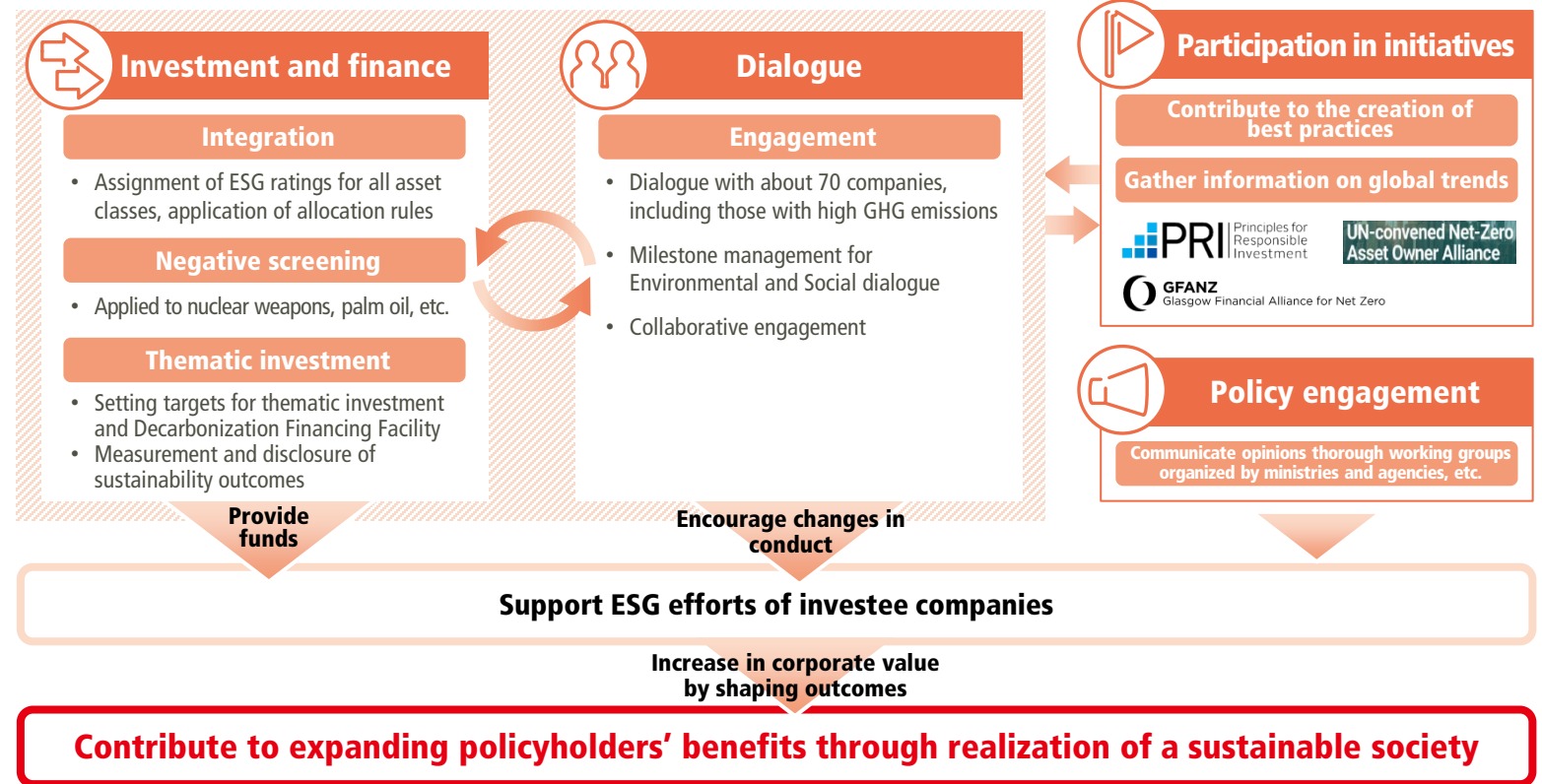
7 Responsible Investment

Through responsible investment, we aim to realize a sustainable society and contribute to expanding policyholder benefits

By balancing responsible investment through a variety of approaches, we support ESG efforts of investee companies. This support, in turn, leads to an improvement in corporate value by shaping sustainability outcomes.

Regarding GHG reductions in our asset management portfolio and provision of funds for addressing social issues, we have set specific targets and are diligently progressing with these efforts.

Asset Management



[Targets set at Nippon Life]

GHG emissions reduction in our asset management portfolio

Set intermediary targets for FY2030 targeting Scope 1 and 2 emissions of investee companies for domestic and foreign listed stocks, domestic and foreign corporate bonds and real estate (stocks and bonds include investments made through mutual funds)

[Total emissions] 45%+ reduction (vs. FY2010)

[Intensity] 49%+ reduction (vs. FY2020)

Providing funds for resolving social challenges

Thematic investment: ¥5 trillion (FY2017–FY2030)

Decarbonization Financing Facility: ¥3 trillion (FY2017–FY2030)

Nissay Impact Investing Facility: ¥500.0 billion (FY2024–FY2030)

8 Disclosure Framework

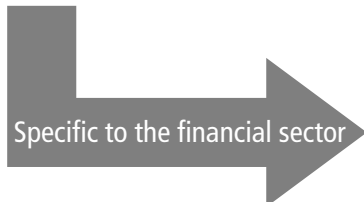
We engage in disclosure in line with international initiative frameworks

Approximately 5,000 companies globally and 1,500 companies in Japan have adopted the TCFD recommendations since they were announced in 2017, and they have become the standard for climate change disclosures.

The final TNFD disclosure recommendations were released in September 2023, and the list of TNFD Early Adopters was announced at the World Economic Forum in January 2024.

We will conduct disclosure in line with the framework guidance of the TCFD, TNFD and the Financial Institution Net-Zero Transition Plans announced by the Glasgow Financial Alliance for Net Zero (GFANZ).

		TCFD <small>P.24-</small>	TNFD <small>P.47-</small>
Feature	Target	Climate-related risks	Nature-related risks
	Nature area	Climate change, mainly atmosphere	Land, ocean, fresh water, atmosphere
Disclosure framework items	Framework composition	Governance, strategy, risk management, metrics and targets	Governance, strategy, risk and impact management *1, metrics and targets
	Governance	Disclose organizational governance relating to risks and opportunities	
	Strategy	• Risks and opportunities (single materiality*2)	• Addressing human rights policy, human rights considerations, indigenous peoples and community residents • Risks and opportunities, dependencies and impacts (use of double materiality also possible*3) • LEAP approach (location specification)
	Risk management	• Risk management	• Management of risks and impacts • Priority setting
	Metrics and targets	• CO₂/GHG emissions	• There are 18 core global disclosure metrics *4 related to risks and opportunities (land, freshwater and seawater use, pollutants, air pollution, waste, wastewater, etc.) • Additional global disclosure metrics (nature protection activities, etc.)



Specific to the financial sector

GFANZ Net-Zero Transition Plans

Foundations

Implementation strategy

Metrics and targets

Governance

Engagement strategy

*1 The state of nature and biodiversity focuses on **location-based differences** due to differences according to location

*2 Only impacts of the environment on companies

*3 Recognizes the two aspects of impacts of the environment on companies and impacts of companies on the environment

*4 By sector or region (country, biome, ecosystem, etc.)

9 Metrics and Targets in TCFD and TNFD Disclosure

We have set specific metrics and targets and are taking action for them, aiming to achieve net-zero emissions in fiscal 2050 and a world of living in harmony with nature

We have set outcome targets in both the asset management field and business activities field and are holding ongoing discussions in the Sustainability Committee on the status of progress toward their achievement.

For biodiversity and the TNFD's metrics and targets, in addition to our existing reduction targets for GHGs and CO₂ and electricity and paper usage, we are currently considering setting targets toward realization of nature positive*.

* To halt the loss of biodiversity and get back on a track to recovery

Summary of Metrics and Targets in TCFD and TNFD Disclosure

		Metrics and targets	FY2030	FY2050
Climate change	Asset management field	Total GHG emissions Scope 1 and 2, vs. FY2010	45%+ reduction	Net-zero
		GHG intensity Scope 1 and 2, vs. FY2020	49%+ reduction	
		Contribution to the amount of GHG reductions	15 million tons/year	
	Business activities field	CO₂ emissions reduction Scope 1+2+3 Total emissions, Group-wide, vs. FY2013	51%+ reduction	
		CO₂ emissions reduction Scope 1+2 Portion under own control, nonconsolidated Nippon Life	Net-zero (100% reduction)	
		Renewable energy ratio Own contracted portion, nonconsolidated Nippon Life	100%	
Natural capital	Asset management field	Nature-positive contributions through investment and dialogue	Contributions to nature positive	Achieve a world of living in harmony with nature
	Business activities field	Have set reduction targets for CO ₂ emissions, electricity usage and paper usage Reviewing setting targets for water, waste and other categories with environmental impacts	(Business activities field) CO ₂ emissions reduction of 51% or more Annual electricity usage reduction of 1% Annual paper usage reduction of 100 million sheets	

II

Governance



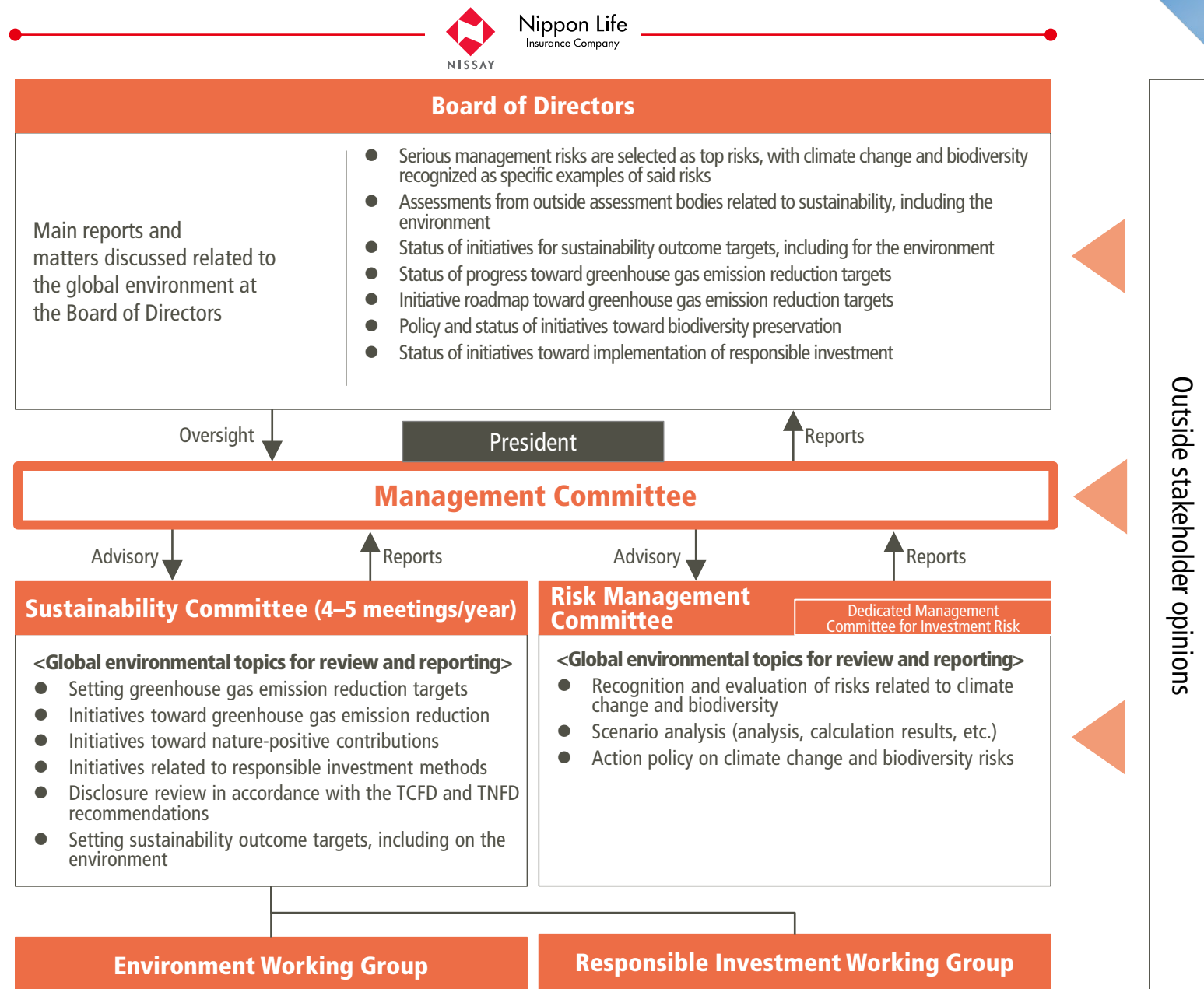
1 Governance System

Various committees serve as advisory bodies to the Management Committee

At Nippon Life, serious management risks are selected by the Management Committee and the Board of Directors as top risks, with climate change and biodiversity recognized as specific examples of said risks. Committees including the Sustainability Committee and the Risk Management Committee are advisory bodies to the Management Committee and discuss and decide management strategy plans that include impacts of environmental problems on our management, based on their review of strategy and risk management related to climate change and biodiversity.

The President oversees business execution and decisions related to it in the Management Committee, while the Board of Directors decides and directs execution of particularly consequential business matters.

The opinions of outside stakeholders obtained through various opportunities are also reflected in Nippon Life management as appropriate.



2 Internal Initiatives

The Management Committee deliberates on wide-ranging matters related to the environment as well as promotes initiatives in the Group and building understanding internally

In the area of Environment, matters are debated in the Management Committee and the Board of Directors following deliberations in the Sustainability Committee. Specific deliberated matters are listed on the right.

We are expanding dialogue with Group companies and have Group company executives participate in the Sustainability Committee so that we take action Group-wide on global environmental problems.

We also strive to build understanding among employees about global environmental problems.

▶ Content deliberated in the Management Committee and Board of Directors (FY2023)

Initiatives related to responsible investment

Initiatives to reduce greenhouse gas emissions (converting company cars to EVs, increasing the renewable energy ratio, paper reduction, etc.)

Direction and initiatives for a circular economy

Direction and initiatives toward nature-positive contributions

Status of disclosure review in accordance with the TCFD and TNFD recommendations

Participation in the TNFD Forum and registration as a TNFD Adopter

Assessments from outside assessment organizations

Dialogue with outside experts

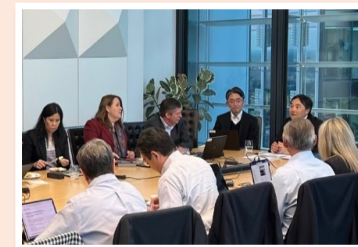
Activities in initiatives



Internal Initiatives

▶ Initiatives in the Group

- Dialogue with the management teams of Group companies (Overseas Unit Management Committee, Global Executive Forum, etc.)



- Participation in the Sustainability Committee by Group company presidents and sustainability officers

▶ Building understanding internally

Promoting building understanding internally through environmental trainings, use of environmentally friendly novelty goods, etc.

- Level-specific environmental trainings (executives/non-sales personnel/sales representatives)
- Nissay Plastics Smart Campaign
From fiscal 2024, Nippon Life is not purchasing any clear plastic document folders and instead using paper clear document folders (eco-friendly document folders)



Training materials



Paper clear document folders

3 Initiatives to utilize outside opinions

1/2

Creating opportunities to obtain opinions from stakeholders and reflecting them in management

The Meeting of Representatives is our decision-making body as a mutual company and receives a wide range of opinions including on the environment. In addition, we also hold meetings of the Conference of Representatives and Nissay Konwakai Meetings.

Nissay Konwakai Meetings are the regional version of the Meeting of Representatives. Held annually since 1975, they are where we explain our business activities to policyholders in regions throughout Japan and hear their opinions and requests.



Meeting of Representatives

Nissay Konwakai Meetings

Meeting of Representatives

Overview	Established as a body to serve the function of the general meeting of shareholders at stock companies
Participants	Representatives selected from Company Members (participating insurance policyholders) (200-member capacity)
Purpose	Discusses and decides important management-related matters (amending the Articles of Incorporation, approving proposals for the distribution of surplus, nominating directors, etc.) and hears wide-ranging opinions and requests
Timing	Every July

Main environmental opinions

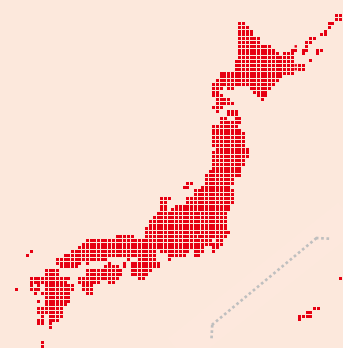
In the area of ESG investment and finance, Nippon Life has endorsed the TCFD recommendations and has set specific CO₂ reduction targets. In the supply chain where emissions are highest (Scope 3), working together with a large number of investee companies is necessary, making this area particularly challenging. You talked about encouraging changes in behavior through dialogue held over several years, but what does this mean specifically?

Conference of Representatives

Overview	Established to have representatives enhance the management check function
Participants	Representatives
Purpose	Held annually since 1962 as a unique Nippon Life venue to hear wide-ranging opinions and requests
Timing	Every December

I can feel the gradual destruction of the natural world, such as the coral reefs in the waters around Okinawa dying off. I want to see Nippon Life work to preserve the natural environment, for one so that future generations get to experience the wonder of seeing the beauty of the natural world with their own eyes.

Nissay Konwakai Meetings



Overview/ purpose

The meetings have been held annually since 1975 as a venue to explain our business activities and hear opinions and requests related to our corporate business in general as well as our products and services. The main opinions and requests and our response to them are reported to the Meeting of Representatives and the Board of Councilors. Many Representatives and Nippon Life executives also attend the meetings, and we continue to enhance the interconnected nature of the Nissay Konwakai Meetings, the Meeting of Representatives and the Conference of Representatives.

Participants

Over 2,000 every year

Main environmental opinions

The Nissay Forests activities are wonderful. Please continue preparing for the impacts of climate change.

What kinds of things are you doing for the SDGs and environmental problems? Have you considered publicly promoting what you do even more?

Responsible investment is essential. Please tell us about the specifics of your activities and future developments.

Initiatives to utilize outside opinions 2/2

Creating opportunities to hear opinions from specialists

We hold dialogue with Board of Councilors members, who are appointed from among Company Members and academics, as well as outside experts and receive insights from specialists with the goal of further upgrading our sustainability management.

Valuable opinions are reflected in management as appropriate.

Board of Councilors

Overview

Management advisory body to ensure the appropriateness of management

Participants

Councilors are appointed at the Meeting of Representatives from among Company Members and academics

Purpose

In addition to hearing their opinions about consulted matters and important management matters, the Board of Councilors also discusses opinions on company management received from Company Members

Main environmental opinions

I hope Nippon Life's top management continues its commitment to its sustainability management vision. I also think it is necessary to design a strategy that differentiates Nippon Life from other companies in its next Mid-Term Management Plan by connecting the plan to its sustainability management vision, and ultimately connecting its sustainability management to the further development of its principal business.

A noteworthy aspect of Nippon Life's sustainability management is how it is connected to local communities. Going forward, I think interactivity will be necessary, with Nippon Life eliciting suggestions from local governments and expanding on the themes as shared challenges.

Nippon Life has produced a PRI Board Director and a member of NZAOA's Steering Group. The role it can play in the sustainability field is incredibly large. I hope it serves as a trendsetter in Japan and further enhances its HR development to produce even more people who make international contributions.



External initiatives

Timing

Each year in March, May and November

Dialogue with outside experts

Dialogue held with experts to upgrade our sustainability management

Month/year held

October 2023

Theme

Nippon Life Group's sustainability management (including sustainability outcomes related to the environment)

Experts (alphabetical order)

Eiichiro Adachi (Senior Counselor, The Japan Research Institute, Limited)

Yukari Takamura (Professor, Institute for Future Initiatives, The University of Tokyo)





Risk Management



1 Top Risks & Emerging Risks

Serious management risks are selected as top risks, with climate change and biodiversity recognized as specific examples of said risks

Nippon Life defines risks that are especially important from a management perspective as top risks. After comprehensively identifying risk events based on changes in the internal and external environment and other factors, we assess the degree of impact of those risk events on aspects such as soundness, and the probability of the risks occurring in the next several years, and select the top risks through management-level discussions.

Among the wide-ranging themes connected to sustainability management, we recognize that climate change and biodiversity* are areas where trends and expectations from society are especially large and present them as specific examples of the top risks.

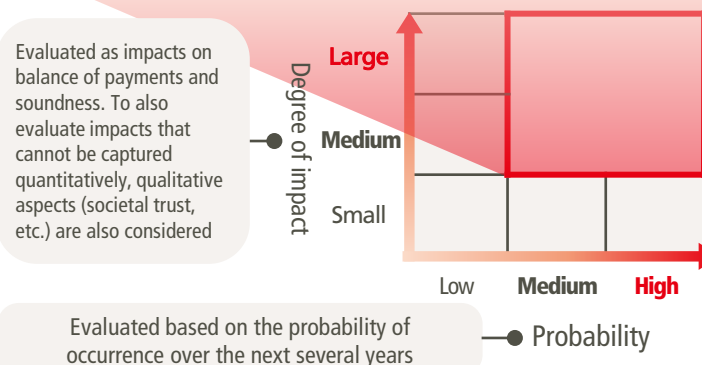
* Specific examples related to climate change and biodiversity

- Rising insurance payouts due to more intense disasters
- Degraded value of investee companies as a result of CO₂ emissions restrictions being enacted
- Damaged trust from insufficient response to societal expectations

Top Risks and Emerging Risks

Top Risks

- ▼ Changes in the insurance business environment
- ▼ Major deterioration in the financial and economic environment
- ▼ Occurrence of pandemics and disasters **A**
- ▼ Occurrence of serious operational risk events
- ▼ Occurrence of legal and conduct risk events **B**



Emerging Risks

Developments are monitored for risks that could become future top risks

Major anticipated scenarios : Environment-related scenarios

- A** Insurance payouts increase sharply due to the occurrence of pandemics, major earthquakes, wind and water disasters, etc., resulting in serious impacts to our fiscal soundness and business continuity
(including possibility of increased frequency and intensity due to climate change)

Major initiatives

- Improved soundness through accumulation of equity
- Impact analyses anticipating large-scale disasters and other events, securing liquidity, creation of business continuity plans, etc.

- B** Societal trust is damaged and business opportunities are lost due to legal violations, etc.

Societal trust is damaged and business opportunities are lost due to insufficient response to societal demands including sustainability management (actions addressing biodiversity and climate change, respect for human rights, etc.)

Major initiatives

- Initiatives to utilize customers' voices
- Stakeholder engagement
- Upgrading sustainability management

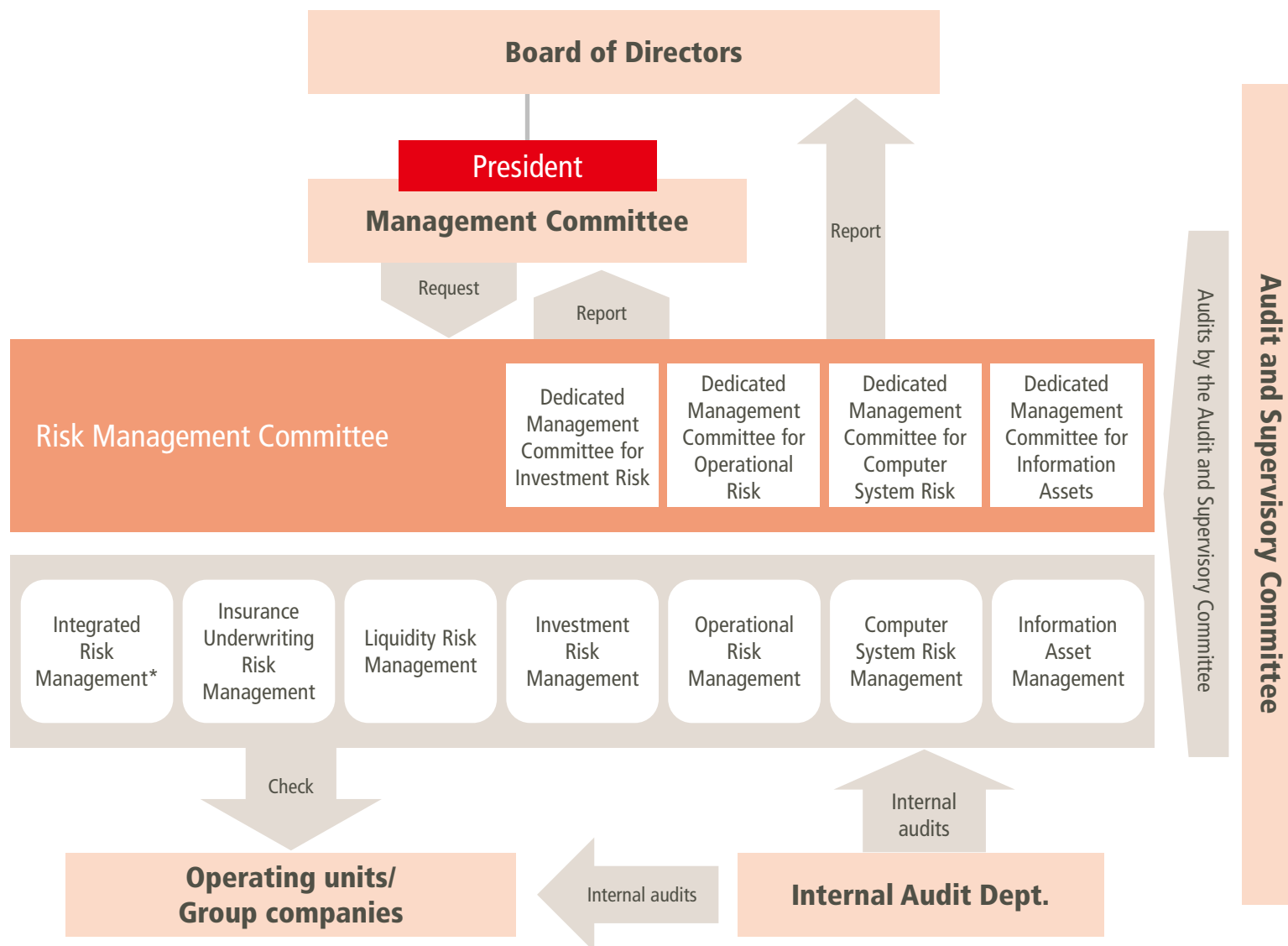
2 Risk Management System

We make efforts to develop our risk management system and operate it appropriately, including at Group companies, and strive to upgrade it

Risk management at Nippon Life is based on the risk management system set forth in our Internal Control System Basic Policy. Under this risk management system, the Risk Management Committee, an advisory body to the Management Committee, and dedicated committees that are advisory bodies to the Risk Management Committee manage each type of risk appropriately according to its profile, and conduct integrated management of the overall impact of the various types of risk on operations.

In addition, there is a system of mutual checks and balances involving the establishment of risk management units that are independent of profit-making units. The system also has secondary checks and balances, such as having the Internal Auditing Unit examine the effectiveness of risk management.

Risk Management System



* Including risk management pertaining to Group companies (same for other types of risk).

3 Physical Risks & Transition Risks

Risks classifications are largely shared between the TCFD and the TNFD

[Physical risks and transition risks]

Physical risks are categorized as acute and chronic, while transition risks are categorized as policy and legal, technology, market and reputation.

We conduct scenario analyses of serious risk events anticipated for both physical risks and transition risks. We also estimate the impacts on our finances in the fields of business activities and asset management.

		TCFD		TNFD	
		<u>Business activities field</u>	<u>Asset management field</u>	<u>Business activities field</u>	<u>Asset management field</u>
Physical risks	Acute	Deaths caused by typhoons and floods, damage to sales offices	Losses incurred at investee companies as a result of increasingly severe natural disasters	Increase in deaths and illnesses and damage to sales offices as a result of increasingly severe natural disasters due to natural capital loss	Losses incurred at investee companies as a result of increasingly severe natural disasters due to damaged natural capital
	Chronic	Increase in deaths due to heatstroke, air pollution and forest fires, increase in infectious disease	Losses incurred at investee companies caused by changes in weather patterns	Increase in deaths and illnesses caused by natural capital loss including pollution and infectious disease (water pollution, water scarcity, air pollution, infectious disease, declining food production, etc.)	Declines in earnings at investee companies as a result of rising costs for raw materials procurement due to damaged natural capital
Transition risks	Policy and legal	Strengthened energy conservation laws and regulations	Declines in earnings at investee companies as a result of strengthening carbon-related regulations	Strengthened environment-related regulations and information disclosure obligation	Declines in earnings at investee companies as a result of various types of regulations for natural capital preservation
	Technology	—	Declines in earnings at investee companies as a result of lower competitiveness of existing technologies due to the emergence of new low-carbon technologies	Growing necessity to introduce low natural capital technologies (for plastics, etc.)	Declines in earnings at investee companies as a result of delays in developing low natural capital technologies
	Market	—	Lower demand at investee companies due to changes in consumer behavior	Lower demand for products and services due to changes in consumer behavior	Lower demand at investee companies due to changes in consumer behavior
	Reputation	Degraded reputation in the case of taking insufficient actions for the environment, degraded reputation in the case of investee companies taking insufficient reduction and response actions			

IV TCFD



1 Risks & Opportunities

We recognize that climate change has the potential to bring about physical risks, transition risks and opportunities across short-term, mid-term and long-term timeframes*

We also recognize that there are asset management risks and opportunities as well as risks and opportunities in our business fields

TCFD disclosure requires that we clearly present the financial impacts of the risks and opportunities on Nippon Life and disclose our measures to address the risks and opportunities.

* Nippon Life defines short-term, mid-term and long-term timeframes as follows:
Short-term: one year Mid-term: three years Long-term: 30 years
(Nippon Life's Mid-Term Management Plans are three-year plans. We have set the fiscal 2050 target of net-zero emissions as our long-term plan.)

Risks and Opportunities

Category	Business activities	Asset management	Examples of anticipated impacts on our business * For asset management, the impacts are on investee companies in our asset management portfolio	Timeframe*		
				Short-term	Mid-term	Long-term
Physical risks	Acute	▼	Impact of typhoons, floods, etc., on number of deaths and costs of structural damage to Nippon Life business locations			→
		▲	Losses at investee companies due to increased frequency and severity of natural disasters			→
	Chronic	▼	Increased number of deaths due to hot temperatures and heatwaves in summer, air pollution, infectious diseases and forest fires		→	
		▲	Losses at investee companies following increased damage from extreme fluctuations in weather patterns			→
Transition risks	Policies and Laws	▼	Stronger energy conservation law related to measures to address global warming			→
		▲	Declining profitability at investee companies due to introduction and strengthening of carbon-related regulations (carbon tax, emissions trading)			→
	Technology	▲	Declining competitiveness of existing technology and assets of investee companies following the emergence of new technology		→	
	Market	▲	Declining demand for investees' products and services due to changes in consumer behavior and preferences			→
	Reputation	▼	Reputation damaged by insufficient efforts toward addressing climate change			→
Opportunities	Resource Efficiency	▲	Improved production capacity and reduced costs due to efficient use of resources at investee companies			→
	Energy Sources	▼	Stable prices for renewable energy, progress toward energy efficiency			→
	Products and Services	▼	Development of products and services related to global warming		→	
		▲	Increased competitiveness due to development of new low-carbon-related technologies by investee companies		→	
	Market	▲	Increased demand for investees' products and services due to changes in consumer behavior and preferences			→

Asset Management

Transition Plan

Scenario Analysis	27
Roadmap toward Net Zero	28
Integration and Negative Screening	29
Thematic Investment & Decarbonization Financing Facility	30
Approach to Stewardship Activities	31
Engagement with Investees on the Themes of Environment (E) and Society (S)	32
Dialogue Activities on the Theme of Climate Change	33
Column: Case of Climate Change Dialogue	34
Collaborative Engagement	35
Policy Engagement	36

Business Activities

Transition Plan

Scenario Analysis (IPCC Scenarios, Etc.)	39
Actual CO ₂ Emissions & Reduction Targets	40
Climate Change Transition Plan Overview	41
Scope 1 Vehicle-related Initiatives	42
Scope 2 Electricity-related Initiatives	43
Decarbonization of Sales Offices	44
Scope 3 Paper, Internal Mail, Business Trips, Etc.	45
Creation & Support of Credits to Achieve Net Zero	46

2 Scenario Analysis

We have analyzed how climate change impacts our asset management portfolio

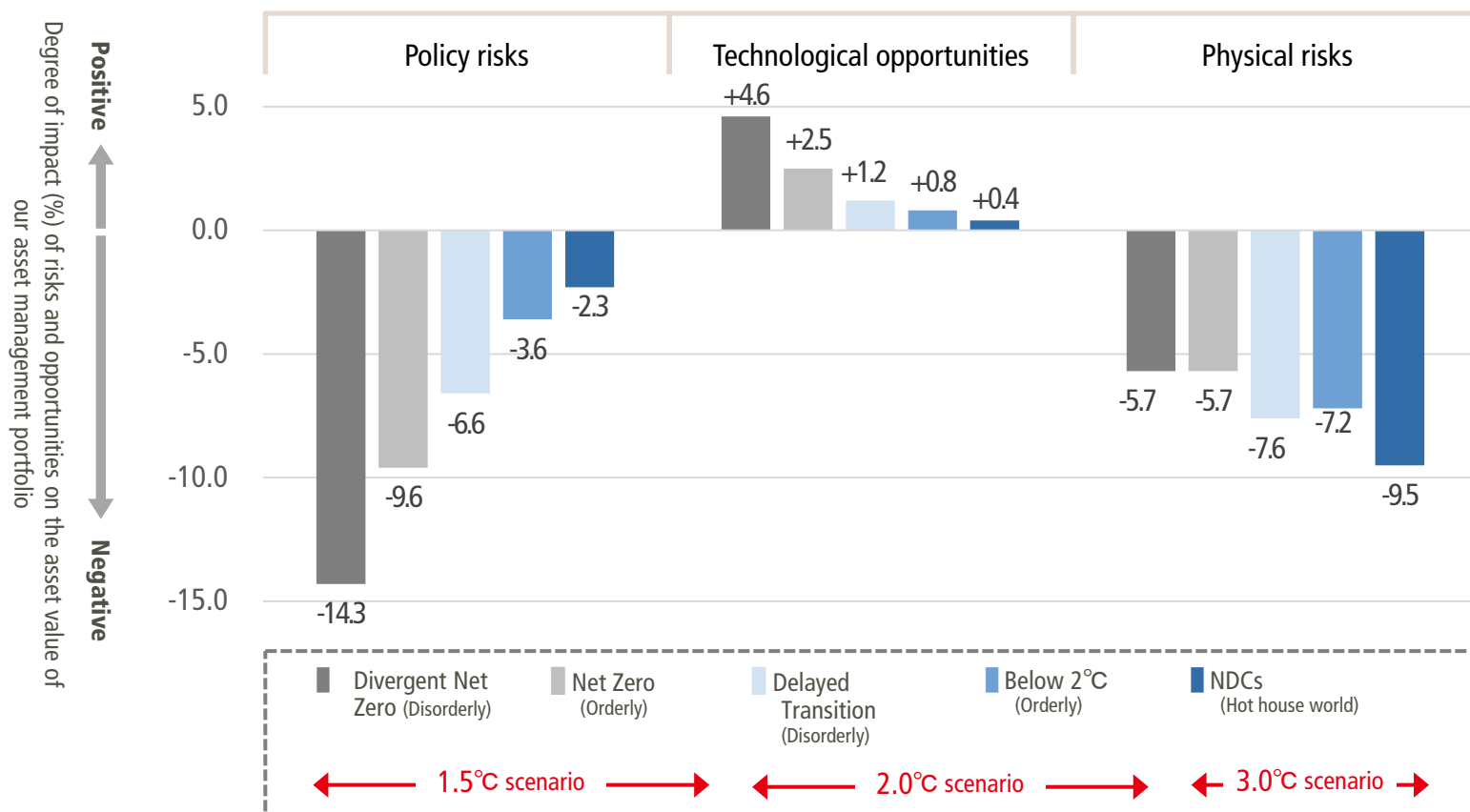
As a means of measuring the risks and opportunities in our asset management portfolio*¹ brought about by climate change, we conducted analyses based on the NGFS Scenario*² using Climate Value-at-Risk (CVaR)*³, provided by MSCI Inc.

In the analysis using temperature rise scenarios, scenarios with higher restrictions on temperature rises would have more impact on asset values for policy risks and technological opportunities. In terms of physical risks, they would increase in scenarios with higher temperature rises.

Asset Management

Risks and opportunities

CVaR using temperature rise scenarios (Nippon Life portfolio)



*1 Calculated for domestic and overseas equities and domestic and overseas corporate bonds in the Nippon Life portfolio

*2 For detailed information about the NGFS scenario, see Appendix p. 74

*3 CVaR evaluates the impact (risks and opportunities) on the value of assets, such as each company's equities and corporate bonds, due to climate change. Analyzing three factors, that is, "policy risks" (transition risks), which are the costs that come with policy changes and strengthened regulations relating to climate change, "technological opportunities," which are income opportunities that come with emerging low-carbon technology and similar developments, and "physical risks," which are the costs and opportunities brought about by natural disasters and similar incidents, makes it possible to quantitatively ascertain the risks and opportunities in our asset management portfolio that are brought about by climate change

3 Roadmap toward Net Zero

We have set a net zero target for fiscal 2050 and intermediary targets for fiscal 2030 in our asset management portfolio and are working on reducing emissions

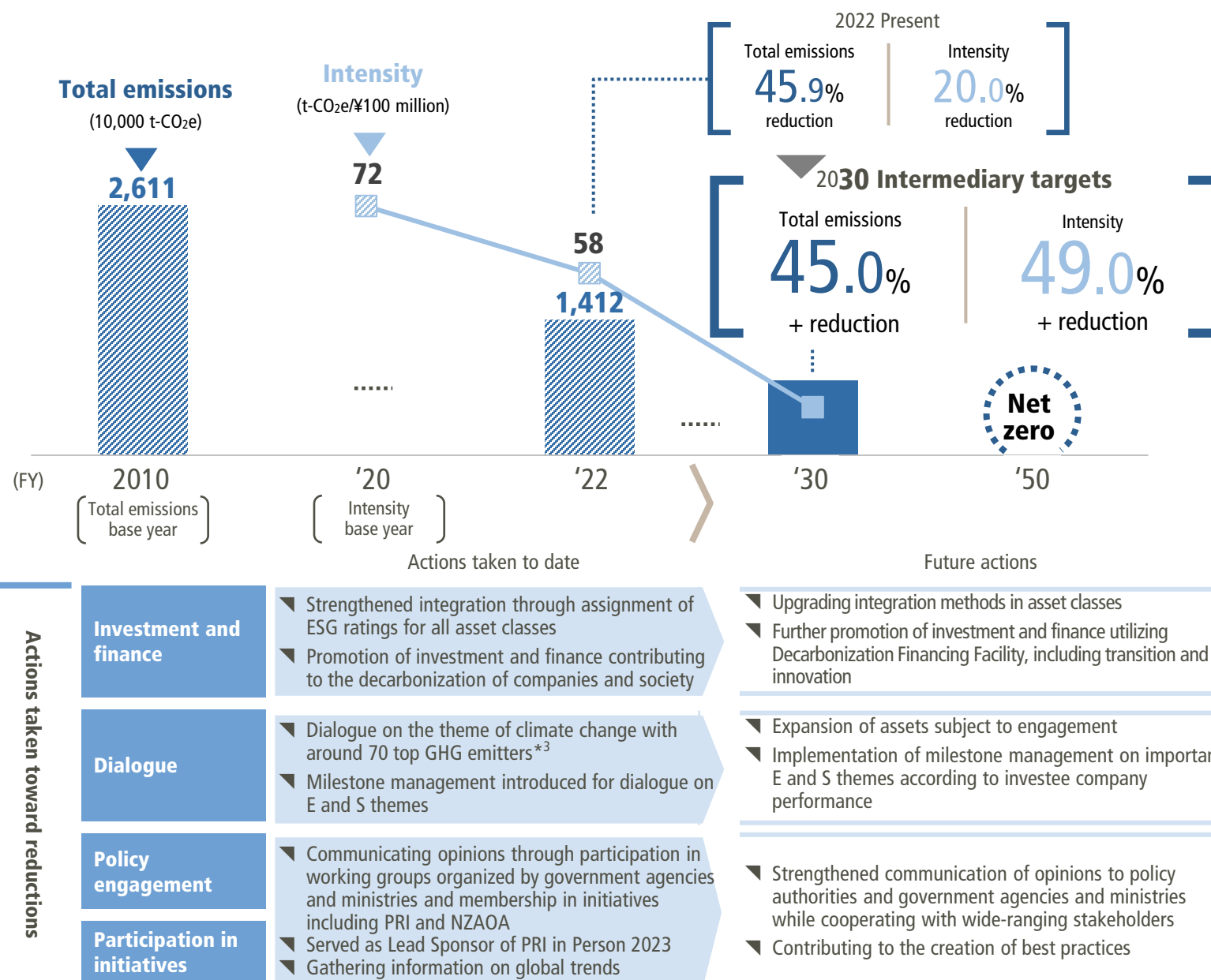
Toward the net zero GHG emissions*¹ target for fiscal 2050 in our asset management portfolio, we have set the intermediary targets for fiscal 2030*² of reducing total emissions by 45% and intensity by 49%. In fiscal 2022, we achieved reductions of 45.9% and 20.0%, respectively.

The assets in the target scope of GHG emissions measurements are expected to expand in the future. We will continue striving to reduce emissions in our asset management portfolio through decarbonization financing and dialogue on the theme of climate change with top GHG emitters.

*¹ Target scope of all assets

*² Covers Scope 1 and 2 emissions of domestic and overseas listed equities, domestic and overseas corporate bonds, and real estate. Equities and bonds include investment via mutual funds.

Asset Management



*³ Calculated for domestic equities and domestic corporate bonds in the Nippon Life portfolio

4 Integration and Negative Screening

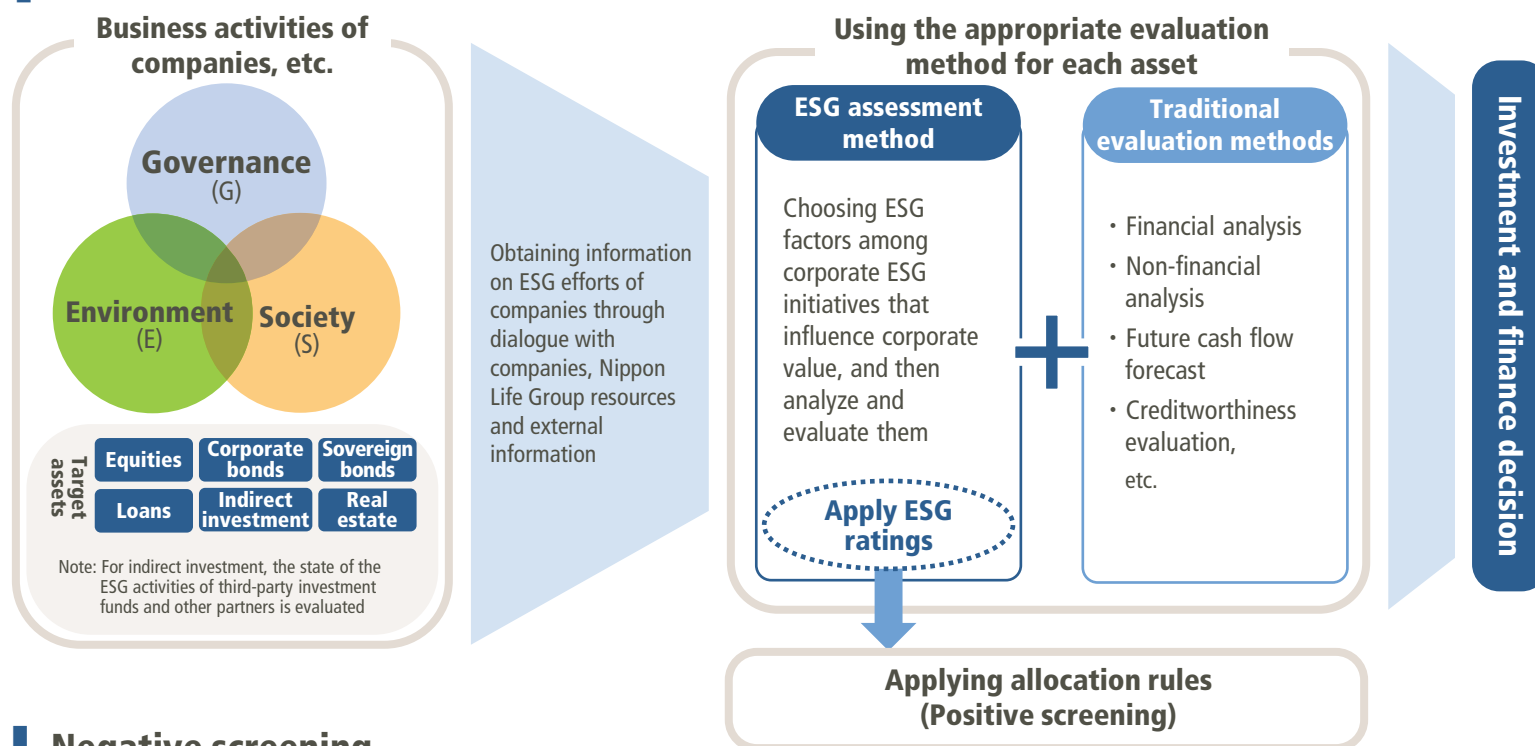
We are implementing integration in all asset classes

In our ESG integration, we evaluate the ESG efforts of investee companies in a manner appropriate to their asset characteristics and apply ESG ratings. Furthermore, we make investment and finance decision by incorporating these ESG evaluations in terms of their influence on corporate value and creditworthiness into traditional analyses such as financial analysis. ESG ratings are used in allocation rules, which set the proportion of holdings with high ratings for each asset.

We aim to solve social issues as a whole by focusing on conducting advocacy and engagement activities across entire companies. However, we conduct negative screening for some companies and businesses, such as fossil fuel projects that do not implement emissions reduction countermeasures.

Asset Management

Integration



Negative screening

	Screening areas	Screening assets
Non-humanitarian	Specific weapons manufacturing companies (Cluster munitions, biological weapons, chemical weapons, anti-personnel mines, nuclear weapons)	<ul style="list-style-type: none"> • Equity investments • Bond investments • Corporate loans
Biodiversity/human rights	Palm oil-related companies <small>P. 50</small>	
Health	Tobacco-related companies	
Climate change	Coal-related projects (Excluding brownfield projects aligned with 1.5°C pathways) Oil- and gas -related projects (1) Greenfield exploration projects (2) Related projects except resource exploration (Excluding gas-related projects aligned with 1.5°C pathways)	<ul style="list-style-type: none"> • New project finance

5 Thematic Investment & Decarbonization Financing Facility

We set targets of ¥5 trillion for thematic investment and ¥3 trillion for Decarbonization Financing Facility

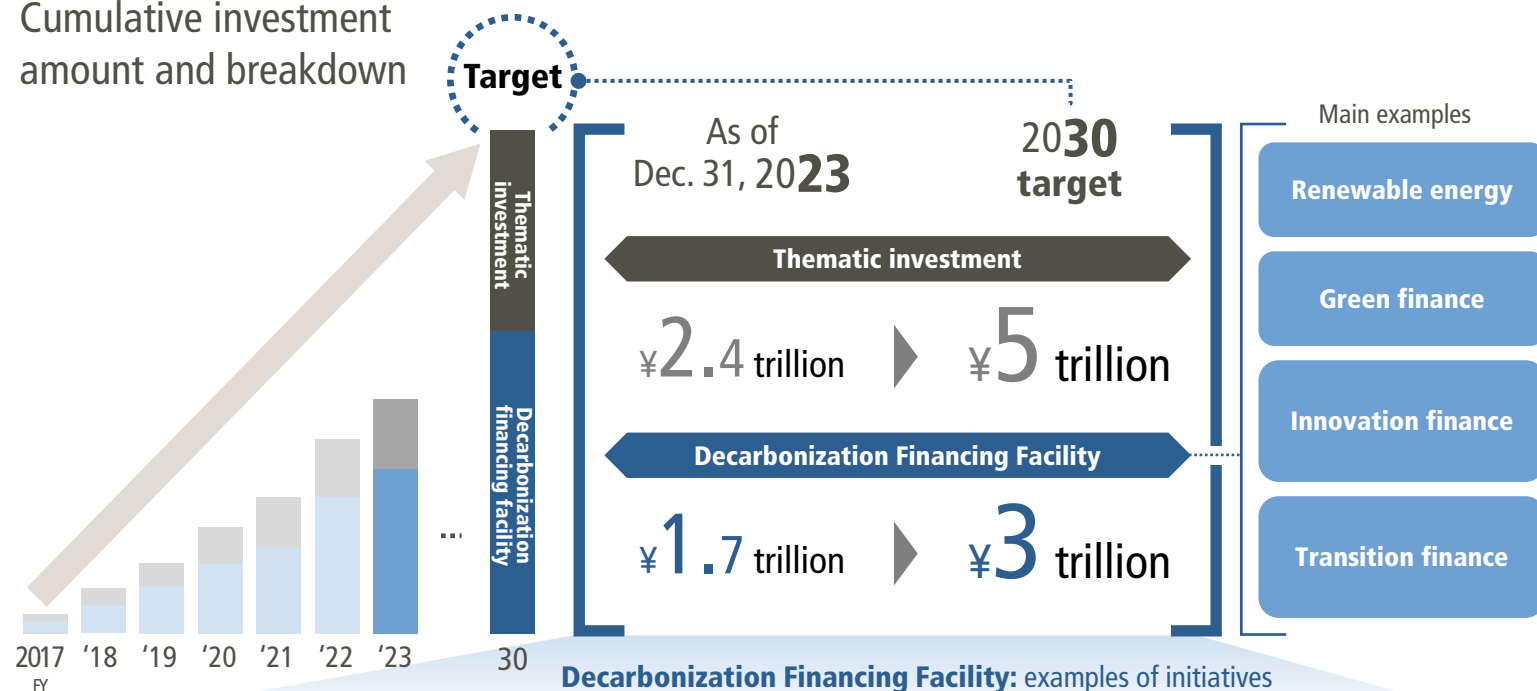
From fiscal 2017 to December 31, 2023, we have executed a cumulative ¥2.4 trillion in SDG-related themed investment and finance, of which ¥1.7 trillion is for Decarbonization Financing Facility.

We have so far used the Decarbonization Financing Facility to provide transition finance primarily for companies in Japan with large GHG emissions.

As large amounts of capital are needed to innovate technologies for decarbonization, we will continue providing funds to drive decarbonization at investee companies based on their decarbonization strategy.

Asset Management

Cumulative investment amount and breakdown

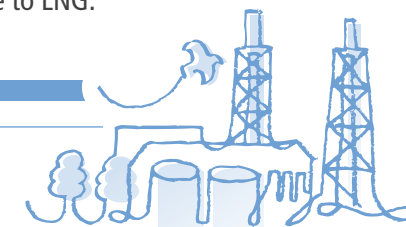


Invested in transition bonds issued by Kyushu Electric Power Company, Incorporated in May 2022

Funds raised by issuing the bonds will be used for the development of a high-efficiency LNG thermal power plant and to cover the costs of suspension or closure of existing thermal power plants.

Executed a transition loan for Sumitomo Chemical Company, Limited in September 2022

Funds raised by the loan will be used for development of a LNG power generation facility to promote a gradual energy conversion from petroleum coke to LNG.



6 Approach to Stewardship Activities

Basic Concepts of Our Stewardship Activities consists of policies for dialogue with investee companies and for exercising voting rights

As an institutional investor that makes long-term investments, we aim to contribute to enhancing the growth and the corporate value of the investee companies and realize a safe, secure and sustainable society through constructive dialogue that also take environmental and social factors into consideration. In such efforts, we believe it is important to grow together with companies by building win-win relationships based on mutual trust, taking into account Japan's unique characteristics and current state.

Asset Management

Basic Concepts of Our Stewardship Activities

1

Through constructive dialogue with investee companies that also take environmental and social factors into consideration, we enhance the corporate value of the investee companies over the mid- to long-term and reap the benefits such as shareholder returns, rising stock prices and stable redemption of corporate bonds, and realize "a safe, secure and sustainable society."

2

We strive to enhance the effectiveness of dialogue by continuously reviewing the content of the dialogue from the perspective of PDCA, confirming changes in the company's approach, and making additional approaches as necessary.

3

Through continuous dialogues with investee companies, we convey our ideas and awareness of issues. When exercising our voting rights, we make individual assessments, taking into account each company's specific circumstances, rather than applying a uniform approval or rejection.

4

If improvements in the efforts of investee companies cannot be expected even after dialogue, we will consider options such as voting against proposals and revisiting our investment view which may trigger reduction of investments in shares or bonds.

5

To support the sustainable growth of investee companies through constructive dialogues that take into account Japan's unique characteristics and current state, all based on a deep understanding of investee companies and their business environment, we aim to cultivate highly knowledgeable and skilled professionals.

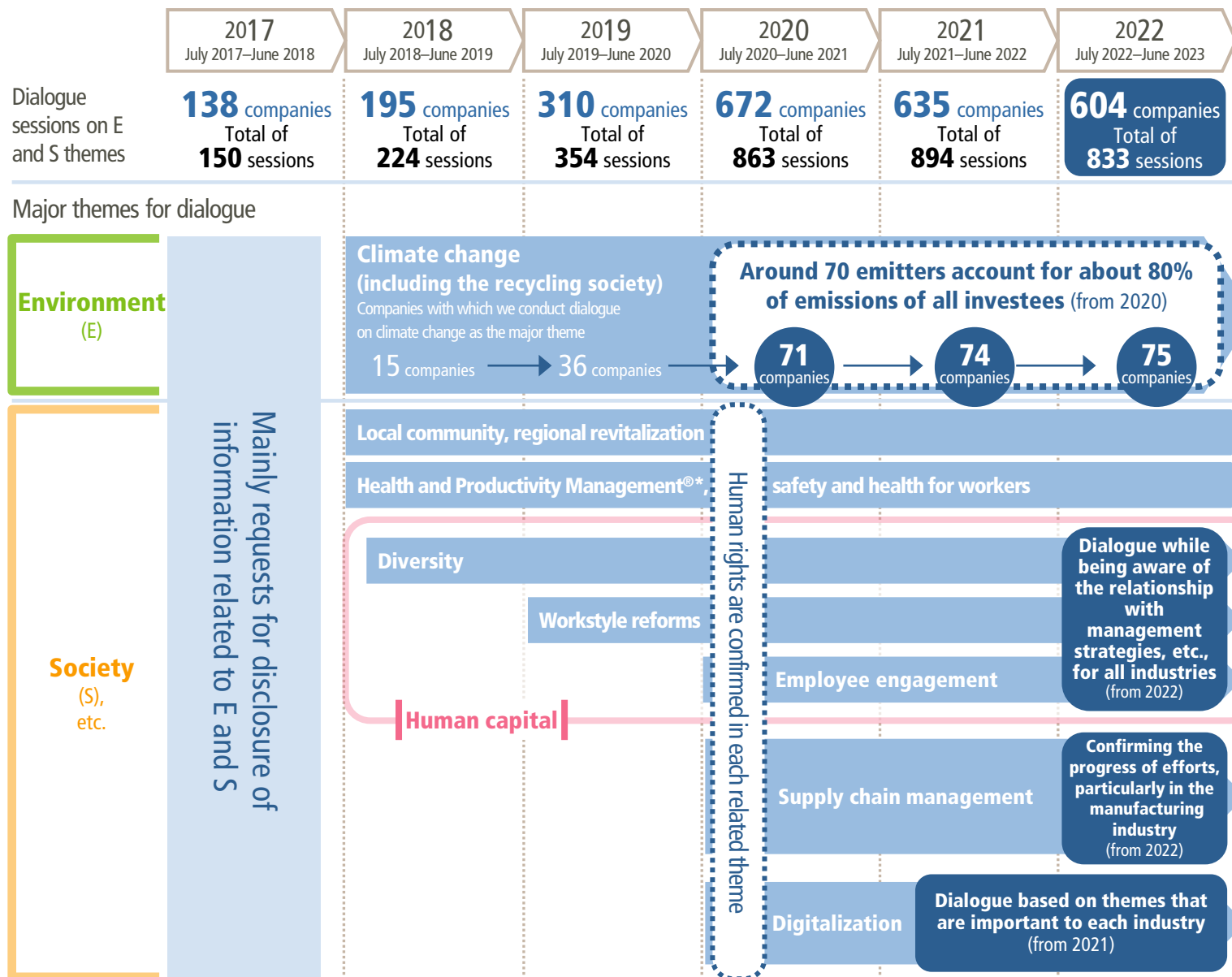
Engagement with Investees on the Themes of Environment (E) and Society (S)

We are proud to engage in some of the greatest amounts of dialogue in Japan as a leading Japanese institutional investor

In 2022 (July 2022–June 2023), we conducted dialogue on the themes of E and S with 604 companies a total of 833 times.

In addition to the conventional theme of Governance (G), we have recently been enhancing our dialogue on E and S. From the standpoint of climate change, we conduct dialogue with around 70 emitters that account for approximately 80% of GHG emissions of all investees.

Asset Management



* Health and Productivity Management® is a registered trademark of Non-Profit Organization Kenkoiei.

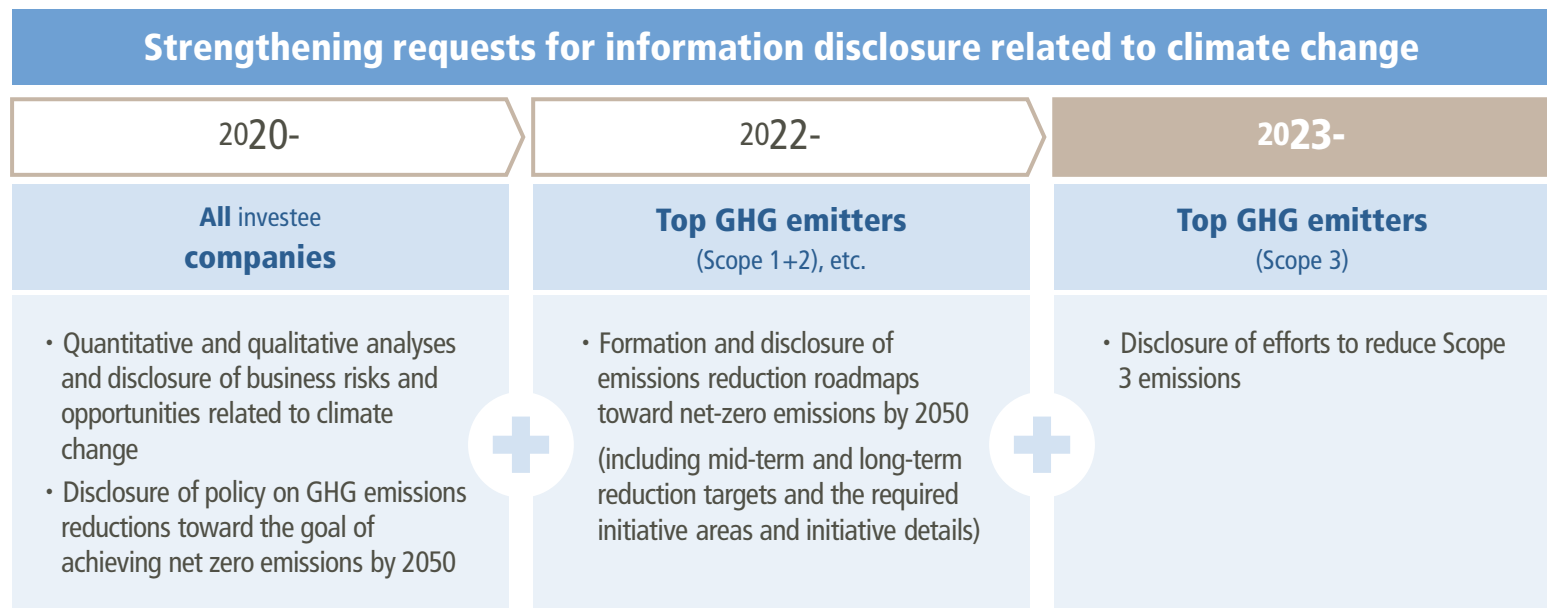
8 Dialogue Activities on the Theme of Climate Change

We continue to strengthen our requests to companies for information disclosure on the theme of climate change

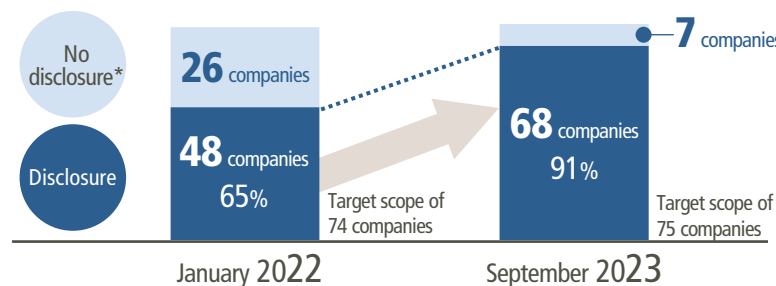
We have to date engaged with companies that have high Scope 1+2 emissions about creating and disclosing emissions reduction roadmaps toward reaching net zero in 2050. In our dialogue this fiscal year, we are engaging companies that have high Scope 3 emissions and requesting disclosure of initiatives for reducing their Scope 3 emissions.

Dialogue conducted over multiple years leads to improvements in disclosure and reductions in greenhouse gas emissions by investee companies.

Asset Management



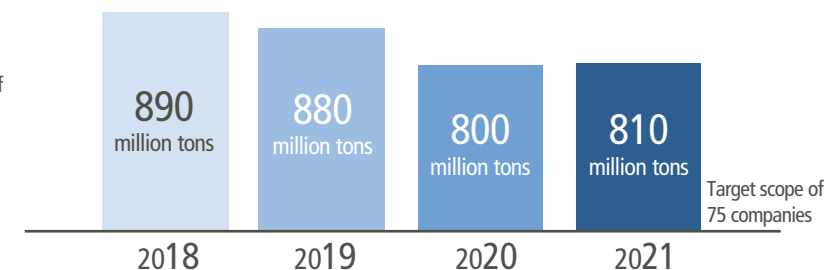
Improvement in disclosure of emissions reduction roadmaps



* If there is no disclosure after several years have passed, we will consider future exercise of voting rights.
Added main examples of opposition related to climate change in the Guidelines for Exercise of Voting Rights in 2021.

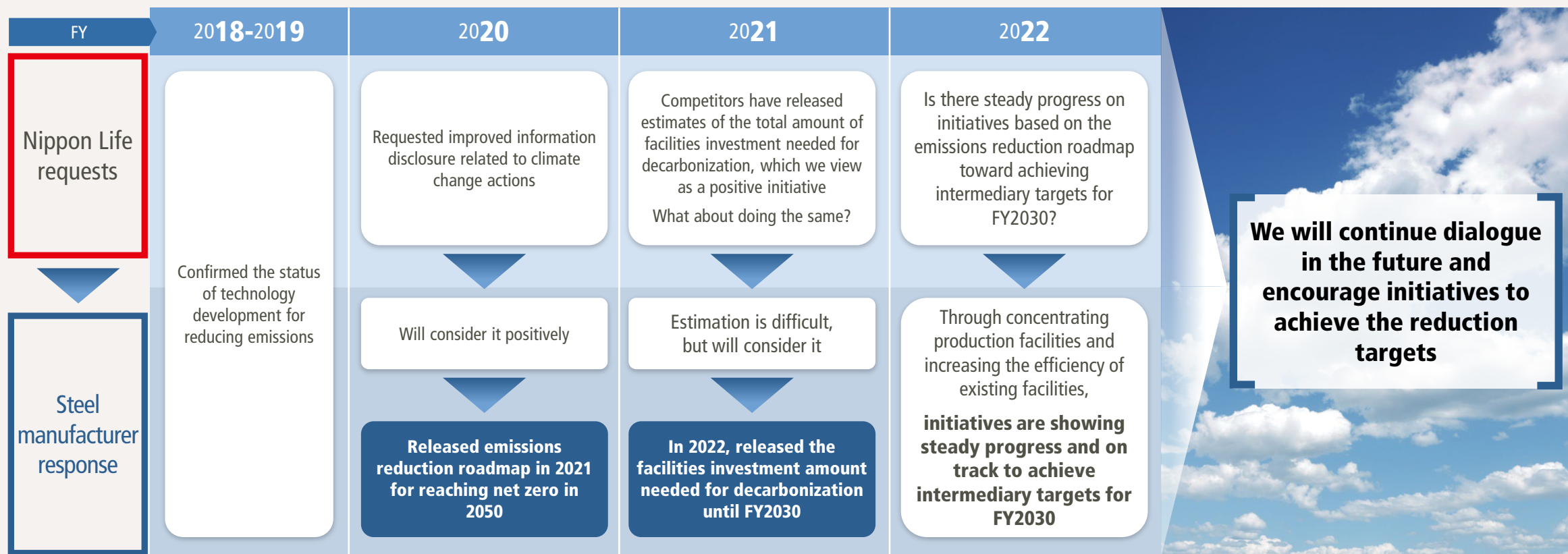
GHG emissions reduction at top GHG emitters, etc.

Emissions reduction of 80 million tons and 9% (including potential contribution from the impacts of the COVID-19 pandemic in FY2020 and FY2021) in the three years since launching dialogue on climate change in 2018



Column: Case of Climate Change Dialogue**Promoting decarbonization initiatives and information disclosure through ongoing dialogue with a major steel manufacturer**

We have been conducting multi-year dialogue since 2018 with a major steel manufacturer on the key theme of climate change. We have advocated for creating and disclosing a roadmap and are confirming that steady progress is being made on the emissions reduction roadmap for reaching net zero in 2050.

Asset Management

10 Collaborative Engagement

We are conducting engagement in collaboration with investors that have the same values

Collaborative engagement with investee companies by investors that are geographically and culturally close leads to shaping sustainability outcomes to an even greater degree.

We participate in collaborative engagement initiatives for the purpose of helping solve various social challenges and encourage changes in companies' behavior.

Asset Management

Climate Action 100+

A proud participant of:



- ▼ Established in 2017
- ▼ An international initiative, in which investors collaborate to address climate change through dialogues with companies with high GHG emissions

**Involvement by
Nippon Life**

Participation as a member with the role of creating and implementing the collaborative engagement strategy

Advance



- ▼ Established in 2022
- ▼ An international initiative, in which investors collaborate to address social issues such as human rights through dialogues with companies

**Involvement by
Nippon Life**

Participation mainly for the purpose of gathering information through attending plenary conferences

Policy Engagement 1/2

We are also engaging with policy authorities charged with important roles in creating the ecosystem

Considering investment performance in the long run, the returns obtained from investee companies are significantly influenced by the stability of social and environmental systems. As these systems are heavily impacted by policies and regulations, policy engagement (interacting with policymakers) is an important means to build better systems.

Asset Management

Sharing opinions on initiatives

(Main opinions we expressed)

United Nations Principles for Responsible Investment (PRI)

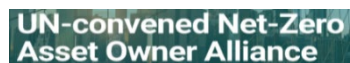


Japanese version of A Legal Framework for Impact report

- Participated in the consultation conducted in advance of the report's publication, involved in revising the draft created by PRI
—Reflected the review of outcomes and the transition by the Japanese government authorities, Keidanren (Japan Business Federation) and others
- A Nippon Life executive presented at a webinar for investors held after the report's publication and advocated for the importance of having an impact mindset and understanding beneficiary preferences
- Also participated in a separate roundtable discussion attended mainly by investors and shared our opinions on the report



Net-Zero Asset Owner Alliance (NZAOA)



A letter to the Ministry of Finance on energy transition

- Involved in writing a letter to the G7 Finance Ministers summarizing requests to the World Bank and other institutions for accelerating the energy transition
- Reviewed the content of the letter written by NZAOA to determine whether the requests were appropriate based on the energy situation and economic circumstances in Japan
- We sent the letter to the Japanese Ministry of Finance as the representative of Japanese member organizations of NZAOA

Policy Engagement 2/2

We hold discussions on resolving social challenges together with a range of stakeholders

To realize sustainability in society, we communicate our opinions through initiative activities and are actively involved in working groups studying sustainability issues organized by government agencies and ministries and industry bodies.

Asset Management

Participation in major external conferences

(Major external conferences we participated in as committee members to share opinions and information)

Sponsorship/Co-sponsorship	Names of conferences, etc.
PRI	PRI Board of Directors/Committee
NZAOA	NZAOA Steering Group
GFANZ	Core working group of GFANZ Japan Chapter as well as various global and APAC working-level meetings
Financial Services Agency	Expert Panel on Sustainable Finance* ² , Working Group on Impact Investment* ² , Working Group on Social Bonds
Financial Services Agency, GSG National Advisory Board* ¹	Working Group on Impact Investment
Financial Services Agency, Ministry of Economy, Trade and Industry, Ministry of the Environment	Task Force on Preparation of the Environment for Transition Finance, The Japan Public and Private Working Group on Financed Emissions to Promote Transition Finance
Financial Services Agency, Ministry of Education, Culture, Sports, Science and Technology, Ministry of Land, Infrastructure, Transport and Tourism, Ministry of the Environment	Advisory Council on Scenario Data for Climate Change Risk and Opportunity Assessment* ²
Ministry of the Environment	Study Group on Green Finance* ²
Japan Business Federation	Global Strategy Task Force on ESG Disclosure, Constructive Dialogue Promotion Working Group
Life Insurance Association of Japan	Working Group on Stewardship Activity, Working Group on ESG Investment and Finance

*¹ Domestic advisory committee of The Global Steering Group for Impact Investment (GSG), a global network to promote impact investments

*² External conference to gather information and share opinions on ESG through the industry

Asset Management

Transition Plan

Scenario Analysis	27
Roadmap toward Net Zero	28
Integration and Negative Screening	29
Thematic Investment & Decarbonization Financing Facility	30
Approach to Stewardship Activities	31
Engagement with Investees on the Themes of Environment (E) and Society (S)	32
Dialogue Activities on the Theme of Climate Change	33
Column: Case of Climate Change Dialogue	34
Collaborative Engagement	35
Policy Engagement	36

Business Activities

Transition Plan

Scenario Analysis (IPCC Scenarios, Etc.)	39
Actual CO ₂ Emissions & Reduction Targets	40
Climate Change Transition Plan Overview	41
Scope 1 Vehicle-related Initiatives	42
Scope 2 Electricity-related Initiatives	43
Decarbonization of Sales Offices	44
Scope 3 Paper, Internal Mail, Business Trips, Etc.	45
Creation & Support of Credits to Achieve Net Zero	46

Scenario Analysis (IPCC Scenarios, Etc.)

Global warming is projected to have wide-ranging impacts on the life insurance business

Using the scenarios presented by the IPCC of a 2°C rise and a 4°C rise in temperature, we are conducting scenario analyses on the impacts to the life insurance business in 2050 and 2100.

In the scenario analyses, we create heat maps based on the frequency and probability of risk events occurring that are anticipated to occur with relatively high frequency and probability and the degree to which they will impact our income and expenditures. We then conduct scenario analyses starting with the most significant risk events.

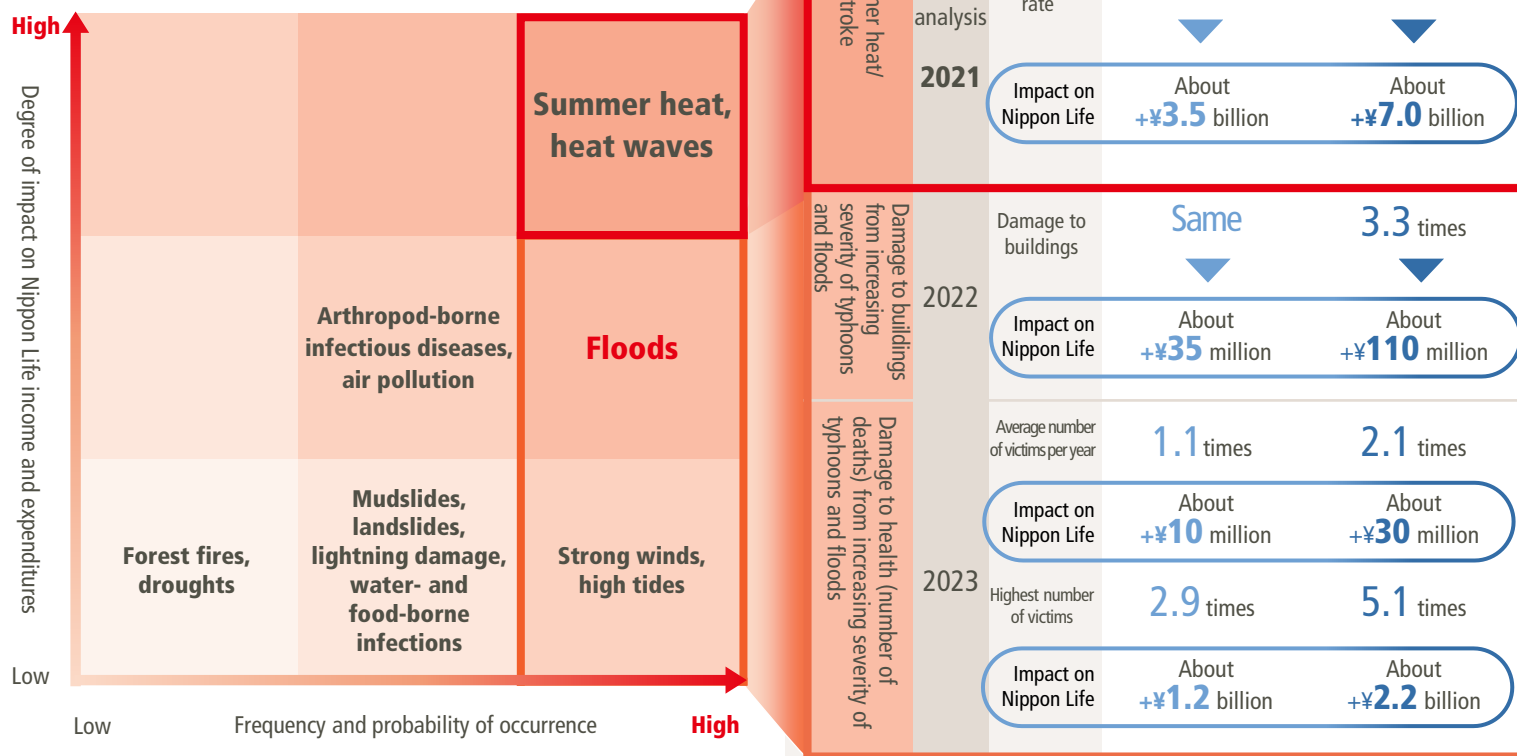
Business Activities Field

Risks and opportunities

Risk events with a relatively high frequency and probability of occurrence and their degree of impact on Nippon Life revenues

Predicted health impacts in the case of a future (2050–2100) temperature rise of **4.0°C**

(From the Assessment Report on Climate Change Impacts in Japan (Ministry of the Environment in Japan), Climate Effects on Health (CDC, United States), etc.)



Note: Amount (value) of impact includes higher payments made for life insurance claims and other payments, higher amounts (value) of building damage, etc.

Actual CO₂ Emissions & Reduction Targets

We have publicly committed to reach net zero CO₂ emissions in fiscal 2050 in our field of business activities

We have set intermediary targets for fiscal 2030 and renewable energy ratio targets in order to systematically implement CO₂ reductions

We identify scopes and categories as much as possible and set reduction targets for CO₂ emissions.

Through fiscal 2022, we have achieved a reduction in total emissions of approximately 30% in our field of business activities.

In addition to Group-wide intermediary targets, we have set intermediary targets for our main Group company of Nippon Life (non-consolidated) and are steadily implementing reductions toward reaching net zero in fiscal 2050.

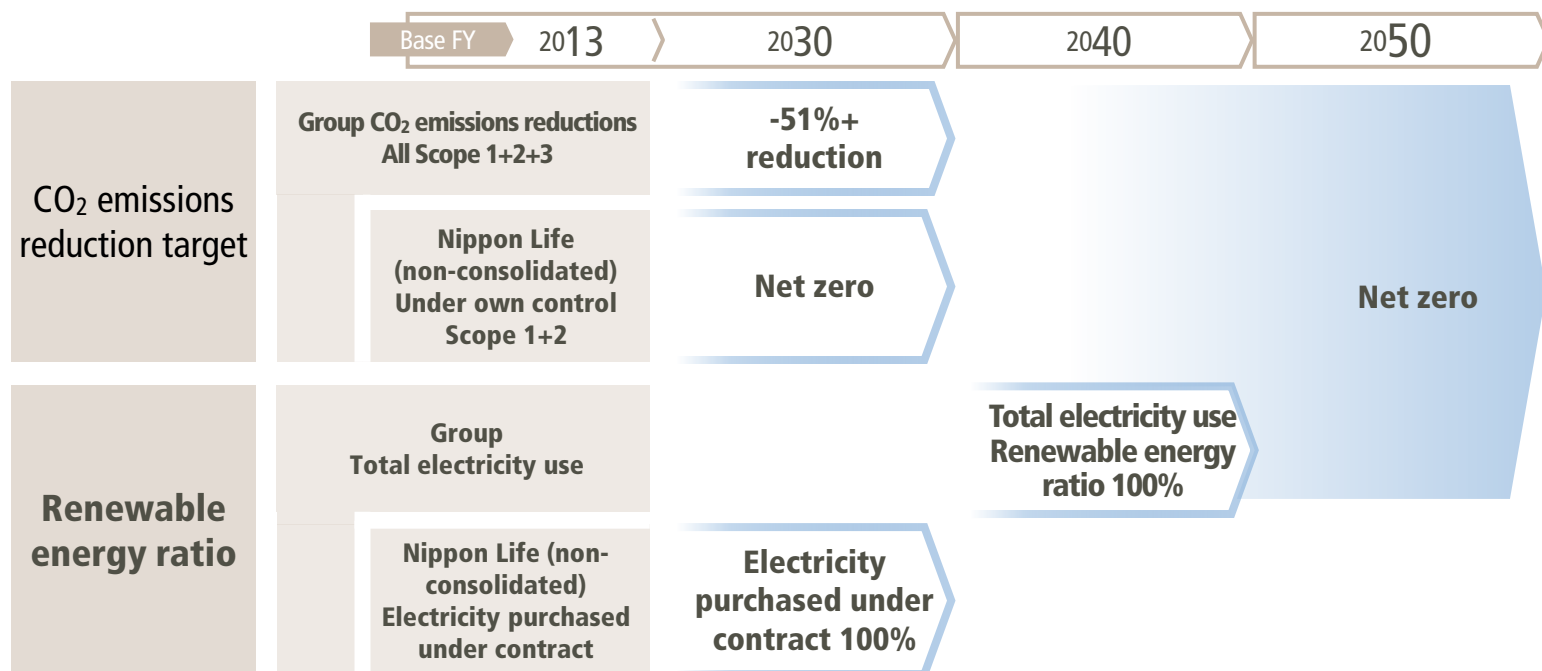
Business Activities Field

Actual CO₂ emissions and reduction plan

		FY2013	FY2022	vs. FY2013 reduction rate
Scope 1	Gasoline, fuel, etc.	4.6	3.4	-26%
Scope 2	Electricity, etc.	10.6	5.8	-45%
Scope 3	Supply chain	10.1	8.3	-17%
CO₂ emissions Total (10,000 tons)		25.3	17.5	-30%

Scope 3 emissions breakdown (Unit: 10,000 tons)

Category	Details	FY2022 emissions
Category 1	Purchased goods	2.0
Category 3	Energy upstream	1.7
Category 4	Internal mail	2.0
Category 5	Waste	0.1
Category 6	Business trips	0.8
Category 7	Commuting	1.5
Category 8	Leases (work from home)	0.1
Category 9	Mail	0.1



Climate Change Transition Plan Overview

We have publicly committed to reaching net zero CO₂ emissions in fiscal 2050 in our field of business activities (Scope 1+2+3)

We have set the fiscal 2030 reduction target of 51%+ as our intermediary target.

Notes: 1. For Scope 1+2 emissions under our control, we will reach net zero in fiscal 2030 and a 100% renewable energy ratio for electricity purchased under contract by fiscal 2030.

(Targets are for Nippon Life on a non-consolidated basis)

2. To steadily achieve these CO₂ emissions reduction targets, we have set reduction targets for each scope and category and are taking concrete steps to achieve reductions.

(1) For Scope 1, converting company cars to EVs (p. 42)

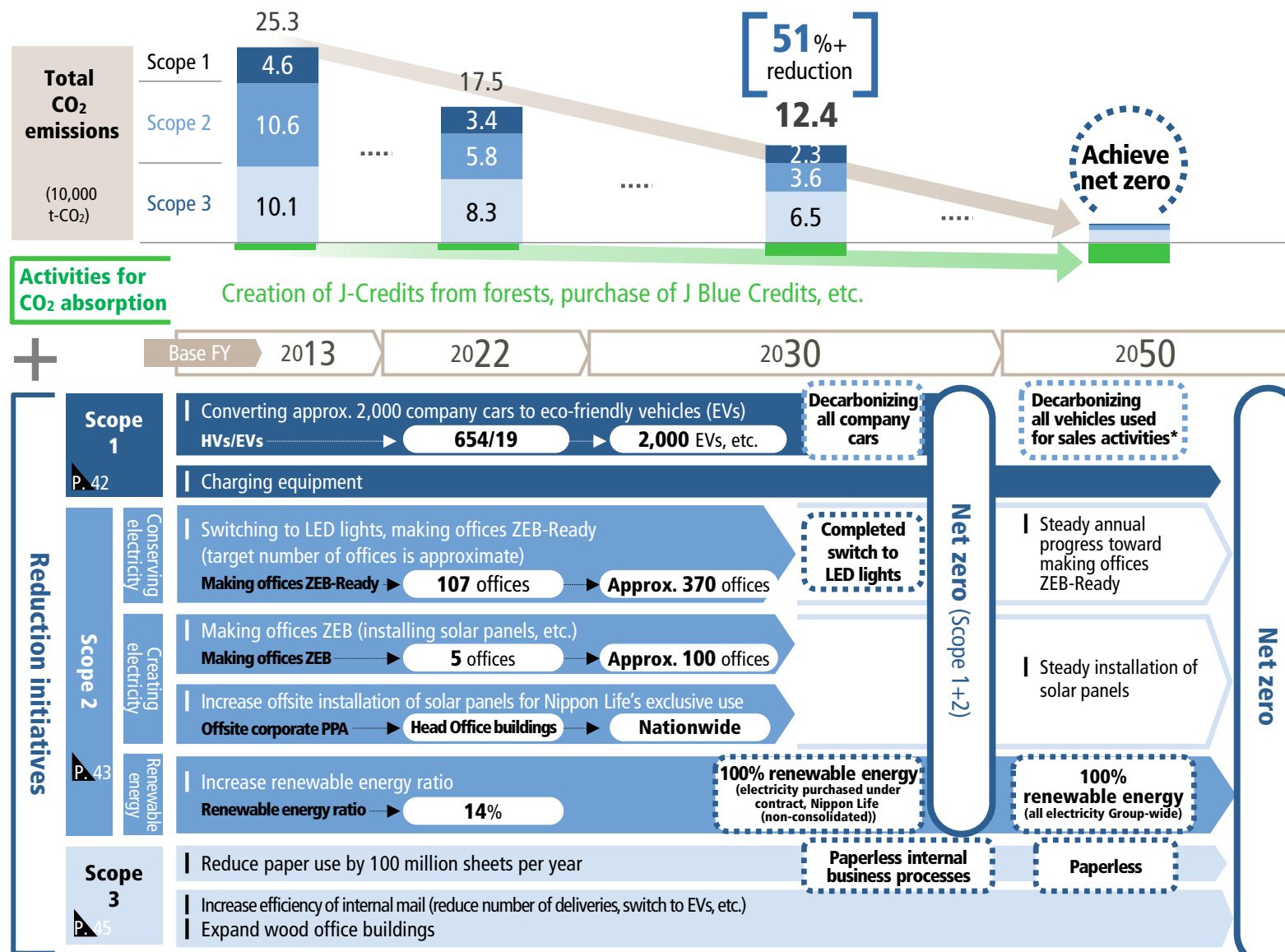
(2) For Scope 2, electricity use reductions and renewable energy introduction (p. 43)

(3) For Scope 3, large reductions in paper use (p. 45)

Business Activities Field

Transition plan: Overview

→ : Change in CO₂ emissions → : Change in CO₂ absorption activities



* Approx. 40,000 vehicles including sales representatives' personal vehicles, etc.

Scope 1 Vehicle-related Initiatives

A large amount of our Scope 1 CO₂ emissions is generated from burning gasoline during vehicle use

(Approx. 26,000 tons, approx. 75% of Scope 1)

We will actively advance decarbonization and installation of battery chargers for our vehicles

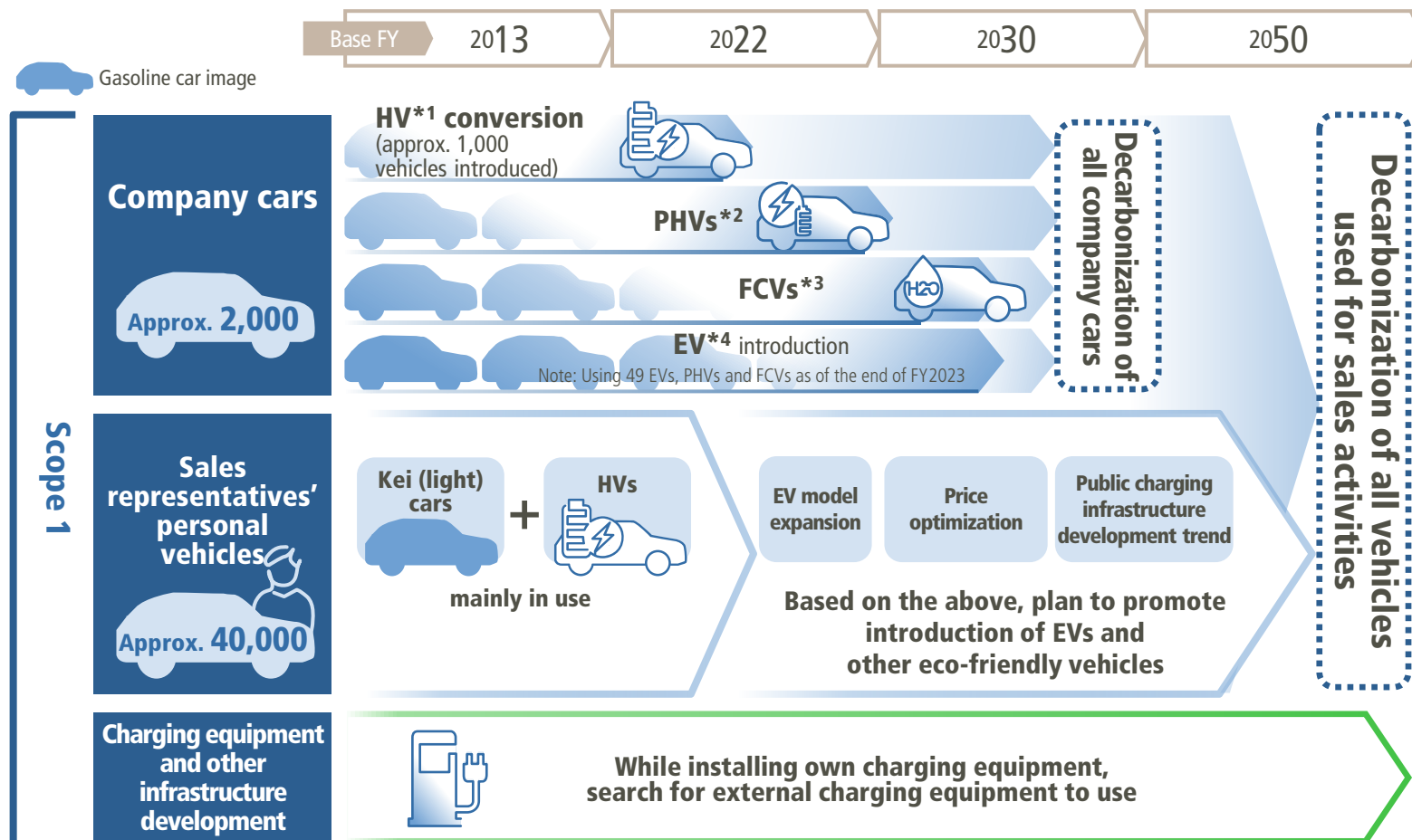
We plan to decarbonize all company cars by fiscal 2030 and are striving to decarbonize all vehicles used for sales activities including sales representatives' personal vehicles by fiscal 2050.



(EV at the Saijo Sales Office of Matsuyama Branch)

Business Activities Field

Initiatives to reduce Scope 1 CO₂ emissions (vehicle-related)



*1 Hybrid vehicles (HV): Vehicles powered by both an internal combustion engine and a motor.

*2 Plug-in hybrid vehicles (PHV): Hybrid vehicles that can be charged at home and at charging stations.

*3 Fuel cell vehicles (FCV): Vehicles that generate electricity from hydrogen and oxygen to power a motor. They do not use an internal combustion engine and have zero CO₂ emissions.

*4 Electric vehicles (EV): Vehicles whose wheels are powered by a motor that runs on electricity supplied from a battery that is recharged. They are powered solely by a battery and motor and do not use an internal combustion engine.

Scope 2 Electricity-related Initiatives

To reduce CO₂ emissions associated with Scope 2 electricity use, we will systematically reduce our current approximate emissions of 58,000 tons by (1) conserving electricity, (2) creating electricity and (3) using renewable energy

[Renewable energy introduction plan]

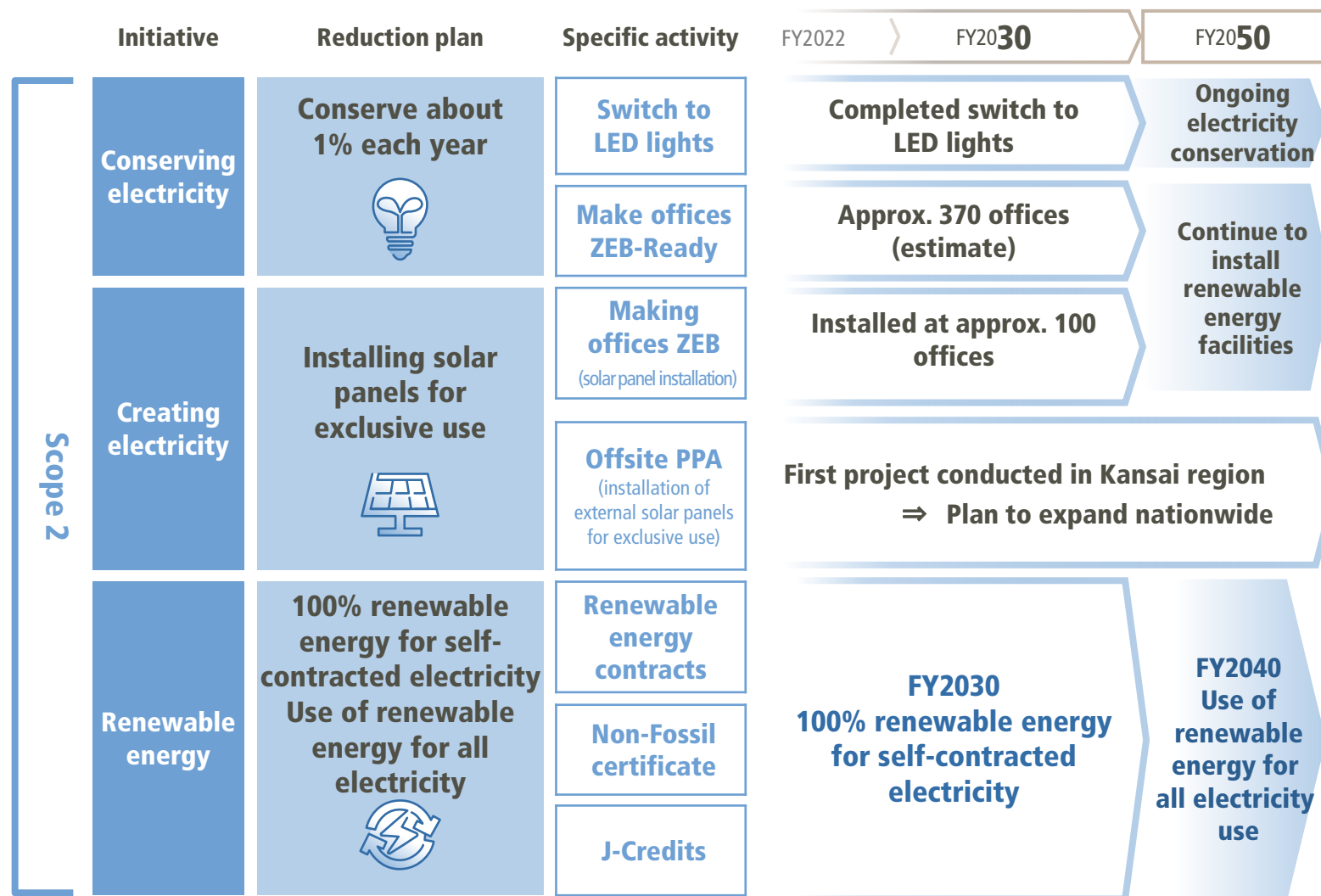
Use of 100% renewable energy for electricity purchased under contract by fiscal 2030 (Nippon Life, non-consolidated)

Use of 100% renewable energy for all electricity use by fiscal 2040 (Group-wide)



(Offsite solar panels for Nippon Life's exclusive use Materials provided by: Kansai Electric Power)

Business Activities Field



We joined RE100 in December 2023. We aim to reach 100% renewable energy use for all of our electricity use by fiscal 2040 (detailed description of RE100 on p. 68).

Decarbonization of Sales Offices

We operate around 1,500 life insurance sales offices throughout Japan and have around 50,000 sales representatives that conduct life insurance sales activities

When rebuilding aging sales offices, we significantly improve their energy efficiency, install solar panels and engage in decarbonization including by constructing wood office buildings.

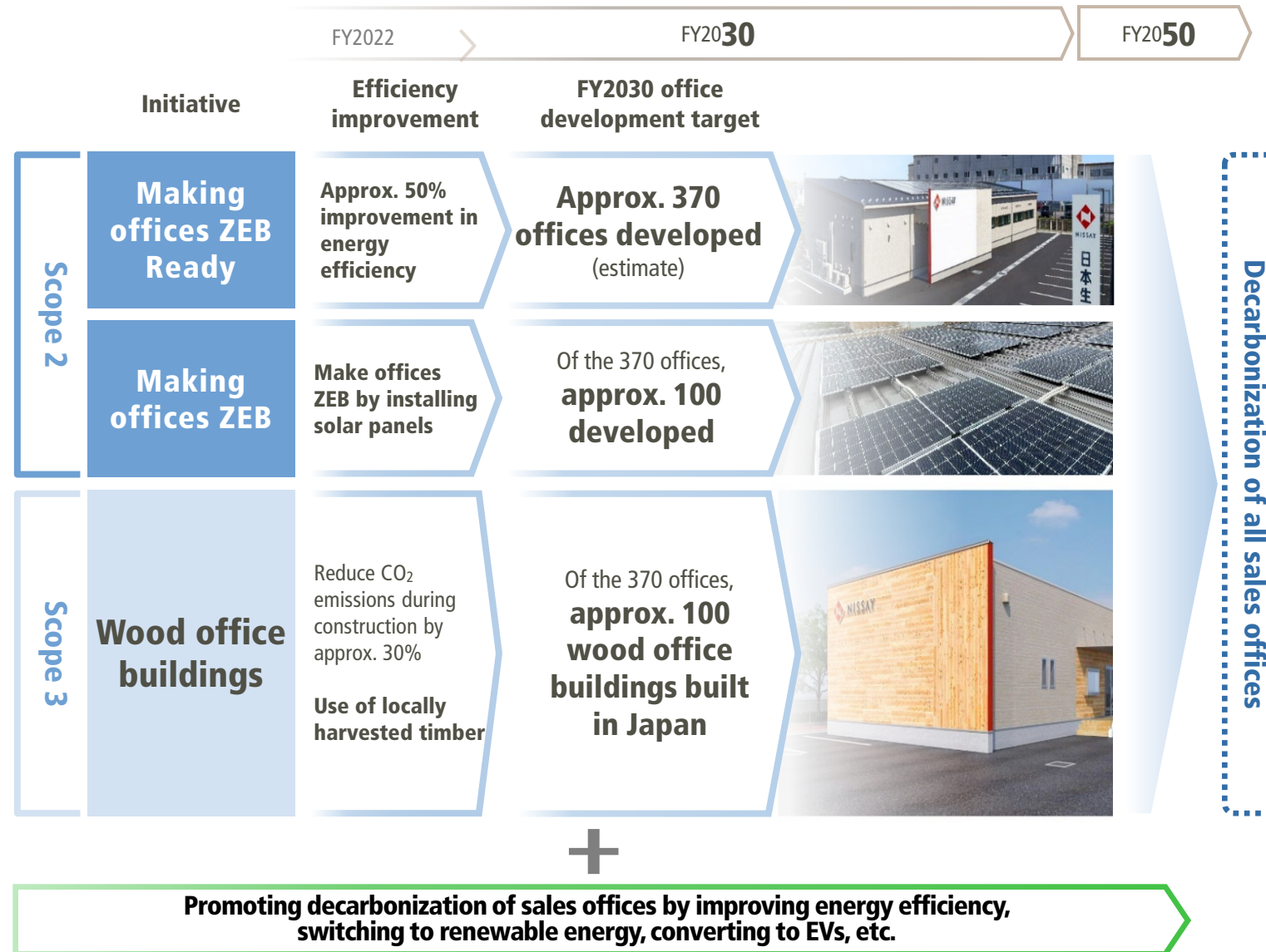
Of our sales offices to be rebuilt, 100 are to be wood office buildings. This reduces CO₂ emissions during construction by approximately 30%. In addition, by proactively using timber harvested in Japan and local regions, we also contribute to forest development and revitalization.

Notes: 1. ZEB: Net zero-energy buildings. Buildings designed to achieve zero annual primary energy consumption.

2. ZEB Ready: Buildings that are compliant with a reduction in primary energy consumption of 50% or more from standard energy consumption.

Business Activities Field

Decarbonization of sales offices

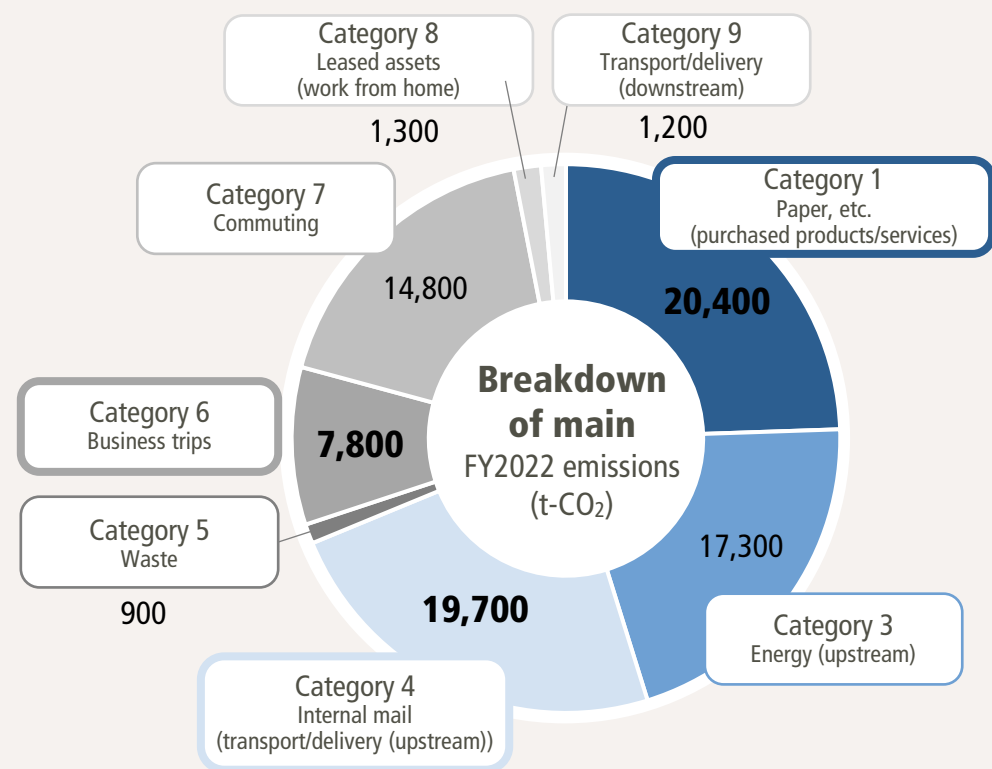


Scope 3 Paper, Internal Mail, Business Trips, Etc.

We are working to reduce emissions associated with paper use, internal mail, business trips, commuting, etc.

In addition to Scope 1 and 2, we are also measuring Scope 3 emissions associated with our business activities where possible and working to reduce our emissions in each category. We have set the fiscal 2050 target of net zero emissions including Scope 3.

Business Activities Field



Main reduction efforts

Category	FY2022	Future initiative plans
Category 1 Paper reduction	Use approx. 2.1 billion sheets of paper annually for insurance sales activities (prospectuses), policy explanations, administrative procedures, etc.	Reduce paper use by 100 million sheets each year FY2024: 1.8 billion sheets FY2026: 1.6 billion sheets FY2030: 1.2 billion sheets
Category 4 Internal mail	Mainly used for sending and receiving documents in our internal mail network spanning the Head Office, branches and sales offices throughout Japan	Increase digitalization of procedures ① Reduce number and volume of sent documents ② Reduce number of internal mail deliveries (from daily to several times a week)
Category 6 Business trips	Business trips in Japan and abroad and use of public transportation for short distances are counted. CO₂ emissions are estimated separately for rail, buses, airplanes and accommodations	Increase efficiency from pre-COVID-19 pandemic (FY2019) levels • Regional decentralization of internal group trainings, holding trainings online, holding internal meetings online , etc.

Note: For category 15 (investment), emissions recorded as portfolio GHG

Creation & Support of Credits to Achieve Net Zero

Toward achieving net zero CO₂ emissions under our control in fiscal 2030 and net zero for all CO₂ emissions in fiscal 2050, we are creating and supporting credits that utilize nature

We support projects in forests, tidal flats, paddy fields and elsewhere to contribute to revitalizing communities. We are collaborating and partnering with local governments and with companies working to create credits together with us.

Business Activities Field



(Mori Town, Hokkaido Prefecture)

Creation of credits utilizing forests

Partners: Mori Town, Hokkaido Prefecture and ENEOS Corporation

Credit amount

Project total of approx. 53,000 tons (16 years)
(of which a portion is purchased by Nippon Life)

Credit type

J-Credits

The three parties of Mori Town, Hokkaido Prefecture, ENEOS and Nippon Life are creating credits for forest CO₂ absorption in forests owned by Mori Town, Hokkaido Prefecture. Nippon Life and ENEOS are purchasing the credits as well as conducting support activities for forest development in Mori Town. Employees of the Nippon Life Hakodate Branch and other offices participate in Mori Town forest development.



(Paddy field that creates credits in Ono City, Fukui Prefecture)

Creation of credits through improving paddy cultivation methods

Partners: Niigata Prefecture, Fukui Prefecture, Shiga Prefecture, NTT Communications Corporation

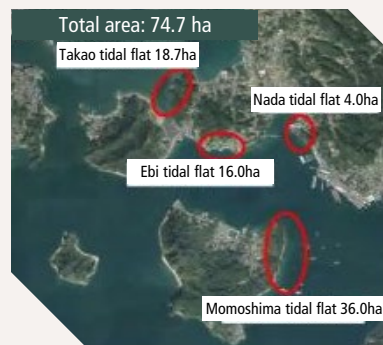
Credit amount

Approx. 30 tons (1 year)

Credit type

J-Credits

The mid-drying period of paddy fields is extended as a way to reduce paddy fields' methane gas generation, and the reduction in methane emissions is turned into J-Credits. We support sustainable farming operations by purchasing these credits.



(Tidal flats constructed along the coast of Onomichi)

Creation of credits through development of ocean and tidal flat environments

Partners: Onomichi City, Urashima Fishery Cooperative, Hirogin Holdings, Inc.

Credit amount

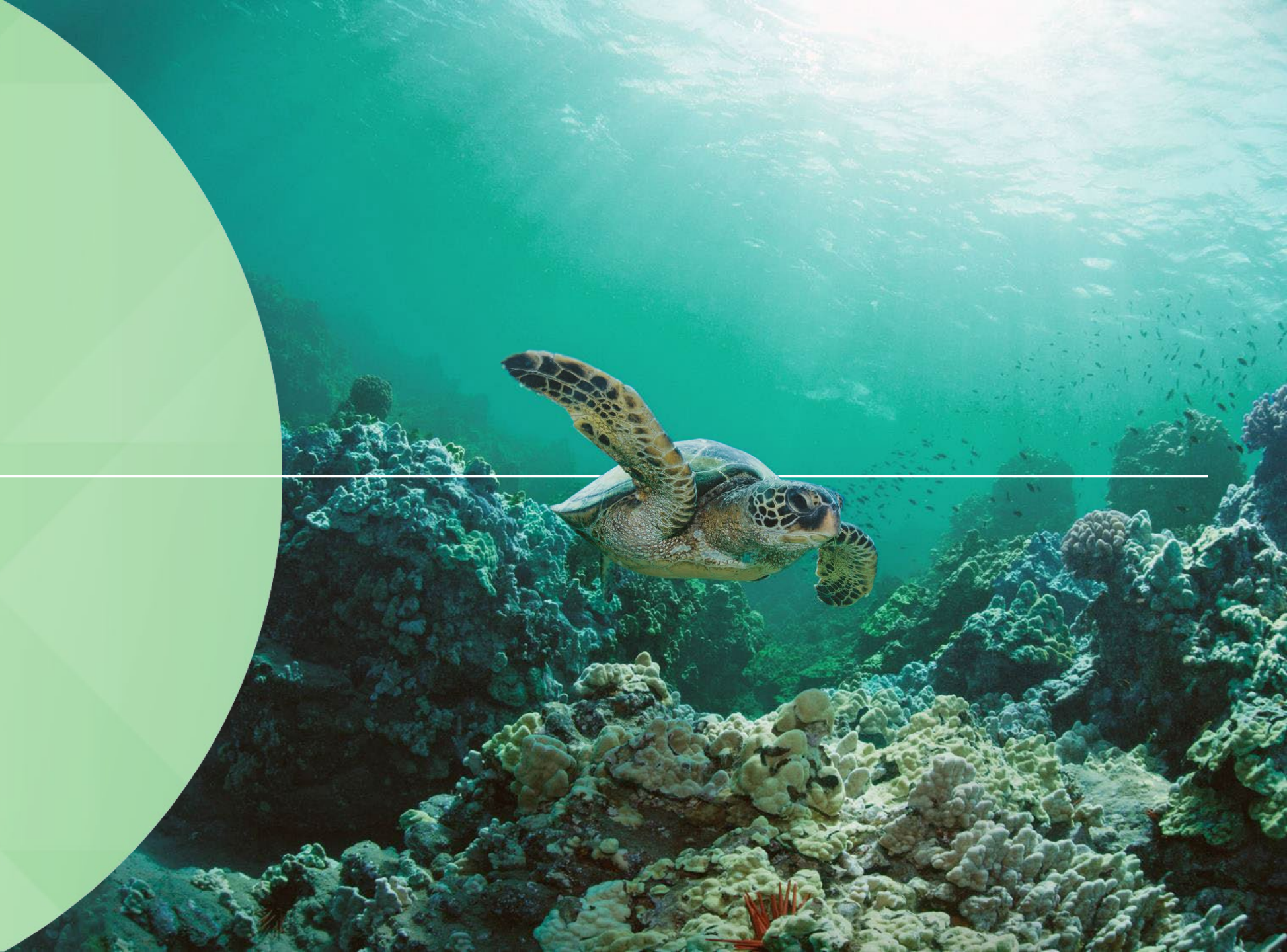
Approx. 11 tons (1 year)

Credit type

Voluntary credits (J Blue Credits)

We purchase a portion of the blue carbon created in a project to expand sources of CO₂ absorption in tidal flats and seaweed beds created along the coastal area of Onomichi City. Employees from the Nippon Life Fukuyama Branch, the Financial Institution Relations Unit and other business units participate in activities to develop the coastal environment, mainly in Onomichi City.

V TNFD



Asset Management

Risks, opportunities, dependencies and impacts	Risk Analysis	49
	Negative Screening	50
	Thematic Investment	51
	Collaborative Engagement	52
	Column: Trends in Biodiversity	53

Business Activities

Overview of Risks and Opportunities	56
Scenario Analysis	57
Overview of Dependencies and Impacts	58
Dependencies and Impacts LEAP Analysis of Sales Offices	59
Dependencies and Impacts Supply Chain LEAP Analysis	61
Metrics and Targets	62
Metrics and Targets Voluntary Conservation Activities	63

1 Risk Analysis

Risk analysis conducted to understand the relationship between investee companies and natural capital

We take advantage of ENCORE*¹, which is a tool to analyze nature-related risks and whose use is recommended by TNFD. We evaluated the degree of dependencies and types of natural capital by industry as well as the impacts they have.

The result shows that natural capital with high dependency is Habitats and Water, while the impact on Solid Waste, Water Pollutants and Soil Pollutants was significant.

Moving forward, based on the analysis results, we will consider the refinement of identification and analysis of specific companies within sectors that have significant dependencies and impacts.

*¹ ENCORE is a tool for analysis jointly developed by the Natural Capital Finance Alliance (NCFA), the United Nations Environment Programme and other international organizations, and financial institutions. It is designed to evaluate the dependencies and impacts of investee companies on natural capital, and is introduced in the TNFD framework.

Asset Management

Risk analysis related to natural capital

(We conducted an analysis of domestic equities in our management portfolio on the basis of the ownership percentages of sectors*².)

← Dependency/Impact →
Small Large

		Consumer discretionary	Consumer staples	Energy	Financials	Health care	Industrials	Information technology	Materials	Real estate	Telecommunication services	Utilities	Grand total
Dependency	Atmosphere												
	Habitats												
	Land geomorphology												
	Minerals												
	Ocean geomorphology												
	Soils and sediments												
	Species												
	Water												
Impact	Disturbances												
	Freshwater ecosystem use												
	GHG emissions												
	Marine ecosystem use												
	Non-GHG air pollutants												
	Other resource use												
	Soil pollutants												
	Solid waste												
	Terrestrial ecosystem use												
	Water pollutants												
	Water use												

*² Based on the Global Industry Classification Standard, we divided investee companies into 11 sectors and 139 sub-industry groups and analyzed the extent to which they depend on natural capital and the impact they have on natural capital. The dependency and impact of a sector on each natural capital is evaluated on a scale of five.

2 Negative Screening

Taking action to preserve and restore biodiversity

In the area of investment and finance, we have established new negative screening criteria for palm oil-related companies, effective as of August 2023.

The new criteria prohibit equity or bond investments or financing that do not have 100% certification from the Roundtable on Sustainable Palm Oil (RSPO).

For other negative screening criteria, please see p. 29.

Asset Management

Investment and finance initiatives

Negative screening

We prohibit investing in or financing palm oil-related companies that have not obtained RSPO certification in light of environmental issues such as deforestation, and human rights issues such as forced labor and human rights abuses, caused by palm oil production.



The problem of uncertified palm oil

Palm oil is a vegetable oil made from the fruit of the oil palm, a tree native to West Africa. The oil is widely used in processed foods such as instant noodles, sweets and bread, as well as consumer products such as cosmetics, personal care products, detergents and pharmaceuticals. It is even used to produce biofuels. Beyond being so versatile, it offers a much higher yield per unit area than other vegetable oils and is also less expensive. For these reasons, demand for palm oil has exploded since the 1990s, surpassing soybean oil to become the top vegetable oil produced in the world today. Indonesia and Malaysia are the leading oil palm producing countries, accounting for nearly 85% of the world's palm oil production. Oil palm plantation development has also spread to other countries in Southeast Asia, as well as Africa and, Central and South America. Demand for palm oil continues to grow, and with the world's

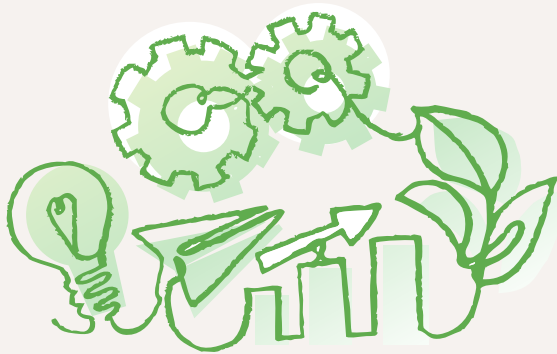
population increasing and income levels in Asian countries rising, the demand for palm oil will likely continue on this upward trend. The rapid expansion of oil palm plantations, combined with improper plantation management and other factors, is causing the loss of tropical forests, leading to environmental and regional community problems.

In Southeast Asia, areas with high protective value in terms of climate change and biodiversity, such as tropical forests and peat swamps, are being lost due to the conversion into oil palm plantations. Plantation development also brings conflict with indigenous peoples and other problems, such as human rights issues, due to unfair labor practices on plantations. To address these issues and promote sustainable palm oil production, RSPO and other types of certifications are being adopted. Companies and financial institutions are responding to the various issues involved in producing palm oil by trading only RSPO-certified palm oil.

3 Thematic Investment

Providing funds for biodiversity conservation

We are committed to providing funds for projects that focus on biodiversity conservation and restoration as a major theme through such means as blue bonds for marine conservation and green bonds for forest management and habitat surveys that help to protect endangered species.



Asset Management

Examples of natural capital-related investment and finance

Investment in Tokyo Green Bonds

¥2.5 billion

In October 2017 and October 2018, we invested in Tokyo Green Bonds—bonds issued by the Tokyo Metropolitan Government to fund the promotion of its environmental projects.

Funds raised through this bond issue will be used for projects such as the management of forests and tidelands in marine parks.

Investment in Maruha Nichiro Blue Bond

¥400 million

In October 2022, we invested in a blue bond issued by Maruha Nichiro Corporation.

Funds raised through this bond issue will be used for environmentally sustainable fisheries and aquaculture projects.

Investment in Indonesia's Blue Bond

¥3 billion

In May 2023, we invested in a blue bond issued by the Republic of Indonesia to fund projects for marine conservation.

Funds raised through this bond issue will be used for projects in marine environment conservation, sustainable fisheries and marine disaster preparedness.

4 Collaborative Engagement

Engaging in dialogue to support corporate biodiversity initiatives

In February 2024, we joined Spring, a collaborative biodiversity stewardship initiative. Through this initiative, we will work with other institutional investors to engage companies on issues related to natural capital and biodiversity.

Conservation of natural capital and biodiversity is also an important theme for us. We will continue to upgrade our efforts based on the information shared through future initiatives.

Asset Management

Collaborative engagement



- ▶ Established in 2024
- ▶ An international initiative for investors to work together with the aim of resolving issues related to biodiversity loss through dialogue with companies on natural capital issues

**Nippon Life's
involvement**

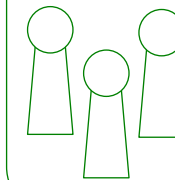
▶ **Participation mainly to gather information through plenary session attendance, etc.**

About the establishment of Spring

In October 2023, PRI announced the launch of a new collaborative stewardship initiative for nature, Spring, at PRI in Person 2023, the annual conference held in Tokyo.

An Investor Working Group will be announced in Q2 2024, and engagement with the first list of focus companies will begin in mid-2024.

PRI in Person
2023 Lead Sponsor



Endorsing investors

131



Total assets under
management of
endorsing investors
\$9.5 trillion

As of January 2024

Column: Trends in Biodiversity 1/2

At the 15th meeting of the Conference of the Parties to the Convention on Biological Diversity (COP15) in Montreal, Canada, a new global biodiversity goal was adopted, the Kunming–Montreal Global Biodiversity Framework. This framework replaces the UN Strategic Plan for Biodiversity 2011–2020, which included the Aichi Targets, adopted in 2010

What is biodiversity?

Biodiversity refers to the rich uniqueness of living organisms on the planet and their interconnection. Life on Earth is believed to have begun four billion years ago, and over this vast stretch of time, life evolved to adapt to myriad environments, giving rise to 30 million species of organisms. Each form of life has its own unique characteristics and all directly or indirectly support or are supported by other forms of life. Under the Convention on Biological Diversity, the term “biodiversity” encompasses three levels of diversity—ecosystem diversity, species diversity and genetic diversity.

Biodiversity underpins the natural environment, which in turn supports human life and economic activities. However, human impacts have been severely eroding global biodiversity. According to the Global Assessment Report on Biodiversity and Ecosystem Services published by the Intergovernmental Science–Policy Platform on Biodiversity and Ecosystem Services (IPBES) in 2019, nature has been significantly changing in most places on Earth. The report states that 75% of the world’s land mass has severely changed, 66% of the oceans are impacted by humans in multiple ways and over 85% of wetlands have disappeared since 1700.

Additionally, the report notes that nearly 25% of animal and plant species studied were threatened with extinction, an outcome resulting from natural environments across the planet changing at an unprecedented rate over the past 50 years. The report also warns that if nothing is done, we will be unable to stop the loss of biodiversity and attain a sustainable society.

Planetary boundaries

The concept of “planetary boundaries” is one way to objectively evaluate the impacts that human activities have had on the Earth system. The evaluation points out that we have already reached limits to the global environment, upon which humanity depends for our continued survival. The planetary boundaries framework identifies nine types of change in the Earth system caused by human beings. It posits that human activities expanding beyond the point where the stability of these systems can be maintained (the planetary boundaries) will trigger irreversible change.

Nine types of human-induced change in the Earth system

- 1 Climate change
- 2 Atmospheric aerosol loading
- 3 Stratospheric ozone depletion
- 4 Ocean acidification
- 5 Freshwater change
- 6 Land-system change
- 7 Biosphere integrity
- 8 Biogeochemical flows (nitrogen and phosphorus cycles)
- 9 Novel entities

Source: Azote for Stockholm Resilience Centre, based on analysis in Richardson et al 2023

Disclosure initiatives

To address these issues, actions are being taken to maintain biodiversity by individual countries and initiatives such as the aforementioned Convention on Biological Diversity. The most prominent among these focusing on biodiversity is the Taskforce on Nature-related Financial Disclosures (TNFD). The TNFD, launched in 2021, promotes corporate disclosure of risks and opportunities related to the natural environment and biodiversity in order to help financial institutions and investors make sound investment decisions. In September 2023, the TNFD published version 1.0 of its recommendations, a formal framework for nature-related disclosures.

After the release of this initial version of the TNFD framework, companies began registering as TNFD Adopters. As of January 2024, 320 companies, 81 of which are Japanese companies, announced that they will disclose in accordance with the TNFD framework. In addition, the International Sustainability Standards Board (ISSB) has identified biodiversity and natural capital as the next agenda candidate for disclosure standards after climate change.

As a financial institution

Financial institutions are expected to play a different role than corporations. In March 2022, a study group of the Network for Greening the Financial System (NGFS) and International Network for Sustainable Financial Policy Insights, Research, and Exchange (INSPIRE) published their final report on biodiversity and financial stability. The research suggests that the physical and transition risks associated with biodiversity loss may impact financial institutions and the financial system, highlighting the need to better understand the pathways by which the two types of risks have impact. There is a growing recognition that financial institutions should view biodiversity as a systemic risk in their operations. The report also states that policy and industry attention has increasingly focused on the role of the financial system in slowing, halting and reversing biodiversity loss.

Nippon Life also endorses biodiversity efforts and we are registered as a TNFD Adopter. We recognize that making a positive contribution to environmental sustainability, upon which all social infrastructure rests, is vital to us if we are to support assurance for our customers over the long term.

Asset Management

Risks, opportunities, dependencies and impacts	Risk Analysis	49
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Strategy

	Negative Screening	50
	Thematic Investment	51
	Collaborative Engagement	52
	Column: Trends in Biodiversity	53

Business Activities Field

Overview of Risks and Opportunities	56
Scenario Analysis	57
Overview of Dependencies and Impacts	58
Dependencies and Impacts LEAP Analysis of Sales Offices	59
Dependencies and Impacts Supply Chain LEAP Analysis	61
Metrics and Targets	62
Metrics and Targets Voluntary Conservation Activities	63

6 Overview of Risks and Opportunities

The life insurance business provides customers with reassurance and security. It is intimately connected to human health and lifestyles, which are, in turn, based on the benefits that people derive from natural capital and healthy ecosystems

Loss of biodiversity and the destruction of natural capital pose risks to life insurance business activities.

Physical risks include an increase in insurance claims and benefits payments due to health impacts, and transition risks include increased costs mainly due to compliance with stricter environmental laws and regulations. Both are of concern over the short to long term.

On the other hand, we expect to create opportunities in the medium to long term, such as reduced operating costs and increased revenues due to an improved reputation stemming from our efforts to protect biodiversity.

Business Activities Field

Overview of risks and opportunities

	Category of risk or opportunity		Occurrence	Examples of risks and opportunities in life insurance business activities
Risks	Physical risks	Acute	Event that alters nature (oil spill, forest fire, insect damage, typhoon, etc.)	Damage to our sales offices attributable to more frequent natural disasters, etc., as well as an increase in insurance claims and benefits payments due to an increase in deaths and illnesses from the same cause
		Chronic	Increase in the occurrence of serious emerging infectious diseases due to climate change, pesticide pollution, deforestation, etc.	Increase in insurance claims and benefits payments due to an increase in deaths and illnesses caused by natural disasters, etc.
	Transition risks	Policies and laws	Stronger environment-related regulations, stricter information disclosure obligation	Cost increases due to stricter regulations
		Technology	Technological innovations such as the use of biodegradable plastics	Cost increases due to stricter regulations
		Market	Changes in consumer behavior	Declining demand for products and services due to changes in consumer behavior and preferences
		Reputation	Social reputation conditional to environmental initiatives	Impact on life insurance sales from a decline in social reputation caused by industry ratings
Opportunities	Business opportunities		Improved reputation and changes in products and services in response to market shifts	Renewed awareness of the importance of life insurance because of health impacts, and increasing incentives to purchase insurance Increased insurance sales due to good reputation for environmental initiatives
	Sustainability		Sustainable use of natural capital, conservation, restoration and regeneration of ecosystems	Reduced operating costs through recycling and the use of renewable resources

7 Scenario Analysis

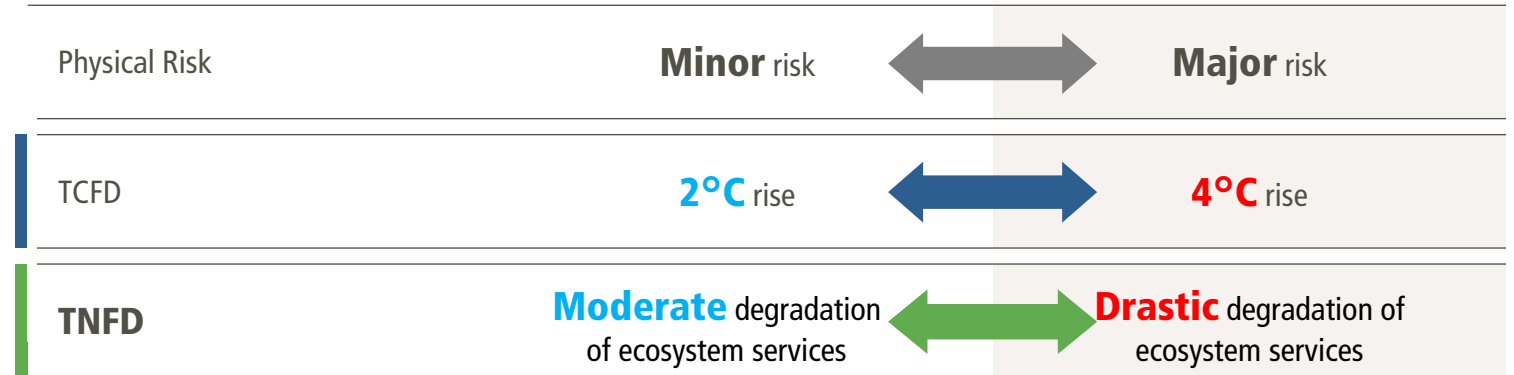
We plan to conduct a full-scale TNFD scenario analysis in the future, utilizing the TCFD scenario analysis of physical risks that we have already conducted

The scenarios for a 2°C and 4°C global rise in temperature (roughly equivalent to RCP2.6 and RCP8.5, respectively) adopted in the IPCC Fifth Assessment Report were taken as the assumed scenarios for our analysis, as they roughly correlate to the degradation level of ecosystem services in the TNFD's illustrative scenarios, focusing on physical risks related to life and health.

We have already conducted impact analyses related to risks associated with rising heatstroke and worsening floods, landslides and other disastrous events. Looking ahead, we will be conducting impact analyses related to risks due to air pollution, infectious diseases and more.

Business Activities Field

Composition of current scenario analyses for the near term



Results of TCFD and TNFD scenario analyses

				2°C		4°C	
				Moderate ecosystem degradation scenario		Drastic ecosystem degradation scenario	
Financial Impact on Nippon Life	Frequency/probability of occurrence	Medium	High	Mortality rate	Damage costs for Nippon Life	Mortality rate	Damage costs for Nippon Life
	Heatstroke		▲	+0.5% or so	¥3.5 billion	+1.0% or so	¥7.0 billion
	Flood-related		▲	+0.2% or so	¥1.2 billion	+0.3% or so	¥2.2 billion
	Air pollution	▲		Scope of analysis to be expanded			
	Infectious diseases	▲					

- Notes: 1. We plan to consider scenario analyses based on TNFD-specific risks in the future.
(For example, health risks associated with air pollution, increased risk of infectious diseases due to deforestation, etc.)
2. Damage costs include increase in insurance claims and benefits payments, damage to buildings, etc. to buildings, etc.

8 Overview of Dependencies and Impacts

In running a life insurance business, we depend on natural capital such as land and water, and ecosystem services, including provisioning services, provided by those types of natural capital

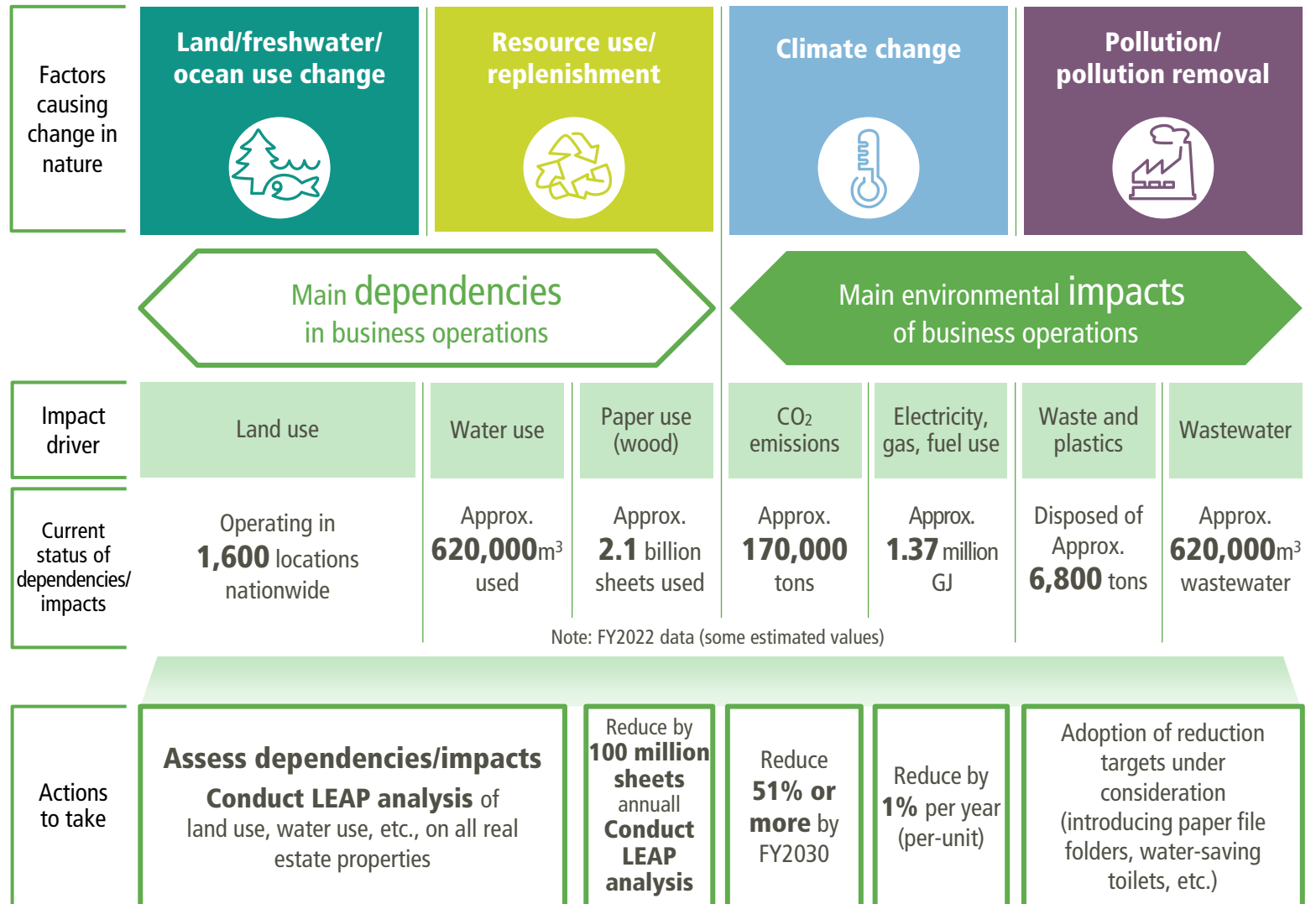
Life insurance business activities also have impacts on the environment and ecosystem services

For example, CO₂ emissions lead to global warming and extreme weather events, causing negative impacts such as adverse effects on health and reduced habitats for living organisms.

We are committed to understanding the relationships between our business activities and natural capital (dependencies and impacts on nature), establishing metrics and targets related to this relationship, and working to reduce our impact on the environment.

Business Activities Field

TNFD Overview of dependencies and impacts in business activities field



Note: Analysis was conducted with the support of KPMG AZSA LLC.

9 Dependencies and Impacts

LEAP Analysis of Sales Offices 1/2

We have sales offices in approximately 1,600 locations used for our business activities nationwide (Sales offices do not use newly developed land, but are located on land already in use for office buildings, etc.)

For this analysis, we employed two methods to analyze the dependencies and impacts of sales offices on their surrounding environment and the nature in it, following a LEAP approach

(1) Screening of 1,600 locations nationwide

Interfaces with nature were identified for approximately 1,600 locations. Multiple methods for determining sensitivity to harm were used to confirm the importance of biodiversity, etc.

(2) Detailed analysis of 20 locations in Tokyo and Hokkaido

We conducted a detailed analysis of a total of 20 locations, both in Tokyo, which has a large number of employees, and Hokkaido, which has many offices adjacent to areas important for biodiversity conservation, in collaboration with MS&AD InterRisk Research & Consulting, Inc. and Regional Environmental Planning, Inc.

Based on the results of this analysis, we will expand the scope and sophistication of our analysis of dependencies and impacts on nature, and promote environmental impact reduction measures and biodiversity conservation activities at our sales offices that have high dependencies and impacts on nature.

Business Activities Field

Our sales offices in Japan (FY2023)

	Number of locations	Total floor space*	Average usage*
Headquarters, training centers, etc.	11	220,000m ²	10,000 mainly in Tokyo and Osaka
Branches	108	220,000m ²	10,000 in 47 prefectures nationwide
Sales offices	1,495	810,000m ²	50,000 in 47 prefectures nationwide
Total	1,614	1,250,000m²	70,000

* Figures are approximate

(1) Screening at 1,600 locations nationwide (identifying sensitive locations)

LEAP analysis perspective	Indicators and tools in use or under consideration	Number of applicable locations	Status
Areas of high biodiversity importance	Protected areas* ¹ (natural parks, nature conservation areas, wildlife protection areas)	88	Screening of all locations completed Detailed analysis to be conducted in the future
	Key Biodiversity Areas (KBA)* ²	40	
Ecosystems of high integrity	Biodiversity Intactness Index (BII) score of 97.5% or higher* ³	22	
Areas of high physical water risks	WRI's Aqueduct Water Risk Atlas* ⁴	(To be analyzed in the future)	

*1 Protected areas are derived from protection and conservation data tabulated as part of the National Land Numerical Information issued by the Ministry of Land, Infrastructure, Transport and Tourism (available on the National Land Numerical Information download site).

*2 Key Biodiversity Areas are based on the results of the KBA survey conducted by Conservation International Japan. KBA (kba.conservation.or.jp/ [Japanese only])

*3 97.5% biodiversity intactness is the threshold value for "very low risk" as a WWF Biodiversity Risk Filter risk score. (See The Biodiversity Risk Filter Methodology.)

*4 Aqueduct tools are provided by the World Resources Institute (wri.org) to indicate water risks at any given location.

9 Dependencies and Impacts

LEAP Analysis of Sales Offices 2/2

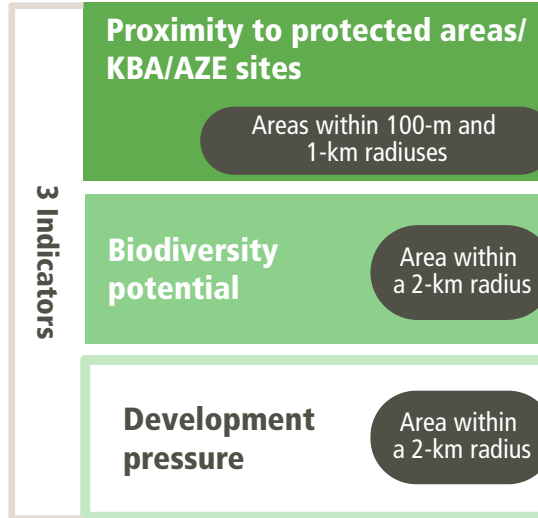
In our detailed analysis of 20 locations in Tokyo and Hokkaido, we followed the TNFD framework's criteria for defining sensitive locations and implemented a trial assessment that identified the natural characteristics of each region as far as possible through the analysis of detailed data available in Japan and Geographic Information System (GIS) maps.

Looking ahead, we will expand the scope of the assessment and consider more fitting methods of evaluation that also include the physical risk of water and engagement with Indigenous Peoples and local communities.

Note: The evaluation of "biodiversity potential" utilizes a concept based on the research results of the Japan-based Eco-Asset Consortium. The Eco-Asset Consortium is a joint project of MS&AD InterRisk Research & Consulting, Regional Environmental Planning, Sumitomo Forestry Landscaping Co., Ltd., and Sumitomo Forestry Co., Ltd.

Business Activities Field

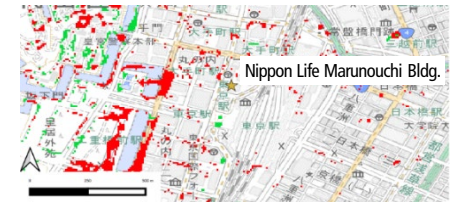
(2) Methodology for detailed environmental impact analysis of 20 locations



Indicates how close the target location is to a protected area, Key Biodiversity Area (KBA) or AZE site (site designated as a critical habitat for the survival of an endangered species)

Indicates how much potential exists in the area surrounding and including the target location to contribute to building a regional ecological network based on the status of natural resources (green spaces and water systems) in the area

Indicates the extent to which a conversion from high ecosystem integrity land use to low ecosystem integrity land use has taken place between FY2011 and FY2022 in the area surrounding and including the target location



Map of development pressure (conversion from high to low ecosystem integrity land use is shown in red, and vice versa in green)

Detailed environmental impact analysis of 20 locations (9 selected)

			Proximity to protected areas/KBA/AZE sites	Biodiversity potential	Development pressure	Overall assessment
Tokyo	Tokyo Headquarters Marunouchi Building	Chiyoda-ku	VERY LOW	LOW	LOW	LOW
	Hamamatsucho Crea Tower	Minato-ku	MEDIUM	LOW	LOW	LOW
	Takao Sales Office	Hachioji City	VERY LOW	VERY HIGH	HIGH	HIGH
	Takahatafudo Sales Office	Hino City	MEDIUM	HIGH	HIGH	HIGH
Hokkaido	Nippon Life Sapporo Bldg.	Sapporo City	VERY LOW	MEDIUM	VERY LOW	LOW
	Doto Branch	Kushiro City	LOW	MEDIUM	VERY LOW	LOW
	Nemuro Sales Office	Nemuro City	MEDIUM	HIGH	LOW	MEDIUM
	Yakumo Sales Office	Yakumo Town	MEDIUM	HIGH	VERY LOW	MEDIUM
	Mori Sales Office	Mori Town	MEDIUM	HIGH	VERY LOW	MEDIUM

Note: We will consider implementing measures to reduce environmental impact and carry out activities aimed at ecosystem conservation for sales offices with a score of "very high" for biodiversity potential or "high" for overall assessment.

10 Dependencies and Impacts Supply Chain LEAP Analysis

Trial analysis applied to the supply chain according to the LEAP process recommended by the TNFD

L Locate	The largest cost for purchased goods in the supply chain annually is for copy paper, targeted for an in-depth analysis
E Evaluate	Paper is made from wood and is known to have a significant impact on forests and other ecosystems
A Assess	Related to deforestation risk, we asked a selection of suppliers about the place of origin and species of wood used as raw material for copy paper, pamphlets, etc., and whether or not the paper is FSC®-certified*1
P Prepare	Monitoring and other risk management processes will be developed in the future

*1 Forest Stewardship Council® (FSC®) certification ensures that products come from responsibly managed forests that provide environmental, social and economic benefits. The system delivers these and other low-risk forest products to consumers in a visible way.



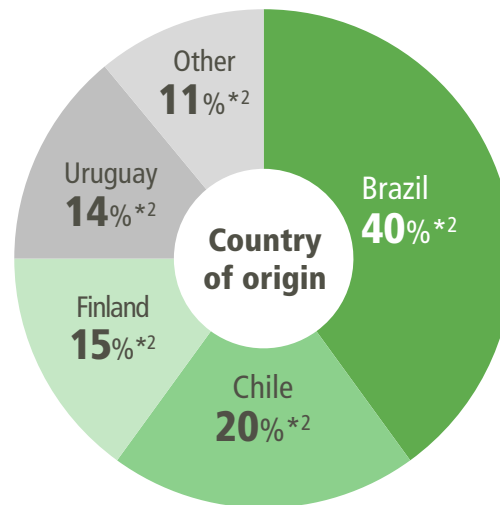
Business Activities Field

Data on our paper consumption, etc.

	Amount purchased in FY2022	Suppliers	Notes
Copy paper	Approx. 4,700 tons	5 or so	FSC-certified paper, in principle
Pamphlets, etc.	Approx. 3,800 tons	Dozens	Some FSC-certified paper
Total	Approx. 8,500 tons	Dozens	

Results of LEAP analysis on the place of origin of copy paper materials, etc.

Note: More than 90% of the copy paper used by the Company is purchased from UPM-Kymmene Corporation via Otsuka Corporation. We have been purchasing from UPM-Kymmene since fiscal 2015. This Finland-based company plants trees and is increasing the size of the forest it manages.



	Confirmed details	Notes
Region	Brazil: Mato Grosso do Sul, São Paulo and many other locations	Forest name unknown
Main tree species	Eucalyptus, basswood, maple, larch, pine, etc.	Ratio of mix unknown
Paper mill	China: Changshu, Suzhou, Jiangsu Province	Manufactured in China
Certification	All certifications (FSC & PEFC)	Nippon Life and its subsidiaries

*2 Figures are approximate

Future initiatives

For this analysis, we confirmed with a selection of suppliers the place of origin of the wood and tree species, FSC certification, etc. Since the origin of wood products changes every year, we plan to follow up regularly in the future. For items other than copy paper that are purchased in large volumes in the supply chain, we plan to promote initiatives to ensure traceability throughout the supply chain using LEAP analysis and other means.

11 Metrics and Targets

The TNFD recommends the disclosure of risk management and related metrics and targets using 18 core global disclosure metrics and additional disclosure metrics

We have started preparing data on items related to our business activities field as much as possible and have begun considering how to set targets based on a Company-wide understanding of quantities used

The table at right shows examples of items under consideration for targets to set.

At present, we are working to ascertain actual figures and setting medium- and long-term targets for CO₂ emissions, power consumption and paper consumption.

Business Activities Field

		Metrics	Results	Targets
Core global disclosure metrics	Climate change	CO ₂ emissions (Base year: FY2013)	170,000 tons (FY2022 cumulative total -31%)	FY2030: -51% or more Net zero in FY2050
	Land	Total spatial footprint (area)	Total surface area used 1.25 million m²	Area used will vary depending on number of employees (no new development planned)
	Water use	Water consumption (m ³)	Approx. 620,000m³ (estimate)	Ascertain quantities used by the entire company as a first step for water, waste, plastics, etc. Consider setting targets in the future based on an understanding of the quantities
	Waste	Total amount of waste (tons) Plastic waste emissions (tons)	Approx. 6,800 tons (estimate) Approx. 900 tons (estimate)	
Additional global disclosure metrics	Intensity of land-use	Land-use intensity (per-unit value of electricity use, based on FY2013)	7.70 (kwh/m²/month) (FY2022 cumulative total -12%)	1% reduction annually (based on energy conservation law)
	Water	Water conservation efforts	(Acquisition of water conservation-related data under consideration)	Consider setting targets in the future based on quantities
	Value chain	Paper consumption (Base year: FY2022)	2.1 billion sheets	Reduction of 100 million sheets annually (about 5%)
	Voluntary conservation activities	Wetland conservation Protection of endangered species	Shunkuni-tai (extermination of invasive alien species) Yone Wetland (wetland restoration) Project to save the large shijimi blue butterfly Measures to combat coral bleaching	Continue to consider the substance and goals of conservation activities in the future

12 Metrics and Targets

Voluntary Conservation Activities 1/2

Our branches and sales offices across Japan are engaged in conservation actions that address biodiversity issues in their respective regions

We carry out initiatives in collaboration with local governments and environmental conservation organizations. Our activities include wetland conservation, marine environment conservation and the protection of endangered species. We will continue to expand our sphere of action going forward.

Business Activities Field



Participation in conservation project to save the endangered large shijimi blue butterfly Azumino City, Nagano Prefecture

Project span Since FY2023 (1 year)

Project scope Joining in shrubby sophora (*Sophora flavescens*) planting events

Actions to protect the endangered large shijimi blue butterfly (*Shijimiaeoides divinus*) were carried out by the local community and the Nature Conservation Society of Japan. Azumino Sales Office staff planted shrubby sophora, which serves as food for the butterfly caterpillars.



Creating Satoumi by Restoration of the Cradle of the Sea (Tidal Flats and Seagrass Meadows) in Onomichi

Onomichi City, Hiroshima Prefecture

Project span Since FY2023 (1 year)

Project scope Planting clams in shallow water
Purchase of blue credits issued by Onomichi City

The city of Onomichi has launched a project to promote the expansion of CO₂ sinks in tidal flats and seaweed beds created in the city's coastal areas and to promote environmental education. Our Fukuyama Branch cooperated with this project.



Wetland conservation



Marine environment conservation



Endangered species protection

Shunkuni-tai, a Ramsar Convention-listed wetland Nemuro City, Hokkaido

Project span Every year since FY2013 (11 years)

Project scope Extermination of invasive alien plants over 373 hectares

Nemuro Sales Office staff participated in the extermination of the invasive alien plant American searocket (*Cakile edentula* [Bigelow] Hook) that propagates in Shunkuni-tai.

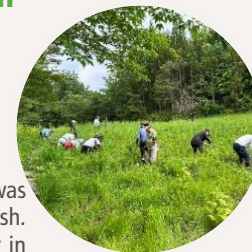


Cooperation with Yone Wetland restoration Sakegawa Village, Yamagata Prefecture

Project span Every year since FY2022 (2 years)

Project scope Conservation of degraded marshland
Area covered: approx. 50 hectares

Yone Wetland is a habitat for rare plants and animals that was devastated by a typhoon when sediment washed into the marsh. Local villagers, organizations and companies joined together in restoration activities. Our Yamagata Branch staff participated.



Joining in beach cleanups in Okinawa and cooperation with measures to combat coral bleaching

Naha City and other areas in Okinawa Prefecture

Project span Every year since FY2020 (4 years)

Project scope Beach cleanups, public awareness activities related to coral

Our Naha Branch staff participate in beach cleanup activities in Okinawa. We also provide support to an organization that takes action to combat coral bleaching.



Metrics and Targets

Voluntary Conservation Activities 2/2

We own a large number of buildings in urban areas across Japan for business and investment. We are actively involved in rooftop greening and planting trees along the streets of these buildings

We are working to improve the environmental value of entire city blocks by planting rooftop greenery, street trees and other vegetation based on the environmental characteristics of the area surrounding each building.

Business Activities Field Greening initiatives for buildings



Rooftop greening of Head Office east building (Chuo-ku, Osaka City)

Project span Since FY2015 (9 years)

Project scope Planting sweet potatoes and other crops on the roof

We are growing sweet potatoes and other plants on the roof of the Head Office east building. We are taking action to increase greenery and help combat the heat island effect.



Greening of Nissay Training Center (Urayasu City, Chiba Prefecture)

Project span Since FY2001 (23 years)

Project scope Tree planting and flower bed maintenance

When the Nissay Training Center was being built in Urayasu City, it was designed with consideration for the surrounding environment and biodiversity by including an abundance of trees and flower beds. Nissay Omoide-no-Mori is a planned forest located on adjacent land, with tree-planting being carried out systematically.



Proactive environmental measures for new buildings

Yodoyabashi Building (Chuo-ku, Osaka City)

Project span Since FY2022 (2 years)

Project scope Maintenance of rows of trees and street trees of native species integrated with the East Building

We built the Yodoyabashi Building as an investment on land adjacent to the Head Office East Building. Trees were planted at the same time, and consideration was given to the natural environment of the entire area. The trees selected include Japanese Judas tree (*Cercidiphyllum japonicum*) and Japanese bayberry (*Morella rubra*), which are native to Osaka. Awards we received include the Osaka Governor's Landscape Award and Excellent Greening Award.



VI Participation in Initiatives



1 Participation in Global Initiatives 1/4

Contributing to creation of best practices through participation in initiatives

Nippon Life participates in a wide range of initiatives for the purposes of collecting information in Japan and globally on sustainability management and responsible investment trends, engaging in international discussions and communicating our opinions.

Our company's executives serve as a director and member of the representative group in the Principles for Responsible Investment (PRI) and the Net-Zero Asset Owner Alliance (NZAOA).

Asset Management



Year of signing: FY2016

- Initiative launched in 2006 based on a proposal by then United Nations Secretary-General Kofi Annan
- Advocates for institutional investors to incorporate ESG issues into investment decision-making with the aim of realizing a sustainable society

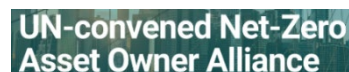
Nippon Life's involvement

- A Nippon Life executive was appointed as a director of the PRI Board in 2021
- We served as the Lead Sponsor of PRI in Person Tokyo 2023*, held in Tokyo in October 2023. This is the first time that an insurance company and an asset owner was selected as the lead sponsor among the world's institutional investors

* A conference that brings together institutional investors such as asset management companies and insurance companies as well as government agencies, NGOs and other stakeholders and plays an important role in forming global trends in ESG investment and finance through the exchange of opinions on ESG issues such as climate change and human rights as well as investment processes



Takeshi Kimura, Executive Officer,
Nippon Life Insurance Company



Year of membership: FY2021

- An international initiative established in 2019 by asset owners committed to transitioning their asset management portfolios to net-zero greenhouse gas emissions by 2050, consistent with the Paris Agreement goal of limiting the global temperature rise to 1.5°C

Nippon Life's involvement

- A Nippon Life executive was appointed as a member of the Steering Group in 2022
- Based on discussions in the group, we have set the target of net-zero greenhouse gas emissions for fiscal 2050 as well as intermediary targets for fiscal 2030 in our asset management portfolio. In addition, we are conducting engagement with companies and providing funds through Decarbonization Financing Facility and other tools



Shinichiro Kashima, Executive Officer,
Nippon Life Insurance Company

1 Participation in Global Initiatives 2/4



Year of membership: FY2021

- ▶ A global coalition of international financial institutions striving to achieve net-zero greenhouse gas emissions by 2050 that was officially established in 2021 at COP26, which was held in Glasgow, Scotland, U.K.
- ▶ Comprises sector-specific global financial initiatives such as NZAOA and the Net-Zero Banking Alliance (NZBA)



Year of membership: FY2021

- ▶ Initiative established in 2015 with the mission of standardizing measurement and disclosure methods for greenhouse gas emissions in asset management portfolios



Year of adoption: FY2019

- ▶ Framework launched in 2003 mainly by financial institutions to identify, assess and manage impacts that projects have on the environment and society when providing financing related to large-scale development and construction projects



Year of membership: FY2022

- ▶ International investor-led initiative established in 2017 with the mission of fighting climate change through dialogue with companies that are large greenhouse gas emitters

1 Participation in Global Initiatives 3/4



Year of signing: FY2022

- Non-governmental organization (NGO) established in the U.K. in 2000. Active in Japan since 2005
- Analyzes and assesses the impacts of corporate activities on the environment through responses provided by companies, local governments and other groups in its questionnaire. Regarded by investors as one important set of criteria for investing in companies



Year of endorsement: FY2018

- Established in 2015 by the Financial Stability Board (FSB) at the request of the G20
- Announced the final report in 2017 with recommendations for disclosure in the four areas of governance, strategy, risk management, and metrics and targets



Taskforce on Nature-related Financial Disclosures

TNFD Forum
Year of participation: FY2022

- Launched in 2021 for the purpose of protecting and restoring the natural environment. Comprised of the taskforce promoting the TNFD framework and the consultative forum that supports it
- Announced the final framework in 2023 and recommends disclosure in the four areas of governance, strategy, risk and impact management, and metrics and targets



Year of participation: FY2023

- Global initiative established in 2014 with participation by some of the most influential companies in the world that are leading the transition to 100% renewable electricity

1 Participation in Global Initiatives 4/4

Japan



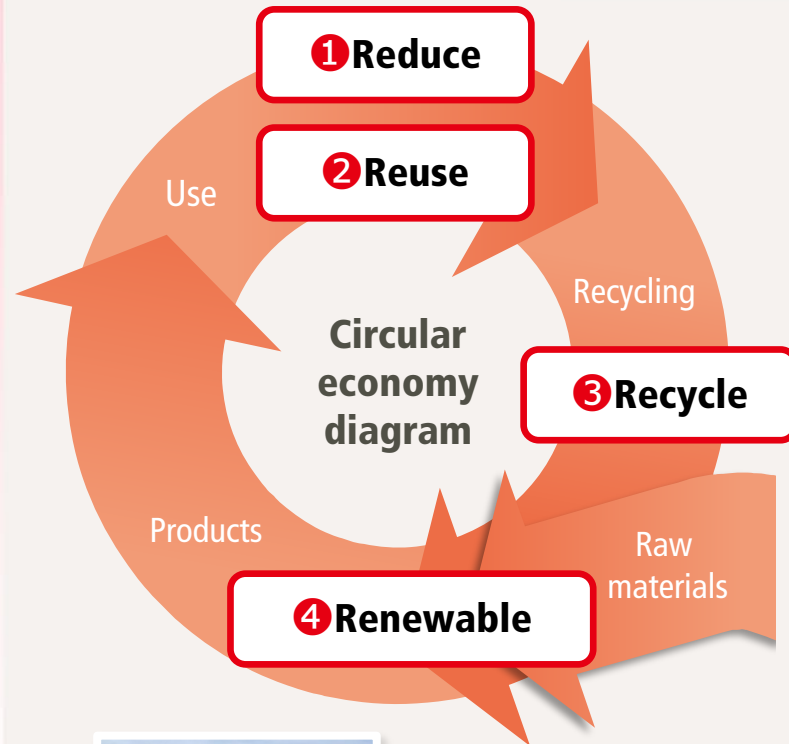
Global



VII Topics



1 Efforts toward Realizing a Recycling Society



In addition to the above, we are also taking action on the problem of ocean plastics through campaigns to clean up plastic waste on coastlines, beaches and rivers throughout Japan

We are promoting various efforts including reducing plastic use to realize a recycling society

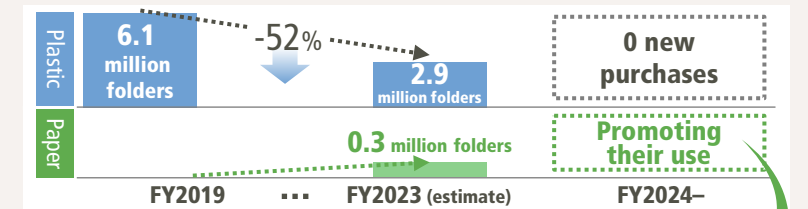
Plastics are indispensable to our lives, but also remain in the natural world without breaking down and have negative impacts on the natural environment. Plastics that flow directly into the ocean without being properly disposed of and turn into plastic pollution have recently become a focus of the international society.

In March 2022, the United Nations Environment Assembly (UNEA) adopted a resolution to develop an international legally binding instrument on plastic pollution. Discussions are continuing with the goal of completing the work to enact the international instrument on plastics by the end of March 2025.

1 2 Nissay Plastics Smart Campaign

We endorse the Plastics Smart Campaign sponsored by the Japanese Ministry of the Environment and are conducting the Nissay Plastics Smart Campaign as a Group-wide initiative.

In June 2021, we pledged to switch all newly purchased clear plastic document folders to paper from fiscal 2024 and have switched to paper file folders in phases thereafter.



Other initiatives

- Initiative conducted together with convenience stores near our Tokyo Headquarters (handed out reusable bags at Nippon Life, put up posters at the stores and at Nippon Life, etc.)
- Hold environmental training for all employees every year, encourage employees to bring their own reusable bags and mugs to work
- Group company Nissay Shoji Co., Ltd. has expanded its lineup of products that do not use plastics



3 Studying cooperation with horizontal recycling of PET bottles

We are studying an initiative for horizontal recycling of PET bottles discarded in buildings near our Tokyo Headquarters, in cooperation with beverage manufacturers.

4 Studying the use of clear plastic document folders made from biodegradable bioplastics

We are conducting an initiative to use clear plastic document folders made from biodegradable bioplastics at Nippon Life, in cooperation with a chemical product manufacturer.

4 Promotion of wood construction

We are building wooden sales offices, with the goal of having 100 such offices nationwide in Japan. (See p. 44 for details)

2 Initiatives at Foundations

We have established five public interest incorporated foundations to make further contributions to society and support the activities of the foundations through donations

The Nissay Green Foundation and the Nippon Life Foundation have long engaged in environment-related initiatives.

Nissay Green Foundation

Nissay Forests
47 prefectures
208 forests
1.38 million trees

Volunteers
1,456
volunteers in 2023
42,000
Cumulative
volunteers

We are conducting the Forest Development Program to create and develop Nissay Forests and the Forest Lover Development Program, which primarily runs volunteer activities in Nissay Forests.

Forest Development Program

We have created and maintain Nissay Forests throughout Japan. We strive to improve forest resources, aiming to create diverse forests with considerations for the environment and ecosystem.

Forest Lover Development Program

Volunteers plant and cultivate trees in Nissay Forests, and we operate the Nissay Forest Explorers program for children to experience nature in Nissay Forests. We have received requests for School Tree Pamphlets (total of 602 schools) and Tree Name Plates made from thinned wood (total of 851 schools) from elementary and junior high schools nationwide in Japan.

Tree-planting and cultivation volunteers



Forest Explorers



Tree Name Plate



School Tree Pamphlet



Nissay Green Foundation website (Japanese only)



History of establishment and purpose of the foundation

In June 1991, we conducted the Nissay Save & Recycle Campaign to reduce paper use, and starting in 1992, we conducted the "Nissay Million Tree-Planting Campaign" to plant 100,000 trees a year to reach one million trees in 10 years.

From our efforts to protect and cultivate trees and our desire to contribute broadly to environmental preservation, we established the Nissay Green Foundation on July 4, 1993. It is a vehicle for our intentions to create and maintain green areas that provide a range of blessing for life on Earth and contribute to improving our irreplaceable natural world.

Nippon Life Foundation

No./value of grants
(Environmental research grants)

FY2022
26 grants
¥40 million

44-year cumulative
1,304 grants
Approx.
¥2,970 million

The grant-giving foundation was established in 1979 for the purpose of "helping build a truly plentiful society rich in humanity and culture."

It provides grants mainly in the three areas of children, seniors and the environment. Since its inception, it has provided grants to a total of 20,960 projects worth a total of ¥17.918 billion.

Nippon Life Foundation website: <https://nihonseimei-zaidan.or.jp/> (Japanese only)

Environmental research grants

For research on improving and enhancing the natural environment, which is an indispensable part of creating enriching lives for people, the foundation provides grants for research on the topics of harmonizing human activity and environmental preservation.

It also focuses on building awareness for the grant outcomes and environmental problems, including by holding workshops to report and discuss grant outcomes and issuing publications on research findings.

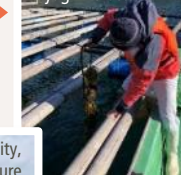
Research fields for interdisciplinary comprehensive research grants

Research topics (sampling of recent grants)

- Creating disaster-resilient forests, communities and oceans centered on creation of salt marshes
- Practical research to create an educational outpost on sustainable, fulfilling living in rural mountainous villages
- Theory and technology for managing natural capital through participation from diverse sectors
- Social infrastructure enabling renewable energy business that contributes to local communities
- Regenerating abundant forests and communities near them based on Morisato Linkage Studies

Creating disaster-resilient forests, communities and oceans centered on creation of salt marshes

Moune region of Kesenuma City, Miyagi Prefecture



Keihoku region of Kyoto City, Kyoto Prefecture



Practical research to create an educational outpost on sustainable, fulfilling living in rural mountainous villages

Appendix

NGFS scenarios are a set of climate scenarios developed by the Network for Greening the Financial System (NGFS) to help central banks, supervisors and financial institutions analyze the potential impacts of climate-related financial risks.

NGFS scenarios

Category	Scenario name	Temperature targets	Scenario overview
Orderly	Net Zero 2050	1.4°C	Temperature rise is limited to 1.5°C or less as a result of smoothly implemented emissions reduction policies and innovations
	Below 2°C	1.6°C	Global warming is limited to 2°C or less as a result of increases in the stringency of emissions reduction policies
Disorderly	Divergent Net Zero	1.4°C	Assumes that climate policies are different across sectors, resulting in inefficient decarbonization
	Delayed Transition	1.6°C	As annual emissions will not decrease until 2030, strict policies are implemented to limit global warming to 2°C or less
Hot house world	NDCs	2.6°C	Assumes that countries implement the policies they committed to under the Paris Agreement (including those not currently in effect)

Scope of scenario analysis

Risks		Overview	Calculation logic
Transition risks	Policy risks	Costs associated with policy changes and tightening regulations	Estimates future GHG emissions reduction costs based on carbon price and calculates the impact of the present value of the future cost on market prices
	Technological opportunities	Revenue opportunities associated with low-carbon technologies, etc.	Estimates future profits based on patents, etc., related to low-carbon technologies that a company has in its possession
Physical risks (opportunities)		Costs and opportunities associated with natural disasters, etc.	Calculates the amount of loss based on assets owned by a company, location information, probability of disaster occurrence, etc.

Governance	Strategy	Risk and impact management	Metrics and targets
Disclosure of the organization's governance	Nature-related dependencies, impacts, risks and opportunities, and the effects on financial planning	How the organization identifies, assesses, prioritizes and monitors risks	Metrics and targets used to assess and manage material dependencies, impacts, risks and opportunities
A Board's oversight structure	A Nature-related dependencies, impacts, risks and opportunities over the short, medium and long term	A Processes for identifying, assessing and prioritizing nature-related dependencies, impacts, risks and opportunities in direct operations	A Metrics used to assess and manage material nature-related risks and opportunities
B Management's role	B Effect of dependencies, impacts, risks and opportunities on the business model, strategy, financial planning and transition plans	A The above processes in the value chain	B Metrics used to assess and manage dependencies and impacts
C The organization's human rights policies and engagement activities and oversight by the board and management with respect to Indigenous Peoples, Local Communities and affected stakeholders	C The resilience of the organization's strategy	B The organization's processes for managing dependencies, impacts, risks and opportunities	C Targets and goals used by the organization to manage nature-related dependencies, impacts, risks and opportunities
Guidance for Financial Institutions	D Priority locations of assets and/or activities in direct operations and upstream and downstream value chain(s)	C How the above processes are integrated into and inform the organization's overall risk management	
	<ul style="list-style-type: none"> The investee companies' engagement with relevant Indigenous Peoples, Local Communities, and affected stakeholders 	<ul style="list-style-type: none"> Description of integration of nature-related risks into overall risk management 	<ul style="list-style-type: none"> Core global disclosure metrics and additional disclosure indicators for dependencies, impacts, risks and opportunities (as appropriate) Core global disclosure metrics for material dependencies and impacts in direct operations

Term	Page	Meaning	Area of Use		
			TCFD	TNFD	Both
AZE	60	Alliance for Zero Extinction—a global initiative of biodiversity conservation organizations to ensure the long-term survival of endangered species by identifying and safeguarding key habitats that are the last remaining refuges of endangered species		▼	
BII	59	Biodiversity Intactness Index—an indicator of ecosystem integrity that estimates how much of the natural biodiversity of a region or ecosystem remains intact by comparing abundances of originally present species		▼	
Biodegradable plastics	56	Plastics that can be decomposed by the action of living organisms, usually microbes, into water and CO ₂		▼	
Biodiversity	3	The rich uniqueness of living things on the planet and their interconnection; the three levels of diversity are: genetic, species and ecosystem		▼	
Biome	13	A geographic area with a distinct climate, characterized by unique plant and animal communities that is typically composed of multiple ecosystems (forests, rivers, ponds, marshes, etc.)		▼	
Bioplastics	71	A broad term for biomass plastics, which are made from renewable biomass resources such as plants, and biodegradable plastics, which can eventually decompose into CO ₂ and water through the action of microbes		▼	
Blue bonds	51	Bonds used to raise capital to finance marine-based projects including supporting marine conservation and sustainable fisheries		▼	
Blue carbon	41	Carbon captured and stored by the world's coastal and ocean ecosystems, attracting attention as a new option for CO ₂ sinks			▼
Brownfield land	29	Land that is abandoned or underutilized relative to its potential value due to the presence or concern of soil contamination from previous industrial or commercial use			▼
Circular economy	17	A replacement for the traditional linear economy of mass production, mass consumption and mass disposal that preserves and maintains the value of products and resources for as long as possible while minimizing waste			▼
Collaborative engagement	12	The process of multiple institutional investors working together on environmental, social and governance (ESG) issues with the companies in which they invest			▼

Note: Page number refers to the first mention of the term

Term	Page	Meaning	Area of Use		
			TCFD	TNFD	Both
CO ₂ e	28	CO ₂ equivalent—a metric used to express the amount of greenhouse gases in terms of the equivalent amount of CO ₂ , using the Global Warming Potential (GWP) index	▴		
Conduct risk	21	Risk that can impact user protection and the assurance of market fairness and transparency and cause reputational damage to the financial institution itself, along with financial burdens, by deviating from social norms and expectations which may involve: (1) acts that violate social norms, (2) acts that defy business customs or market conventions, or (3) acts that lack consideration for the user			▴
COP	7	Conference of the Parties—the highest decision-making body for member countries of international treaties, including the United Nations Framework Convention on Climate Change (UNFCCC) and the Convention on Biological Diversity (CBD); the annual meetings are the largest international conferences on climate change and biodiversity, respectively			▴
CVaR	27	Climate Value-at-Risk—a model for assessing the impacts (risks and opportunities) associated with climate change on asset value, such as stocks and bonds for each company. Analyzing the three areas of policy risks (transition risks), which are costs associated with policy changes and strengthened regulations related to climate change, technology opportunities, which are revenue opportunities associated with low-carbon and other technologies, and physical risks, which are costs and opportunities associated with natural disasters and other events, makes it possible to qualitatively grasp asset management portfolio risks and opportunities associated with climate change	▴		
Development pressure	60	Environmental impacts and destruction caused by economic growth and urbanization		▴	
Double materiality	13	A bi-directional approach that recognizes a company's impacts on society and the environment along with their impacts on the company			▴
Ecosystem integrity	60	The degree to which ecosystems are kept in a naturally functioning and sustainable state; loss or degradation of ecosystem integrity is caused by human activity and environmental changes		▴	
Ecosystem services	53	The various benefits that people and economies derive from healthy, biodiverse ecosystems, which supply food and water and provide climate stability		▴	
Emerging risk	21	A new or evolving risk that has the potential to cause significant harm or loss due to environmental changes or other factors, but whose full impact is not yet known or understood			▴

Note: Page number refers to the first mention of the term

Term	Page	Meaning	Area of Use		
			TCFD	TNFD	Both
ENCORE	49	Exploring Natural Capital Opportunities, Risks and Exposure—an analytical tool developed jointly by the Natural Capital Finance Alliance (NCFA), the United Nations Environment Programme and other international organizations, and financial institutions to assess the dependencies and impacts of investee companies on natural capital		▼	
ESG	12	Investment, management and business activities that take into account environmental (E), social (S) and governance (G) factors			▼
(ESG) integration	12	The incorporation of environmental, social and governance factors into corporate management and investment decisions, on top of financial information			▼
Financed emissions	37	Indirect GHG emissions attributed to a financial institution's portfolio companies	▼		
Footprint	62	An indicator of the impact of human activity on the global environment; a way to calculate the total impact on the environment measured across the entire life cycle; typically used for a carbon footprint, which is the total amount of GHG emissions of a product or service from the mining of raw materials to disposal or recycling			▼
FSC certification	61	A system that provides environmental, social and economic benefits by visibly delivering to consumers forest products that come from responsibly managed forests and other low-risk forest products		▼	
GFANZ	13	Glasgow Financial Alliance for Net Zero—the world's largest financial alliance that has set a science-based interim target of net-zero greenhouse gas emissions by 2050	▼		
GHG	13	Greenhouse gases—gases that absorb heat in the atmosphere, such as CO ₂ , methane and nitrous oxide; increased greenhouse gas emissions contribute to global warming	▼		
Green bonds	4	Bonds used to raise capital to finance projects or activities that have a positive environmental impact			▼
Greenfield land	29	Untouched land or undeveloped areas that have never been built on, whether for residential, commercial or industrial purposes			▼
GSG	37	Global Steering Group for Impact Investment—a global network that promotes impact investment			▼

Note: Page number refers to the first mention of the term

Term	Page	Meaning	Area of Use		
			TCFD	TNFD	Both
Heat map	39	A data visualization technique that uses color shading and lightness/darkness to visually represent data values			▼
Horizontal recycling	71	A method of recycling resources by recovering and processing used products into raw materials to reproduce the original item			▼
Impact investment	37	Investing with the intention to generate a measurable positive social or environmental impact alongside a financial return			▼
Intensity	12	Weighted average carbon intensity—a metric measured by calculating the carbon emissions per unit of sales for each portfolio company and calculating the weighted average by portfolio weight; it is an indicator the TCFD recommends to asset owners for disclosure	▼		
IPBES	53	Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services—an independent intergovernmental body established to scientifically assess trends in biodiversity and ecosystem services and strengthen the related science-policy interface		▼	
IPCC	39	Intergovernmental Panel on Climate Change—an international body that provides objective, scientific information upon which national governments can base their climate change policies	▼		
ISSB	54	International Sustainability Standards Board—established under the umbrella of the International Financial Reporting Standards (IFRS) Foundation with the aim of developing international sustainability standards; the board issued the first two Sustainability Disclosure Standards, the IFRS S1 and S2 standards, in June 2023			▼
J-Credit Scheme	41	A Japanese government initiative that promotes reductions of CO ₂ and other greenhouse gas emissions through efforts such as introducing energy-saving equipment, using renewable energy or managing forests properly; the government certifies the amounts reduced or removed, registering them as J-Credits, which can be traded or used to offset emissions	▼		
KBA	59	Key Biodiversity Area—a site that contributes significantly to the global persistence of biodiversity		▼	
LEAP Approach/LEAP Analysis	13	LEAP stands for Locate, Evaluate, Assess and Prepare; it is an integrated approach for assessing nature-related issues such as interfaces with nature, dependencies and impacts on nature, risks and opportunities, etc.		▼	

Note: Page number refers to the first mention of the term

Term	Page	Meaning	Area of Use		
			TCFD	TNFD	Both
Natural capital	4	The world's stock of natural resources, which includes forests, soils, water, air and all living organisms; it is an extension of the economic notion of capital to assets in the natural environment upon which people's lives and the foundations of business depend; flows generated from natural capital can be viewed as ecosystem services		▼	
Nature positive	14	A global societal goal defined as halting and reversing the loss of natural ecosystems; Japan's Ministry of the Environment has set "nature positive" as a short-term goal to achieve by 2030 as part of its vision for 2050		▼	
Negative screening	12	Prohibiting involvement in specific sectors for environmental, social or governance (ESG) reasons			▼
Net zero	3	Emissions of greenhouse gases such as CO ₂ offset to net zero through absorption or removal	▼		
NGFS	27	Network for Greening the Financial System—a network of central banks and financial supervisors established to examine financial supervisory responses to climate change risks	▼		
NZAOA	19	Net-Zero Asset Owner Alliance—an international initiative of institutional investors committed to transitioning their investment portfolios to net zero GHG emissions by 2050	▼		
Offsite corporate PPA	41	Offsite corporate power purchase agreement—a contract between a renewable energy generator (including a developer or investor) and a buyer (usually a company or municipality) for the purchase at a pre-agreed price and term of renewably generated electricity at a location different from where it is consumed that is transmitted through the general power grid	▼		
Operational risk	21	The risk of loss resulting from the flawed or failed internal processes or systems of a financial institution, improper actions by its executives or employees, or as a result of external events			▼
Planetary boundaries	53	A framework for objectively assessing the impacts of human activity on the Earth system and defining the critical thresholds within which humanity can safely operate and thrive but beyond which irrecoverable changes will affect the natural resources on which humans depend		▼	
PRI	19	The world's leading proponent of responsible investment that advocates for the incorporation of ESG issues into the investment decisions of institutional investors and signatories with the aim of achieving a sustainable society			▼

Note: Page number refers to the first mention of the term

Term	Page	Meaning	Area of Use		
			TCFD	TNFD	Both
RCP	39	Representative Concentration Pathways—climate change scenarios to project how climate change factors will affect future greenhouse gas concentrations to anticipate potential climate change impacts	▲		
Resilience	75	The capacity of a system to withstand and recover from shocks and stresses; in the context of biodiversity, it refers to environmental stability, such as the ability of natural ecosystems to return to its original state following a disturbance		▲	
Responsible investment	4	An investment strategy that considers environmental, social and governance (ESG) factors when evaluating companies and projects and making investment decisions			▲
RE100	43	100% Renewable Energy—a global corporate renewable energy initiative bringing together businesses committed to obtaining 100% of the electricity they use in their business activities from renewable energy sources	▲		
Scenario analysis	16	A method for forecasting the kinds of impacts that global warming and climate change can have, as well as changes in the business environment due to long-term policy trends related to climate change; also used to examine how such changes may affect a company's business and management			▲
Scope 1	12	A metric used to measure and track direct GHG emissions from sources that are owned or controlled by an organization, including fuel combustion and industrial processes	▲		
Scope 2	12	A metric used to measure and track an organization's indirect GHG emissions from purchased electricity, heat or steam	▲		
Scope 3	14	A metric used to track and report the indirect GHG emissions associated with a company's value chain activities, both upstream and downstream, that do not fall under Scope 1 or Scope 2	▲		
SDGs	6	The global sustainable development goals for 2030 adopted by the United Nations in 2015, consisting of 17 international goals and 169 targets			▲
Single materiality	13	A term used to describe how environmental and social issues can impact corporate activities and business models			▲
Spring	52	A stewardship initiative launched by the Principles for Responsible Investment (PRI) that brings together international investors to use their influence to halt and reverse global biodiversity loss through dialogue with companies on natural capital-related issues		▲	

Note: Page number refers to the first mention of the term

Term	Page	Meaning	Area of Use		
			TCFD	TNFD	Both
Stewardship activities	31	An investor's exercise of influence over current or potential investees, issuers, policymakers, service providers or other stakeholders, aimed at maximizing overall long-term value			▼
Sustainability outcomes	4	Changes and/or outcomes from business activities that aim to achieve a sustainable society and economy			▼
TCFD	7	Task Force on Climate-related Financial Disclosures—an organization established to develop a set of recommendations for climate-related financial disclosures that enable companies and investors to assess and price risks and opportunities related to climate change in order to make appropriate decisions	▼		
TNFD	3	Taskforce on Nature-related Financial Disclosures—a global initiative for developing an international framework that encourages and enables private companies and financial institutions to properly assess, report and act on nature-related risks and opportunities; disbanded in 2023 with monitoring taken over by the IFRS Foundation		▼	
Transition finance	30	A financing approach that supports the efforts of companies working to reduce GHG emissions in accordance with a long-term strategy to decarbonize society over time	▼		
WRI	59	World Resources Institute—a global environmental think tank that conducts research to address challenges related to the sustainability of natural resources, including climate, energy, food, forests and water; as one of the co-sponsors of the GHG Protocol, it is also involved in the development of international greenhouse gas emissions calculation standards		▼	
ZEB	41	(Net) Zero Energy Building—a building that aims to reduce the annual primary energy consumed by the building to net zero through energy-efficient design and the use of renewable energy technologies; a certifying body provides ZEB certification	▼		
ZEB Ready	41	A building that complies with a primary energy consumption reduction of 50% or more from the standard	▼		

Note: Page number refers to the first mention of the term

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