Dear SOMPO Holdings Shareholders,

Request to engage with SOMPO to urge the company to stop underwriting fossil fuel projects

Japan Center for a Sustainable Environment and Society (JACSES)
Kiko Network
Friends of the Earth Japan
350.org Japan
Mekong Watch

As environmental NGOs, we have urged financial institutions to stop supporting new fossil fuels projects. To achieve long-term goals of the Paris Agreement, it is necessary to stop supporting not only new coal-fired power plants, but also new fossil fuel projects including oil and gas and to phase out support for existing fossil fuel production in line with a 1.5C pathway. Ending underwriting by insurance companies will play a vital role, in addition to stopping investment in fossil fuel projects by financial institutions.

We send this request letter to 62 financial institutions which seem to be holding SOMPO’s stock, as we would like to ask you to engage with SOMPO Holdings Co., Ltd. (hereinafter SOMPO), a major non-life insurance company in Japan, to urge it to withdraw from underwriting fossil fuel projects.

SOMPO, Tokio Marine and MS&AD announced in September 2020 that they will not underwrite or invest in new coal-fired power projects in principle. Although all three companies had set wide-ranged exceptions at first, MS&AD announced a policy in June 2021 to completely stop underwriting for coal-fired power projects planned in the future (*1), and Tokio Marine announced a policy in September 2021 not to underwrite new insurance regardless of whether it is newly constructed or existing, while leaving CCS/CCUS and mixed combustion as exceptions (*2). Meanwhile, SOMPO still has vague and broadly interpretable exceptions.
Table 1: Tokio Marine, MS&AD and SOMPO’s policies on underwriting coal-fired power plants

<table>
<thead>
<tr>
<th>Company</th>
<th>Tokio Marine</th>
<th>MS&amp;AD</th>
<th>SOMPO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy outline</td>
<td>Tokio Marine will not provide new insurance underwriting capacities to coal-fired power projects.</td>
<td>MS&amp;AD will not provide insurance for, nor make investments in new coal-fired power plants.</td>
<td>SOMPO will not insure and invest in new construction of coal-fired power plants.</td>
</tr>
<tr>
<td>Subject Area</td>
<td>Domestic and overseas</td>
<td>Domestic and overseas</td>
<td>Domestic and overseas</td>
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<td>Exceptions</td>
<td>Tokio Marine may grant exceptions for projects with innovative technologies and approaches, such as CCS/CCUS and mixed combustion, after careful consideration, aiming to achieve the goals of the Paris Agreement.</td>
<td>In the case of a power generation with power efficiency exceeding the certain level in accordance with the energy strategy of Japanese government, SOMPO might consider to insure or invest with careful thought confirming measures to reduce environmental impact, such as reduction of greenhouse gas emissions and alternative means.</td>
<td></td>
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</tbody>
</table>
SOMPO, which still has some exceptions for underwriting coal-fired power generation and has no specific policy regarding underwriting and investment in other fossil-fuel-related projects, is not consistent with long-term goals of the Paris Agreement.

Insure Our Future campaign (*4), an international network of environmental NGOs, released a ranking of the world’s largest insurance companies on their underwriting, divestment and climate actions for coal, oil and gas in November last year, with SOMPO ranked 21st out of 30, slightly behind Tokio Marine (16th) and MS&AD (17th). It has been pointed out that SOMPO has no restriction on investments in fossil fuels, that it has adopted a very vague policy on underwriting new coal projects, and that there has been no signs of divestments from fossil fuel industries (*5).

On the other hand, European insurers such as Allianz, AXA and Axis Capital continue to dominate the top ranking from last year. In addition to ending cover for new and existing coal-related businesses, the top three companies have announced that they will extend the restrictions from the projects to the company level, and that companies deriving a certain percentage of their revenue or share of power generation from coal businesses will no longer be eligible for underwriting. In October 2021, AXA, the second insurer in the ranking, became the first major insurer that announced a comprehensive policy on oil and gas, stating that they will cease to underwrite new projects extracting oil for companies without a transition plan for conventional oil and gas, and will strengthen these restrictions on underwriting for unconventional oil and gas such as Arctic drillings, oil sands and shale gas projects from 2022 onwards (*6).

Table 2: Ranking of the world’s 30 major insurers on their underwriting policies for coal businesses

<table>
<thead>
<tr>
<th>Rank</th>
<th>Insurance company and headquarter location</th>
<th>Score (out of 10)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Allianz (Germany)</td>
<td>4.7</td>
</tr>
<tr>
<td>2</td>
<td>AXA (France)</td>
<td>4.6</td>
</tr>
<tr>
<td>3</td>
<td>AXIS Capital (Bermuda)</td>
<td>3.9</td>
</tr>
<tr>
<td>4</td>
<td>Swiss Re (Switzerland)</td>
<td>3.6</td>
</tr>
<tr>
<td>5</td>
<td>Zurich (Switzerland)</td>
<td>3.2</td>
</tr>
<tr>
<td>6</td>
<td>Hannover Re (Germany)</td>
<td>3.2</td>
</tr>
<tr>
<td></td>
<td>Company</td>
<td>Score</td>
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<td>----</td>
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</tr>
<tr>
<td>7</td>
<td>Mapfe (Spain)</td>
<td>2.8</td>
</tr>
<tr>
<td>8</td>
<td>Generali (Italy)</td>
<td>2.6</td>
</tr>
<tr>
<td>9</td>
<td>SCOR Re (France)</td>
<td>2.1</td>
</tr>
<tr>
<td>10</td>
<td>QBE (Australia)</td>
<td>2.1</td>
</tr>
<tr>
<td>11</td>
<td>Aviva (UK)</td>
<td>1.8</td>
</tr>
<tr>
<td>12</td>
<td>Munich Re (Germany)</td>
<td>1.8</td>
</tr>
<tr>
<td>14</td>
<td>HDI Global (Germany), The Hartford (USA)</td>
<td>1.3</td>
</tr>
<tr>
<td>16</td>
<td>Tokio Marine (Japan)</td>
<td>1.2</td>
</tr>
<tr>
<td>17</td>
<td>MS&amp;AD (Japan), Samsung FM (Korea)</td>
<td>0.9</td>
</tr>
<tr>
<td>19</td>
<td>Chubb (USA)</td>
<td>0.7</td>
</tr>
<tr>
<td>20</td>
<td>Liberty Mutual (USA)</td>
<td>0.4</td>
</tr>
<tr>
<td>21</td>
<td>Ping An (China), SOMPO (Japan)</td>
<td>0.3</td>
</tr>
<tr>
<td>23</td>
<td>W.R. Berkley (USA), Berkshire Hathaway (USA), AIG (USA), Convex (Bermuda), Everest Re (Bermuda), PICC (China), Sinosure (China), Travelers (USA)</td>
<td>0.0</td>
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</table>


We therefore request you to conduct engagements on the followings before the SOMPO's annual general meeting of shareholders in June 2022.

1. To remove exceptions from the underwriting policy regarding coal-fired power projects and commit to the complete cessation of underwriting.
2. To end underwriting not only on coal-fired power projects, but also on new coal mining, tar sands, oil and gas projects.
3. By referring to the Global Coal Exit List (*7), to stop insurance underwriting as well as equity/bond investment for companies that are highly dependent on coal-fired power generation or companies planning to build new coal-fired power projects.
4. By referring to the Global Oil and Gas Exit List (*8), to stop insurance underwriting as well as equity and bond investment for companies that are planning new oil and gas projects.

Enclosed with this request, please find the scorecard report described above, “Insuring Our Future: The 2021 Scorecard on Insurance, Fossil Fuels and Climate Change,” released by the Insure Our Future campaign.

We would be grateful if you could send us your views and opinions on this request by March 8 to the following address.
Contact:
Yuki Tanabe, Japan Center for a Sustainable Environment and Society (JACSES)
Email: tanabe@jacses.org

References:
*2: https://www.tokiomarinehd.com/en/release_topics/release/k82ffv000000b7cy-att/20210930_Climate_Strategy_e.pdf
*4: Insure Our Future campaign is an international campaign calling on insurance companies to end underwriting and investment for fossil fuel related businesses, and have released scorecards every year since 2017. For more information, please visit https://insureourfuture.co/
*5: Please visit “Methodology” section in https://insure-our-future.com/scorecard to refer to SOMPO’s performance against other companies.
*6: https://www-axa-com.cdn.axa-contento-118412.eu/www-axa-com/7d8be57f-680a-4311-aa73-fb2858b29576_AXA+extends+its+Oil+and+Gas+exclusions+to+support+the+energy+transition.pdf
*7: Global Coal Exit List is a comprehensive database of companies involved in coal-related businesses, compiled by the Germany environmental NGO, Urgewald. For more information, please visit https://coalexit.org/.
*8: For more information, please visit https://gogel.org/.

List of financial institutions holding to which we send letters
Japanese financial institutions:
Sumitomo Mitsui Trust Holdings, Inc.
Nomura Holdings, Inc.
Mitsubishi UFJ Financial Group, Inc.
Daiwa Securities Co. Ltd.
The Chiba Bank, Ltd.
Mizuho Financial Group, Inc.
The Juroku Bank, Ltd.
THE HACHIJUNI BANK, LTD.
The Aomori Bank, Ltd.
The Hyakujushi Bank, Ltd.
The Shikoku Bank, Ltd.
The Hyakugo Bank, Ltd.
The Keiyo Bank, Ltd.
THE SHIGA BANK, LTD.
Nippon Life Insurance Company
Sumitomo Mitsui Financial Group, Inc.
Meiji Yasuda Life Insurance Company
The Norinchukin Bank

Overseas financial institutions:
Corsair Capital Management, L. P.
Government Pension Fund Global
The Vanguard Group, Inc.
BlackRock Inc.
Principal Financial Group
T. Rowe Price
Causeway Capital Holdings
Fidelity International
Geode Capital Holdings
Deutsche Bank
UBS
California Public Employees' Retirement System (CalPERS)
TIAA
Pictet
CPP Investment Board
Baillie Gifford
Dimensional Fund Advisors
State Street
Charles Schwab
Pensioenfonds Zorg en Welzijn (PFZW)
Morant Wright Management
Marathon Asset Management (UK)
Credit Suisse
BNP Paribas
Northern Trust
Deka Group
Bank of New York Mellon
Crédit Agricole
AXA
Allianz
Legal & General
Société Générale
Zürcher Kantonalbank
Skandinaviska Enskilda Banken
Svenska Handelsbanken
Storebrand
Danske Bank
Aviva
Nykredit Group
Kommunal Landspensjonskasse
DNB
NN Group
Awedbank
Nordea