

# Net Zero Transition Plan

Dai-ichi Life Holdings, Inc.  
September 2023



Dai-ichi Life  
Group

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# 1

# Introduction



## CEO Message



The Dai-ichi Life Group (the “Group”), which has a global network in Japan and nine other countries, considers climate change to be one of the significant importance. We contribute to resolve climate change issues both as an institutional investor and as an operational company.

In March 2021, we made a pledge to realize net-zero of Scope 1 and Scope 2 of our entire Group by FY2040 and net-zero of supply chain and investment portfolio of Dai-ichi Life Insurance Company (“Dai-ichi Life”), the Group’s core insurance business entity in Japan, by FY2050.

Dai-ichi Life Holdings, Inc. (the “Company”) has formulated the Net Zero Transition Plan to clarify the way to achieve our net-zero target. We believe that, to promote net-zero in our society, it is crucial to articulate our targets, strategies, and governance structure comprehensively as a net zero transition plan and utilize the transition plan as a tool to constructively engage with various stakeholders.

In particular, as an asset owner which invests approximately ¥34 trillion of insurance premiums received from policyholders throughout Japan in long term and diversified asset classes, Dai-ichi Life plays an important role in Japanese economic development. We also believe that it is important to contribute to the social net-zero transition by supporting activities for

We wish to contribute to the well-being of all and build a better future alongside society. To achieve a sustainable society, the Group delivers value that leads to the resolution of issues related to the global environment, local communities and society.

decarbonization including engagement in an active way, transition finance, etc. through collaboration with investees.

Dai-ichi Life plans to increase its cumulative total amount of climate related investments to over ¥1 trillion by the end of March 2025. We will also increase the avoided emissions to 1.5 million tons CO<sub>2</sub>e per year by FY2024 through investments that produce a positive impact on society. We are also willing to strengthening our relationships with all our stakeholders through this Net Zero Transition Plan so that we can cooperate and collaborate toward the same goal.

In addition, given the significance of climate change, global initiatives are becoming livelier. Our Group is also vigorously participating in other domestic and overseas initiatives including GFANZ to share our views and contribute to global rule-making.

We wish to contribute to the well-being of all and build a better future alongside society so that we can be *by your side, for life*. To achieve a sustainable society, the Group delivers value to resolve issues related to the global environment, local communities and society.

Dai-ichi Life Holdings, Inc.  
President and Representative  
Director (CEO)



## What net zero transition plan means for our group

A net zero transition plan is a company action plan to achieve its net-zero target of the greenhouse gas emissions stemming from its business to realize a decarbonized society.

For a financial institution, a net zero transition plan is a company action plan to advance a whole economy's net-zero transition through its investments, and to realize net-zero from its operation.

The chapter 2 and the following chapters describe the action plan that the Group's current activities and plans to be achieved in the future. The Group's transition plan could be the first step toward achieving a net-zero society, yet by development and disclosure of this plan, the Group expect to:

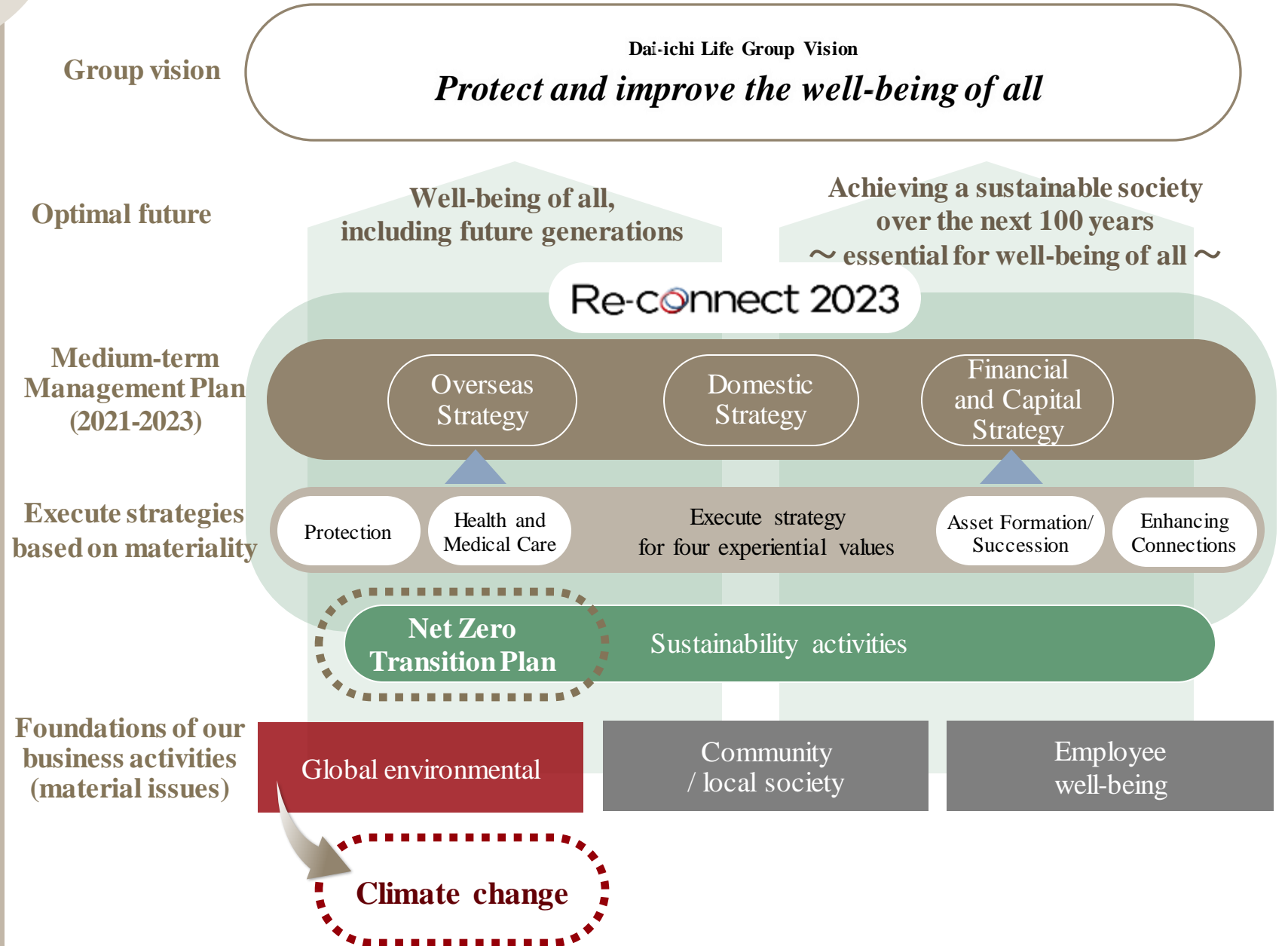
- ① accelerate the activities to reduce GHG emissions, which we have committed;
- ② collaborate and cooperate with stakeholders including investees based on effective dialogue by sharing the Group's approach to achieve a sustainable society with them; and,
- ③ share the goal to achieve a sustainable society among group employees and take actions with more solidly unite.

It should be noted that this transition plan has been developed mainly focusing on the activities of Dai-ichi Life, which is the Group's core operating entity in Japan.

# Position of Net Zero Transition Plan

Under Re-connect 2023, the Group's Medium-term Management Plan, we have positioned the activities about material issues related to the global environment, local communities, and society and the well-being of our employees, who contribute to these activities, as the basic business activity assumptions.

The Group developed its Net Zero Transition Plan to promote its sustainability activities in order to address climate change, which is one of our materiality, and to achieve the well-being of all through harmony with the global environment, local communities, and society.



1 | Overview of transition plan

# Overview of Net Zero Transition Plan

To develop a credible transition plan, the Company refers to frameworks and guidances for net zero transition-plan published by external initiatives such as TCFD and GFANZ.

As a life insurance company, Dai-ichi Life has taken activities towards net-zero society both as an institutional investor (through investment of insurance premiums received from policyholders) and as an operational company (through management of life insurance business).

**Foundations**

Objectives of transition plan | P. 9 ▶

Roadmap to achieve net-zero emissions | P. 11 ▶

**Strategies**

**Implementation Strategy** | P. 19, 40 ▶

**Engagement Strategy** | P. 32 ▶

Expanding assets covered by emission reduction targets and analyze emissions

Supporting transition to a low-carbon society and creation of environmental innovation through investments

Emissions reduction initiatives related to business activities (shifting to renewable energy, saving energy, and reducing total paper usage, etc.)

Encourage investees' initiatives

Opinion and rule-making through global finance initiatives

**Metrics and targets**

**As an institutional investor** | P. 12 ▶

**As an operational company** | P. 12 ▶

Financed emissions (Scope 3 Category 15)

Investments in climate solutions

Creation of positive impacts via investments

Number of investees targetted for engagement

Reduction of GHG emissions from operation (Scope 1 and 2)

GHG emissions reduction from Supply Chain (Scope 3, excluding Category 15)

**Governance**

**Governance Structure to Address Climate Change** | P. 44 ▶

Governance structure that reports to the Executive Management Board and Board of Directors and is overseen by the Board of Directors

Introduction of sustainability metrics as executive remuneration assessment criteria (including progress on CO<sub>2</sub> emission reduction)

Facilitation by the Group Sustainability Committee and Group ERM Committee

Transition plan: Oversight: CSuO\*, Administration: Corporate Planning Unit, Implementation: relevant departments of Dai-ichi Life

**Skills and corporate culture** | P. 47 ▶

Building awareness among Group officers and employees

# 2

## Objectives, priority challenges, and related metrics and targets





2

Objectives, priority challenges, and related metrics and targets  
Objectives of transition plan

## Objectives of Net Zero Transition Plan

The Group understands that climate change is an issue to be addressed by the entire international community. At the same time, the Group also views the climate change as a significant management issue which possibly bring material impact on policyholders' life and health, corporate operation and the sustainability of our society. Therefore, the Group would like to contribute to resolve the climate change issues both as an institutional investor and as an operational company.

In addition, as a GFANZ member, leading challenges of financial institution around the world for climate change is one of its mission, and the Company has developed its transition plan using the GFANZ transition plan guidance.

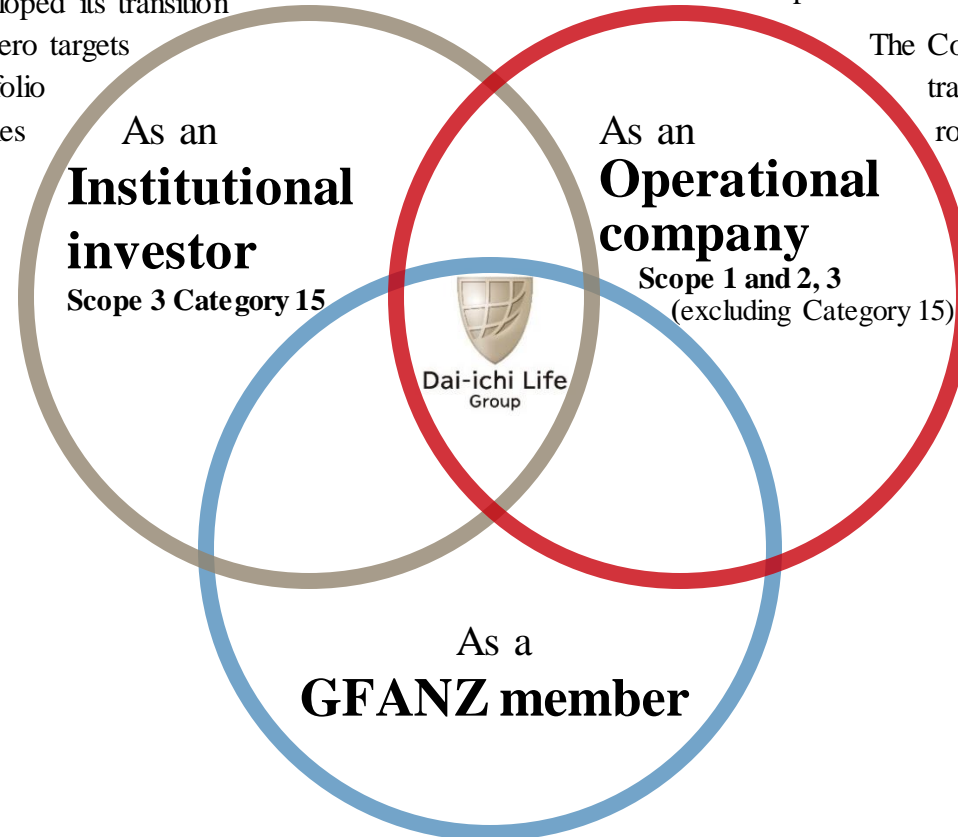
### Objectives of Net Zero Transition Plan

■ As an institutional investor who manages diversified asset classes, Dai-ichi Life recognize that contribution to achieve sustainable society through investments is one of its important missions.

The Company has developed its transition plan to achieve its net zero targets for our investment portfolio by disclosing its strategies and activities and to strongly support investees' GHG emission reduction.

■ As a global insurance group with business in Japan and nine other countries, it is essential that the Group reduces GHG emissions from its operation.

The Company has developed its transition plan to clarify its roadmap to achieve Dai-ichi life's net-zero target for its operation.



■ The Group also understands that one of its mission is to lead challenges of financial institutions around the world to address climate change issues through its GFANZ participation.

The Company has developed its transition plan in line with GFANZ guidance to promote net-zero activities of financial institutions in the world.

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Objectives, priority challenges, and related metrics and targets

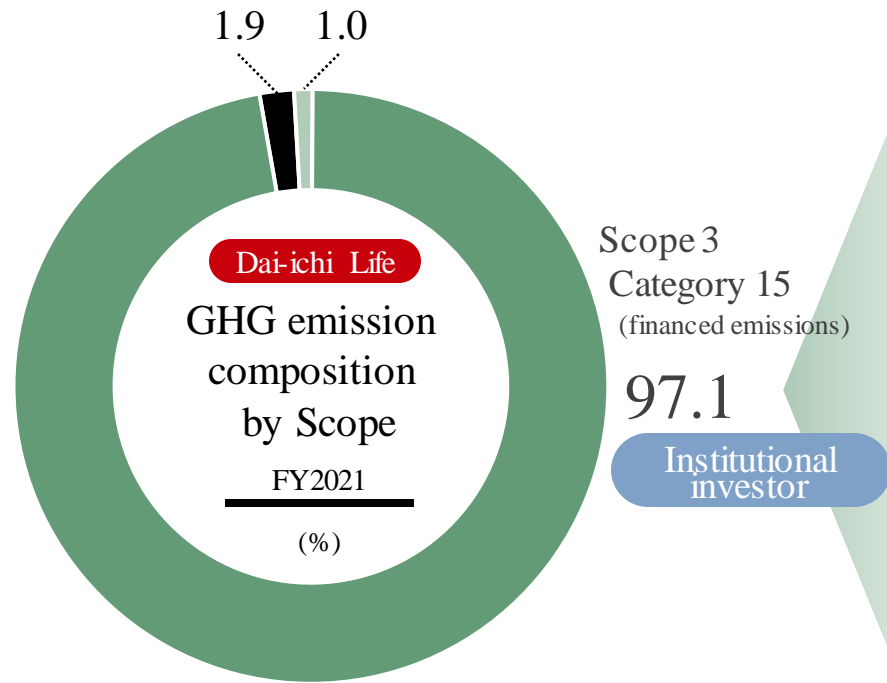
Emission composition and breakdown

# GHG emission composition and breakdown

The highest GHG emissions of Dai-ichi Life comes from Scope 3 Category 15 (financed emissions), which accounted for 97% of the total emissions as of March 31, 2022.

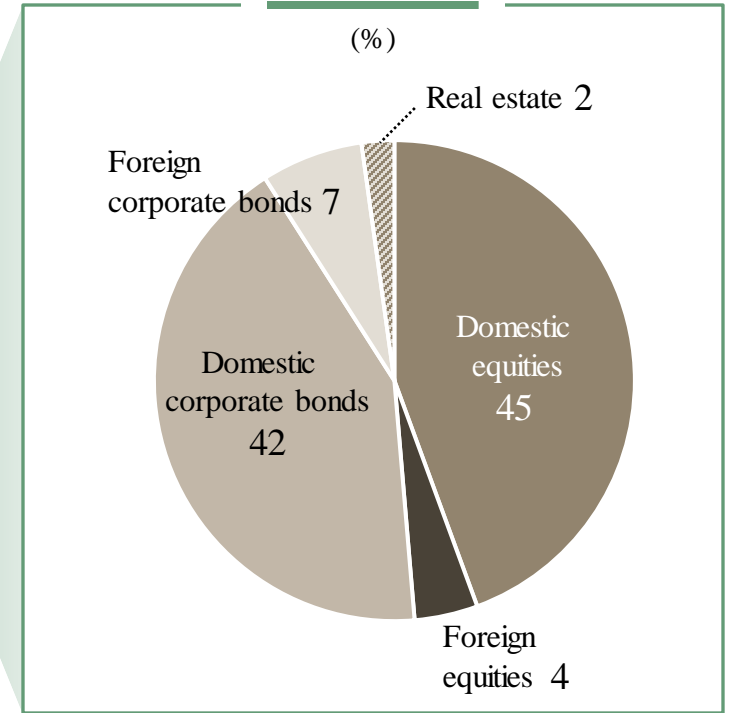
In terms of emissions by asset classes, Dai-ichi Life's domestic equities (45%) and domestic corporate bonds (42%) account for a large percentage. This is because Dai-ichi Life owns JPY denominated assets backed by JPY denominated insurance liabilities.

Operational company  
Scope 1 and 2: 1.9  
Scope 3(excluding Category 15)\*: 1.0



## Breakdown of Scope 3 Category 15 emissions

March 31, 2022



Scope 1 Direct emissions of Dai-ichi Life

2 Indirect emissions by the use of electricity, etc. supplied by external companies

3 Indirect emissions other than Scope 1 and Scope 2 (= emissions of other companies related to Dai-ichi Life activities)

\* Dai-ichi Life's Scope 3 (excluding Category 15) represents the sum of Category 1 (Purchased goods and services), Category 3 (Fuel and energy activities not included in Scope 1 or 2), Category 4 (Upstream transportation and distribution), Category 5 (Waste generated in operations), Category 6 (Business travel), Category 7 (Employee commuting), and Category 12 (End-of-life treatment of sold products).

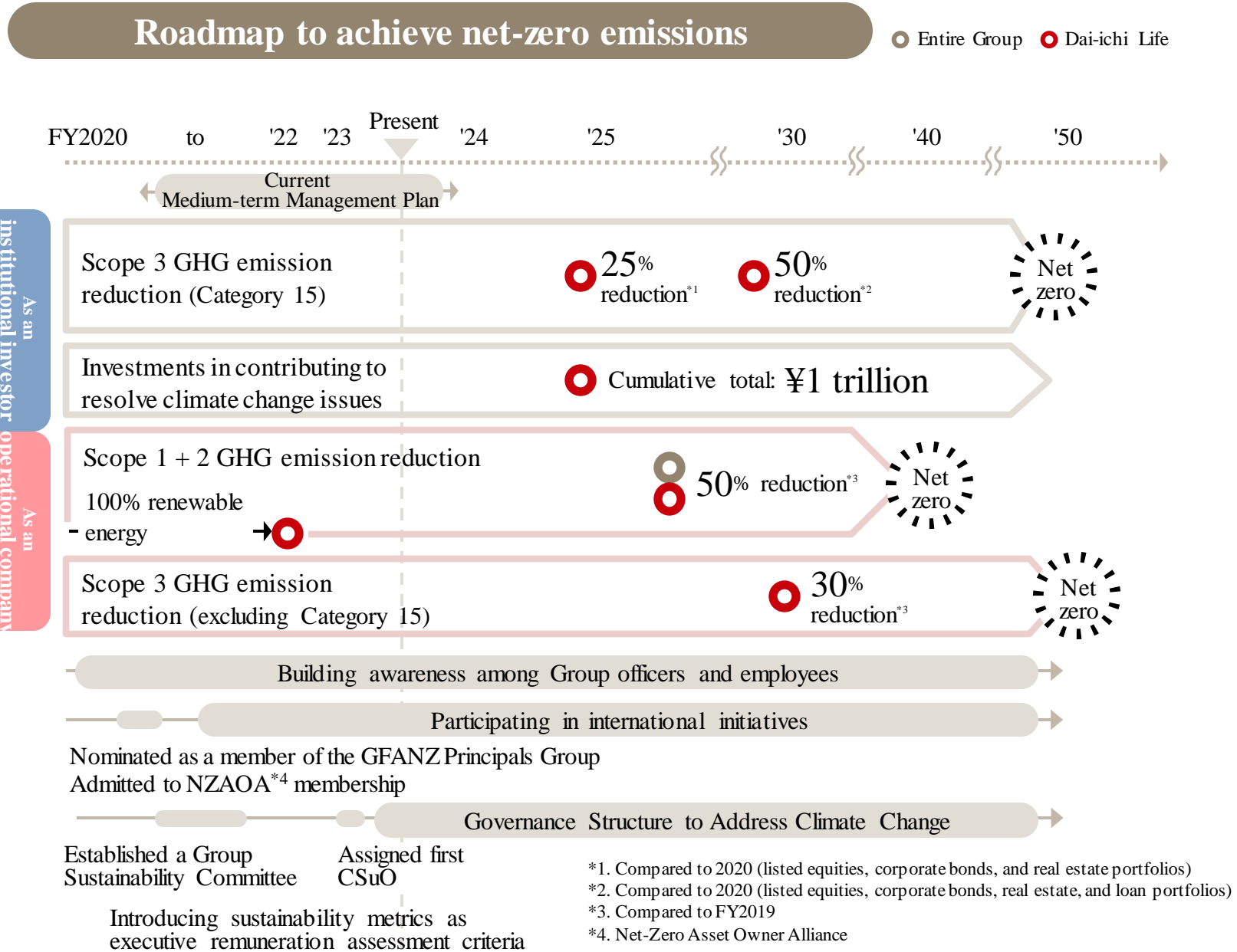
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Objectives, priority challenges, and related metrics and targets  
**Roadmap**

# Roadmap to achieve net-zero emissions

The Group has set a target of achieving net-zero for Scope 1 and 2 emissions by FY2040, and the Group also aims for a 50% reduction by FY2025 (compared to FY2019) as an interim target.

To achieve net-zero in financed emissions (Scope 3 Category 15) by 2050, Dai-ichi Life plans to decrease 25% by 2025 and 50% by 2030 (compared to 2020). In addition, toward net-zero of its supply chain (Scope 3, excluding Category 15) emissions by FY2050, Dai-ichi Life has set an interim target of reducing 30% by FY2030 (compared to FY2019).



2

Objectives, priority challenges, and related metrics and targets  
Metrics and targets

# Net-zero targets

The Group and the Company defines metrics to measure its progress toward achievement of net-zero society both for its investments and its operations.

Dai-ichi Life set up its interim target for investment portfolio to reduce 50% of its GHG emissions by 2030 (compared to 2020). The interim target covers corporate loans as an asset class.

	Metrics	Results	Targets
Investments	<b>Financed Emission</b> (Scope 3 Category 15) <b>Dai-ichi Life</b>	2022: <b>16%</b> reduction* <sup>1</sup> (approximately 4.5 million tons CO <sub>2</sub> e)	2025: <b>25%</b> reduction* <sup>1</sup> 2030: <b>50%</b> reduction* <sup>2</sup> <b>Newly set</b> 2050: <b>net zero</b>
	<b>Climate solution investments</b> (Cumulative invested amount) <b>Dai-ichi Life</b>	FY2022: approximately <b>¥710 billion</b>	FY2024: <b>¥1 trillion</b>
	<b>Creating positive impacts by investments</b> (Avoided GHG emission per year) <b>Dai-ichi Life</b>	FY2022: <b>1.23 million</b> tons CO <sub>2</sub> e	FY2024: <b>1.5 million</b> tons CO <sub>2</sub> e
	<b>Number of investees targetted for engagement</b> <b>Dai-ichi Life</b>	2022: top <b>55 investees</b> in investment portfolio (emission coverage ratio: 72%)	Approximately <b>50 highest emitters</b> in investment portfolio in a financial year
Operations	<b>Scope 1 and 2 CO<sub>2</sub> emissions</b> <b>Group</b> <b>Dai-ichi Life</b>	FY2022: <b>83%</b> reduction (the Group) <b>89%</b> reduction (Dai-ichi Life)	FY2025: <b>50%</b> reduction* <sup>3</sup> FY2040: <b>net zero</b>
	<b>Supply Chain CO<sub>2</sub> emissions</b> <b>Dai-ichi Life</b> (Scope 3, excluding Category 15)	FY2022: <b>6%</b> reduction	FY2030: <b>30%</b> reduction* <sup>3</sup> FY2050: <b>net zero</b>

\*1 Compared to 2020 (listed equities, corporate bonds, and real estate portfolios) \*2 Compared to 2020 (listed equities, corporate bonds, real estate, and loan portfolios)  
\*3 Compared to 2019

2

Objectives, priority challenges, and related metrics and targets

Activities and priority challenges

## FY2022 activities and priority challenges (as an institutional investor) 1/2

As an institutional investor, Dai-ichi Life is enlarging its investments to address climate change and supporting investees' transition to fit in a decarbonized society through engagement activities. Dai-ichi Life aims to achieve net-zero of its financed emissions by continuing to enhance its GHG emissions calculation metrics, its scope of target setting, and its approach to decrease financed emissions.

## Achieve net-zero financed emissions and support investees' net-zero transition

### 25% GHG emissions reduction by 2025 (listed equities, corporate bonds and real estate, compared to FY2020)

#### Activities in FY2022 | P. 19▶

- ✓ Reduced emissions by 16% compared to 2020 (approximately 4.5 million tons CO<sub>2</sub>e).
- ✓ Set a new 2030 interim reduction target (50% reduction compared to 2020).
- ✓ Added corporate loans to target assets of the new interim reduction target.

#### Priority challenges going forward

- ❑ Continue to support investees' decarbonization activities of through engagement and transition finance.
- ❑ Build sophisticated GHG emission data management (including accelerating GHG emission data acquisition and analysis cycle as well as simulation of future emission changes).
- ❑ Expand asset classes subject to GHG emission calculation and target setting.
- ❑ Consider alternative approaches to reduce GHG emissions (including consideration of sector-specific approach and reduction methodology by nature of asset classes).

### Investment related to climate solutions: JPY 1 trillion Cumulative amount in FY2024

#### Activities in FY2022 | P. 25, 28▶

- ✓ Invested JPY 190 billion in FY2022 and reached a cumulative total of JPY 710 billion.
- ✓ Defined Policy on Transition Finance.

#### Priority challenges going forward

- ❑ Strengthen capabilities to search/assess favourable investment opportunities
- ❑ Follow up on transition plan progress of existing investees.
- ❑ Consider target setting approach of investments in FY2025 and beyond.
- ❑ Consider new approaches for investment decision making, following up in post-investment and disclosure of transition finance, taking into account the four transition finance strategies defined by GFANZ. | P. 29▶

## Achieve net-zero financed emissions and support investees' net-zero transition

2

Objectives, priority challenges, and related metrics and targets

Activities and priority challenges

### FY2022 activities and priority challenges (as an institutional investor) 2/2

#### Creating positive impacts by investments: 1.5 million tons avoided emissions in FY2024

##### FY2022 activities | P. 25 ▶

- ✓ Avoided emission in FY2022: 1.23 million tons CO<sub>2</sub>e
- ✓ Added *broadly defined impact investments*\* section and continued to disclose impact.

#### Priority challenges going forward

- Strengthen capabilities to search/assess favourable investment opportunities
- Enhance engagement with investees to request disclosure of supporting data regarding avoided emissions.
- Consider metrics to disclose result (impact) on GHG emission reduction by transition finance, etc.

#### Engagement with investees and external initiatives

##### FY2022 activities | P. 32 ▶

- ✓ Engaged with the top 55 investees in terms of GHG emissions.
- ✓ Collaborated with external initiatives, including GFANZ Principals Group meetings and affiliated working groups.

#### Priority challenges going forward

- Improve the effectiveness of engagement with investees (including consideration of appropriate approaches depending on nature and investees' characteristics, analysis of net-zero activities, and considering effective dialogue methodologies including collaborative engagement).
- Consider frequency of solution progress update of investees issues and relevant follow-up items.
- Actively contribute to rule-making through participation in external initiatives (NZAOA, GFANZ, etc.).
- Deepen expertise through collaboration with external initiatives and improve capability of engagement.

- Dai-ichi Life defines *broadly defined impact investments* as a section of ESG-themed investments that identify impacts on the environment, society, and economy of the business of investees and fund allocated business, in addition to assessment and measurement of the impact creation. Note that Dai-ichi Life defines *impact investments in a narrow sense* as investments that are intended to create innovations to contribute to addressing the change of society structure and/or resolving social issues.

2

Objectives, priority challenges, and related metrics and targets

Activities and priority challenges

## FY2022 activities and priority challenges (as an operational company)

To achieve net-zero emissions from operations, Dai-ichi Life is taking steps of saving energy, switching to renewable energy, etc. In addition, by increasing the sophistication of its CO<sub>2</sub> emission calculations, we are conducting the identification of emission reduction opportunities in our supply chain.

### Achieve net-zero of emissions from operations

#### 50% reduction of Scope 1 and 2 emissions by FY2025 (compared to FY2019)

##### FY2022 activities | P. 40 ▶

- ✓ Achieved 100% renewable energy of purchased power.
- ✓ Reduced energy consumption through energy-saving activities.
- ✓ Introduced high energy-saving equipments.

##### Priority challenges going forward

- ❑ Consider switching to procurement of long-term sustainable renewable energy
- ❑ Research possible measures to reduce residual emissions including carbon sequestration and removal.
- ❑ Refine the sophistication of CO<sub>2</sub> emission calculations (including emissions from privately owned cars of Dai-ichi Life Total Life Plan Designers, emissions from company cars, and emissions related to business outsourcing)\*.

#### 30% reduction of Scope 3 emissions by FY2030 (compared to FY2019)

##### FY2022 activities | P. 42 ▶

- ✓ Reduced paper consumption in operations (including promoting the use of tablet devices in sales activities, digitizing proposals and manuals).
- ✓ Promoted changes in employees' behavior (including visualizing total paper usage, organizing events).

##### Priority challenges going forward

- ❑ Strengthen activities to foster the awareness of employees.
- ❑ Reduce in-house physical distribution.
- ❑ Refine CO<sub>2</sub> emission calculations (including emissions from privately owned cars of Dai-ichi Life Total Life Plan Designers, emissions from company cars, and emissions related to business outsourcing)\*.

2

Objectives, priority challenges, and related metrics and targets

Activities and priority challenges

## FY2022 activities and priority challenges (Governance and other issues)

To execute activities toward net-zero emissions appropriately and effectively, the Group is strengthening its governance and promotion system of its climate change strategy and transition plan.

To accelerate decarbonization, the Group is also actively working on fostering heightened awareness among group employees and strengthening collaboration in the industry.

## Enhance business foundation to achieve net-zero emissions

### Strengthen governance and transition plan execution system

#### FY2022 activities | P. 44 ▶

- ✓ Implemented sustainability metrics, including progress on GHG emission reduction, for executive remuneration assessment criteria.
- ✓ Established the position of Chief Sustainability Officer (CSuO) on April 1, 2023.
- ✓ Developed transition plan.

#### Priority challenges going forward

- ❑ Enhance supervision for climate change (including involvement of board of directors).
- ❑ Continuously update transition plan.
- ❑ Consider expanding scope of companies covered by transition plan and consider management structures in both individual entities and entire Group.

### Foster awareness of group employees and reinforce collaboration in financial industry

#### FY2022 activities | P. 47 ▶

- ✓ Required watching educational videos on environment for employees at Dai-ichi Life.
- ✓ Organised ECO Action Relay, an environment event participated in by domestic and overseas Group companies.
- ✓ Comntributed to the Transition Plan Guidance\* report through participation in GFANZ working group. | P. 36 ▶

#### Priority challenges going forward

- ❑ Strengthen activities to foster awareness of group employees
- ❑ Promote transition plan through collaboration with GFANZ and other external initiatives

\* Financial Institution Net-zero Transition Plans – Fundamentals, Recommendations, and Guidance





# 3

# Investments



Initiatives as an institutional investor

### 3 Strategic overview

## Initiatives to achieve net-zero emissions through investments

To contribute to achieving a sustainable society which is essential for the well-being of all while securing stable investment returns over the medium to long-term, Dai-ichi Life promotes responsible investments that contribute to resolving material issues related to local communities and society.

Dai-ichi Life considers climate change to be one of the most important topics in terms of responsible investment, and Dai-ichi Life contributes to GHG emission reduction as well as the transition to achieve a decarbonized society through investments. In addition, through stewardship activities based on engagement, Dai-ichi Life also promotes the decarbonization initiatives of investee companies.

### Implementation Strategy

Expand assets covered by the emission reduction targets and analyze emissions

- Expand the assets covered by the investment-portfolio emission reduction targets, which included **listed equities, corporate bonds, and real estate** before, **to also include corporate loans**.
- Regularly measure and analyze the GHG emissions of investee companies by utilizing multiple indicators that include the WACI\*, and then reflect those results in engagement activities and investment decisions (**ESG integration**).

Support the transition to decarbonization and the creation of environmental innovations through investments

- Actively pursue **climate solution investments** that contribute to resolving climate change issues, aiming for a **cumulative total of ¥1 trillion** by FY2024.
- In terms of **creating a positive impact** through investments, aim to achieve **annual avoided GHG emissions of 1.5 million tons CO<sub>2e</sub>** by FY2024.
- **Formulate a Policy on Transition Finance**, and actively supply funds aimed at transitioning to decarbonization.
- Implement **negative screening** to exclude new thermal power plant projects that use fossil fuels as well as similar pursuits from financing.

### Engagement Strategy

Support the initiatives of investee companies through engagement

- Regarding the **top 50 or so companies in terms of GHG emissions** in Dai-ichi Life's investment portfolio, **promote raiseses in the target setting level related to GHG emission reductions as well as improved initiative effectiveness, etc.**
- Demonstrate influence as an investor while also supporting the initiatives of investee companies through **collaborative engagement** with Climate Action 100+, the Life Insurance Association of Japan, etc.

Communicate views and participate in rule-making through global financial initiatives

- **Participate in GFANZ, a global initiative** aimed at promoting the decarbonization initiatives of financial institutions.
- Become a **member of the Principals Group**—which leads GFANZ—and participate in affiliated working groups to promote initiatives that include **considering the role financial institutions should play in the decarbonization of society as well as being actively involved in rule-making**.

\* WACI: Weighted Average Carbon Intensity

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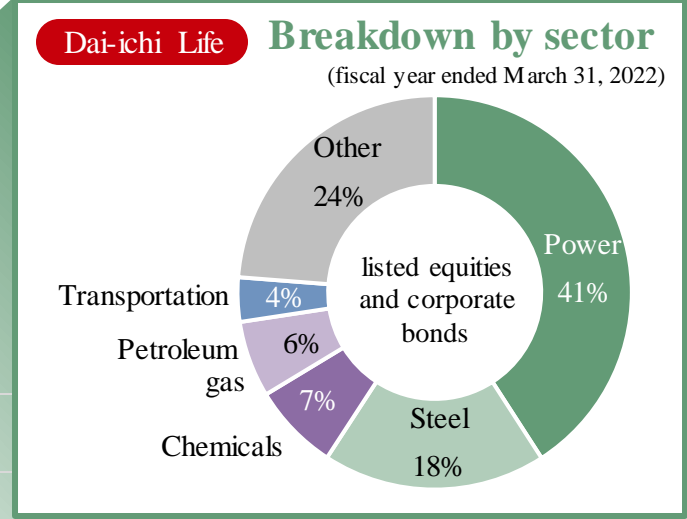
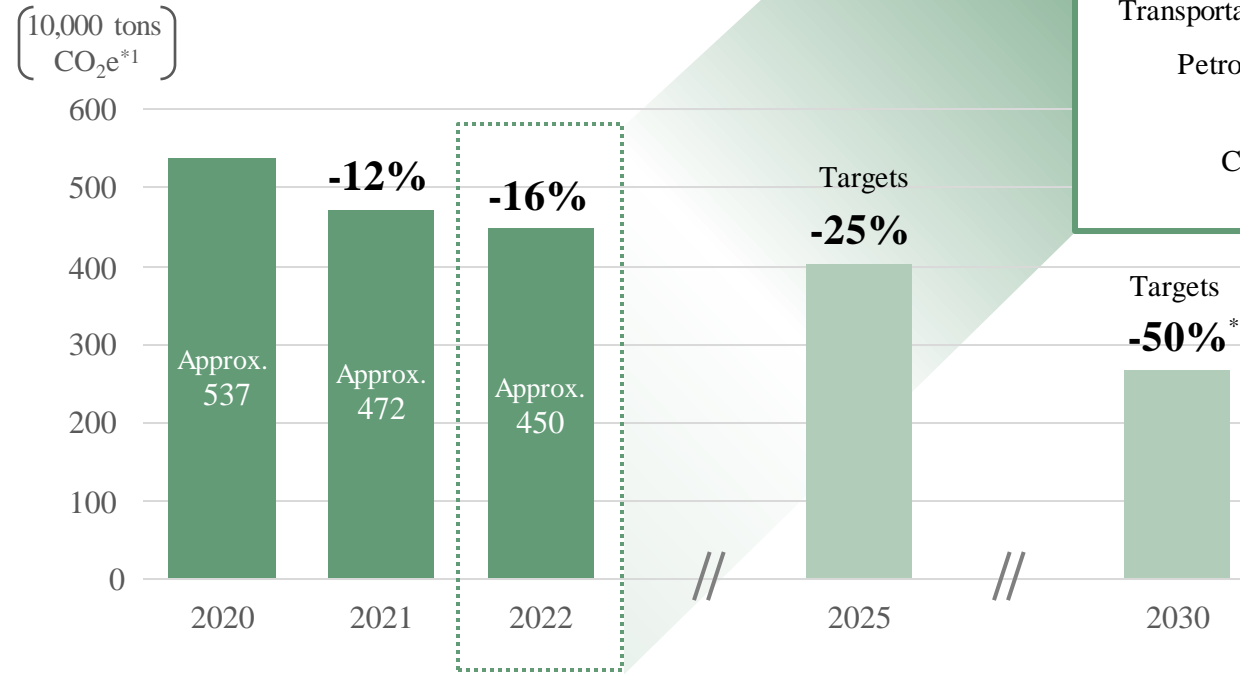
Initiatives as an institutional investor  
**Implementation Strategy**  
 Customers and investee companies

## Emission results and breakdown by sector

To build a net-zero portfolio by 2050, Dai-ichi Life has set interim targets—including reducing emissions by 25% by the fiscal year ending March 31, 2025 (for listed equities, corporate bonds, and real estate) and reducing emissions by 50% by the fiscal year ending March 31, 2030 (for listed equities, corporate bonds, real estate, and loan)—and is steadily promoting initiatives that include reducing emissions by 16% for the fiscal year ended March 31, 2022.

Of its investment portfolio of listed equities and corporate bonds, Dai-ichi Life considers the top 50 companies in terms of emissions—including the power and steel sectors, which account for a relatively high percentage of emissions—to be high-priority engagement targets and is actively engaging with them.

### GHG emission results



\*1 Total Scope 1 and 2 values for Dai-ichi Life’s listed equities, corporate bonds, and real estate portfolio. The figures for listed equities and corporate bonds were compiled by Dai-ichi Life based on MSCI ESG Research LLC data. The real estate figures were compiled after being calculated by Dai-ichi Life. Because Dai-ichi Life changed its vendor from S&P Trucost Limited to MSCI ESG Research LLC, Dai-ichi Life revised the GHG emission results for 2020 and 2021. Note that, when Dai-ichi Life used S&P Trucost Limited data, the 2022 GHG emissions amounted to approximately 4.7 million tons CO<sub>2</sub>e (and the 2020 emissions amounted to approximately 6.02 million tons CO<sub>2</sub>e).

\*2 Dai-ichi Life set its interim reduction target for 2030 in line with the NZAOA Protocol. Dai-ichi Life also added corporate loans to the assets covered by its interim reduction target.

Implementation Strategy

**Analysis to further strengthen the resilience of the investment portfolio**  
**(1) WACI**

To further strengthen the resilience of its portfolios, Dai-ichi Life strives to analyze the climate change-related risks and opportunities of investees, including the WACI and CVaR.

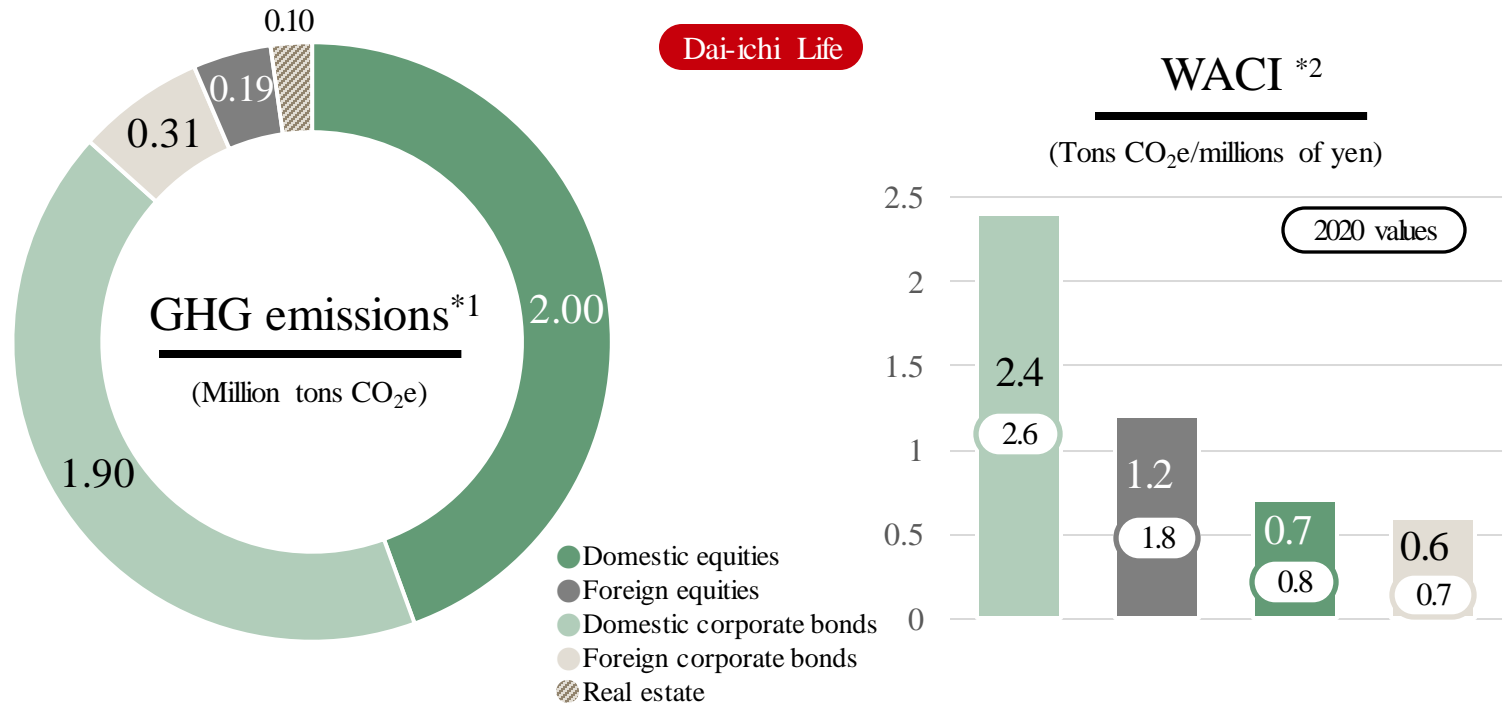
\*1 Total Scope 1 and 2 values for Dai-ichi Life’s listed equities, corporate bonds, and real estate portfolio. The figures for listed equities and corporate bonds were compiled by Dai-ichi Life based on MSCI ESG Research LLC data. The real estate figures were compiled after being calculated by Dai-ichi Life.

\*2 Real estate was not subject to measurement.

**WACI (Weighted Average Carbon Intensity) analysis**

To assess the climate-related risks and opportunities of investees with respect to the portfolios of domestic and foreign equities and corporate bonds, Dai-ichi Life performed a total carbon emission and WACI (Weighted Average Carbon Intensity) analysis, the disclosure of which is recommended by the TCFD. With the WACI, the GHG emissions per unit of sales of each company are weighted according to the percentage of ownership in the portfolio. Domestic corporate bonds tend to have a relatively high WACI, yet—according to Dai-ichi Life’s analysis—one reason for this is that the Japanese corporate bond market includes a relatively high percentage of the power sector, which causes high emissions.

**2022**  
 GHG emissions and WACI by asset



Implementation Strategy

**Analysis to further strengthen the resilience of the investment portfolio**  
**(2) CVaR**

**CVaR (Climate Value-at-Risk) analysis**

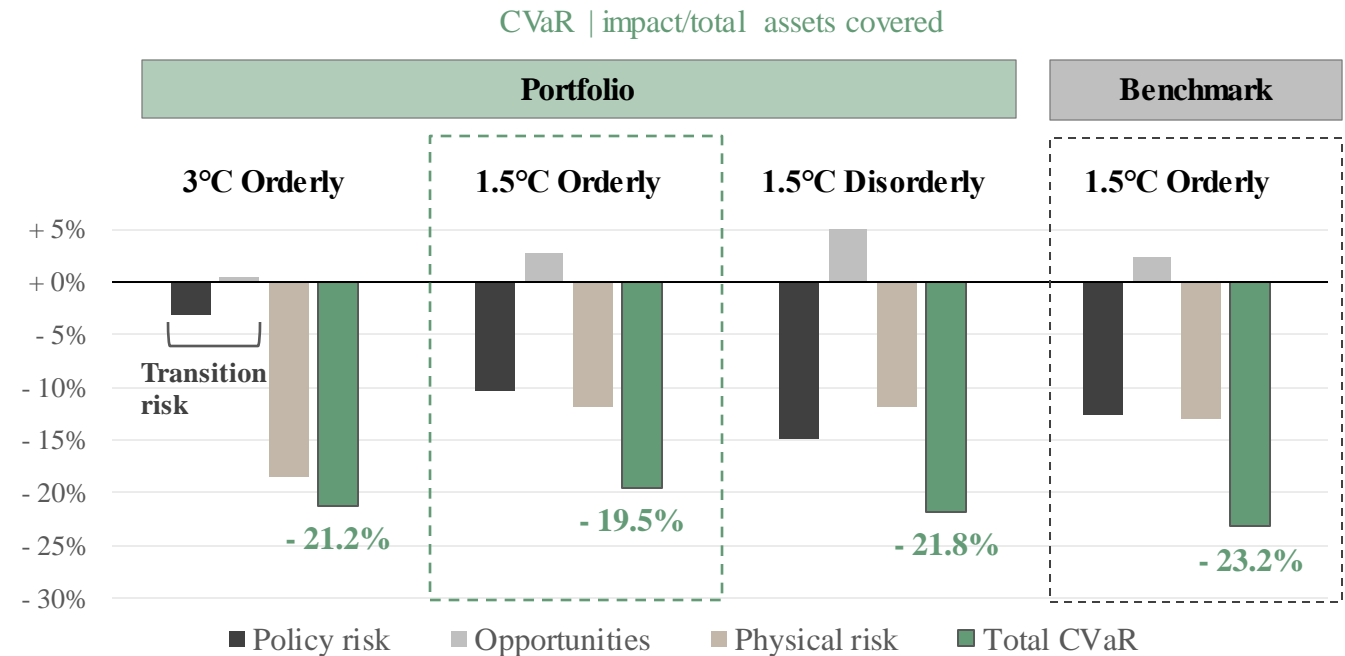
Dai-ichi Life uses the CVaR methodology of MSCI Inc. to analyze the transition risks and physical risks associated with investment assets.

Assuming an orderly transition (the Orderly scenarios), the total CVaR was -21.2% in the case of the 3°C scenario, which has a high degree of physical risk, and -19.5% in the 1.5°C scenario. In contrast, in the 1.5°C Disorderly scenario—which is characterized by soaring carbon prices as a result of a failure to achieve an orderly transition in the case of a 1.5°C temperature increase—the total CVaR was -21.8%, which is a bigger effect than in the case of the 1.5°C Orderly scenario. Note that, compared to the benchmark, both transition risk and physical risk are superior in the case of the 1.5°C Orderly scenario.

To strengthen the resilience of its investment portfolio, Dai-ichi Life will continue to analyze climate-related risks and opportunities, including the CVaR.

\* Subject assets are Dai-ichi Life's equities and corporate bonds and Dai-ichi Frontier Life's corporate bonds, totaling approximately ¥8 trillion. Benchmarks are NOMURA-BPI Corporate bonds (for domestic corporate bonds), Barclays Global Corporate Bond Index (for foreign corporate bonds), TOPIX (for domestic equities), and MSCI ACWI (for foreign equities). Data: As of March 31, 2023

(Source) Reproduced by permission of MSCI ESG Research LLC



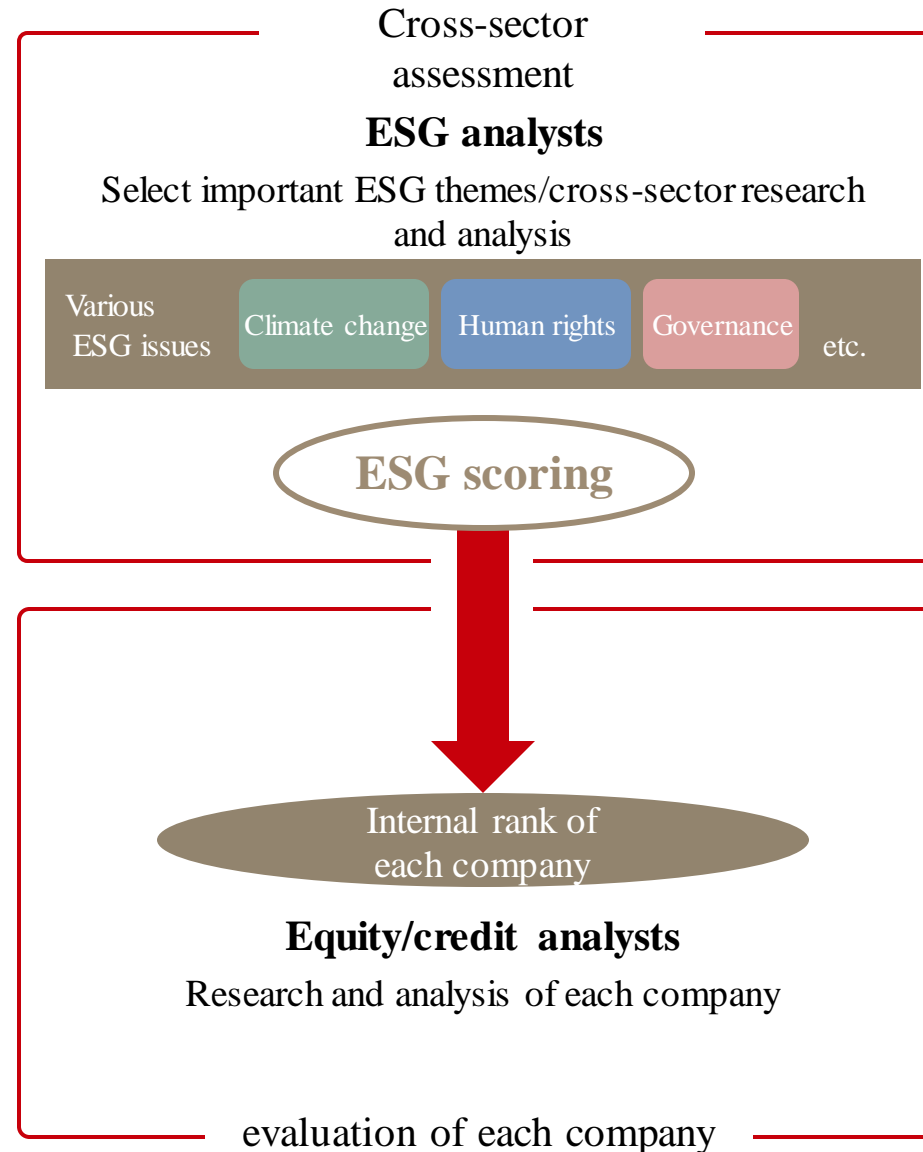
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Initiatives as an institutional investor  
**Implementation Strategy**  
 Corporate activities and decision-making

# ESG integration methodology

Dai-ichi Life optimally integrate ESG factors into each asset according to liquidity and characteristics and then appropriately reflects in investment decision.

ESG analysts select priority themes from various ESG issues and then conduct cross-sector research and analysis. Each company is then assigned a comprehensive assessment score (ESG scoring), and the results are shared with equity analysts and credit analysts. Each asset analyst reflects those information into the evaluation of each company.



## Major ESG issues and evaluation perspectives



**Climate change** | Climate change risks and opportunities as well as the availability and progress of a GHG reduction plan

**Natural capital** | Effects of deforestation, ocean pollution, waste plastic, etc.



**Human rights** | The situation in terms of responding to human rights risks, including in the supply chain, as well as human rights risks identified through human rights due diligence

**Diversity** | The ratio of women among the management and executives, etc.



**Governance structure** | Fulfillment of functions by outside directors as well as appropriate participation and advice in the Nomination and Remuneration Committees

**Integrated information disclosure** | Situation of the Integrated disclosure of financial and non-financial information

3

Initiatives as an institutional investor  
**Implementation Strategy**  
 Corporate activities and decision-making

# Climate change integration

In terms of climate change-related risks and opportunities, Dai-ichi Life quantitatively and qualitatively assesses investee companies and considers the results of engagement with each company to assign it a score.

More specifically, Dai-ichi Life calculates the impact of carbon taxes (quantitative assessment) and considers future opportunities such as environmental technologies, etc. (qualitative assessment). In addition, Dai-ichi Life confirms and evaluates the details of the initiative in terms of climate change risks, governance, and other issues through engagement.

**E**

## ESG analysts

### Quantitative evaluation

- Estimate the effects of significant changes in carbon taxes, etc. on the results.
- Calculate the GHG emissions of each company, while also considering industry-specific risks.
- In general, base GHG emissions on Scope 1 and 2, but also add Scope 3 depending on the industry.
- Also consider SBT certification acquisition, the formulation of a CO<sub>2</sub> reduction plan, etc.

### Qualitative evaluation

- Evaluates corporate opportunities based on perspectives that include the expectation of expanded results due to the government's GX promotion strategy, etc. as well as the ability to lead an industry in terms of energy-saving, environmental, and similar measures that take advantage of outstanding technologies owned by each company.

## Assessment of engagement results with relevant companies

Evaluates the approach and details in relation to climate change risks

Evaluates company initiatives such as endorsement of TCFD, plans to reduce CO<sub>2</sub>, climate related disclosures, and organizational (governance) structures.

## ESG scoring

Assign a score to each company based on a comprehensive assessment, and share it with equity/credit analysts.

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Initiatives as an institutional investor  
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 Investments policy and conditions

## Negative screening

As part of its response to climate change, Dai-ichi Life has prohibited the financing of new thermal power plant projects that use fossil fuels as well as coal mining projects.

Dai-ichi Life will continue to review the scope of negative screening based on social conditions both in Japan and overseas as well as other factors.

### Process of negative screening



### Negative screening targets

Area	Fields subject to screening	Assets under screening	
Climate change response	<ul style="list-style-type: none"> <li>Projects related to new thermal power plants that use fossil fuels (including coal, oil, and gas)</li> <li>Coal mining projects</li> </ul>	<ul style="list-style-type: none"> <li>Project finance</li> </ul>	
(Reference) Other	<ul style="list-style-type: none"> <li>Specific types of weapon manufacturing (cluster bombs, biological weapons, chemical weapons, antipersonnel landmines, nuclear weapon, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Equity</li> <li>Bond</li> <li>Corporate financing</li> </ul>	<ul style="list-style-type: none"> <li>Project finance</li> <li>Real estate</li> </ul>



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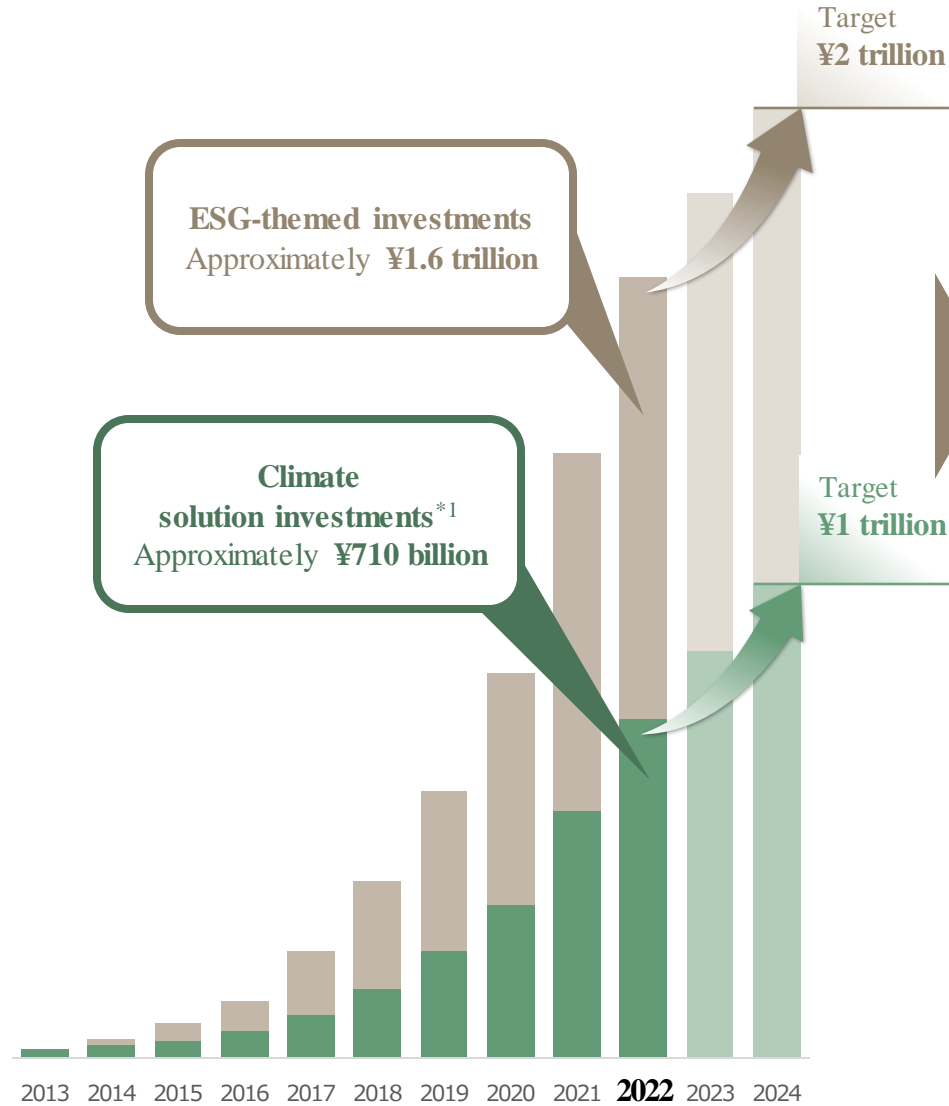
Initiatives as an institutional investor  
**Implementation Strategy**  
 Corporate activities and decision-making

**Climate solution investments and positive impact**

Dai-ichi Life has reached a cumulative total of approximately ¥710 billion in investments that contribute to resolving climate change issues (climate solution investments). Dai-ichi Life plans to expand this amount to at least ¥1 trillion by March 31, 2025.

In addition, Dai-ichi Life also believes that initiatives that have a positive impact on society are important, and the annual avoided GHG emissions from these initiatives in FY2022 were approximately 1.23 million tons CO<sub>2</sub>e (equivalent to approximately 27% of the portfolio GHG emissions). Dai-ichi Life plans to expand this to 1.5 million tons CO<sub>2</sub>e by FY2024.

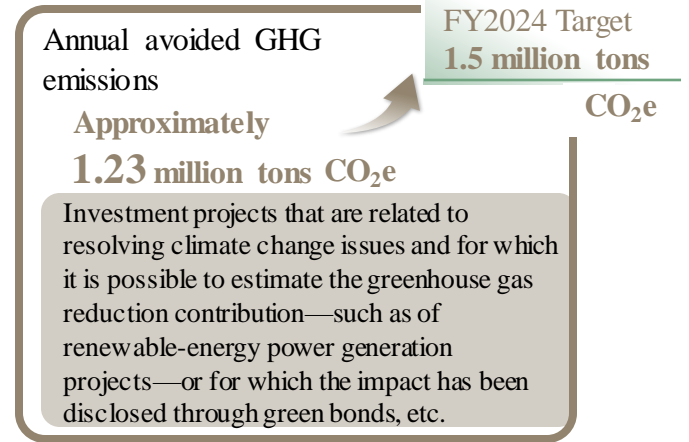
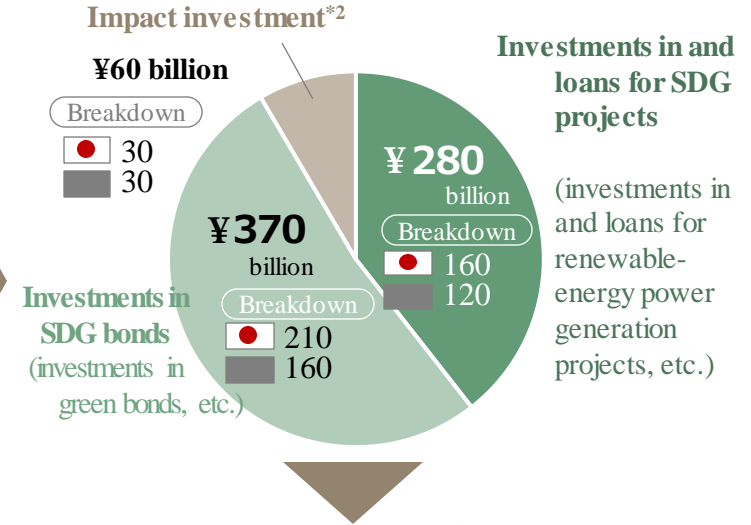
**Climate solution investments**



\*1 Climate solution investments: investments that contribute to solving climate change issues, including investments in and loans for green bonds as well as renewable-energy power plant projects

**Positive impact through investments**  
 Breakdown of total cumulative results by FY2022

● Japan  
 ■ overseas



\*2 Dai-ichi Life defines *impact investment* as an *investment methodology under which investment decisions are made based on the intention to both secure investment returns and achieve a social impact (such as changing the social structure)*.

## Impact investment: major example 1

# Investment in a renewable energy infrastructure fund for emerging countries

Contributing to the resolution of climate change issues through renewable-energy development support based on public and private sector cooperation

Main social impact

GHG emission reduction



Reduce GHG emissions through the promotion of renewable energy in emerging countries

### Fund investee example

#### Investment in a large-scale solar power project in the Philippines

Dai-ichi Life is developing a large-scale solar power generation system in the Philippines through a partnership with a renewable energy developer based there. That developer has declared a target of developing a solar power generation system capable of



generating at least 1 gigawatt of power by 2026. Through this project, the developer expects to be able to stably provide power to approximately 125,000 households in the Philippines. Dai-ichi Life is also currently considering investment in wind power generation projects in Kenya.

▲ Solar power project in the Philippines (photo provided by: Clean Tech)

In July 2021, Dai-ichi Life impact invested approximately ¥5.5 billion (\$50 million) in the **Climate Finance Partnership Fund (called *the Fund* below)**, an infrastructure fund which is managed by BlackRock and specializes in investment in renewable energy-related facilities in emerging countries, as part of Dai-ichi Life's ESG investments. Dai-ichi Life considers GHG reductions in emerging countries to be essential for achieving net-zero emissions on a global scale, and Dai-ichi Life aims to support the development of renewable energy business in emerging countries through this investment.

### Characteristics of the Fund

#### Main investment targets

Construction and management projects related to solar, wind, and other renewable-energy power generation facilities in emerging countries in regions that include Asia, Africa, Central America, and Latin America as well as auxiliary power generation equipment, including power transmission and distribution facilities as well as power storage facilities

#### Objective

To support the development of renewable energy business via private and public sector cooperation in anticipation of future increases in power demand due to population increases and economic growth in emerging countries

#### Risk distribution

Investment scheme that appropriately allocates the risk and return between government-affiliated financial institutions and private investors while enabling private investors to take a relatively low-risk, preferred portion (blended finance)

#### Main government-affiliated financial institution investors

KfW Bankengruppe (KfW), the French Development Agency (AFD), and the Japan Bank for International Cooperation (JBIC)

## Impact investment: major example 2

# Investment in a Japanese venture fund specialized in the environment and energy fields

Creating innovation aimed at achieving carbon neutrality through investment in a Japanese startup company

Main social impact

GHG emission reduction



Reduce GHG emissions through the promotion of renewable energy and energy conservation

### Fund investee example



**Contributing to reducing GHG emissions through the creation of residential solar power and other sources of distributed renewable energy**

This startup company provides *Share Denki* third-party ownership services for residential solar power systems.

This service is based on a system in which Sharing Energy owns the solar power generation system and concludes power purchasing contracts with residents to provide generated energy. And this service enables residents to use the solar power system without paying initial costs or maintenance expenses.



By setting up sources of distributed renewable energy, the startup is contributing to the reduction of CO<sub>2</sub> emissions.

In September 2022, Dai-ichi Life invested ¥1.5 billion in **EEI Fund 5 Innovation and Impact Investment** (called *the Fund* below), a venture fund that was formed by **Energy & Environment Investment, Inc.** (called *EEI* below) and is focusing on the energy and resource related sectors. This impact investment\* is a part of Dai-ichi Life's ESG investments.

**EEI is an independent venture capital focusing on the energy and resource related sectors.** Through the investment in this newly formed Fund, **Dai-ichi Life expects to accelerate the achievement of carbon neutrality by 2050 by promoting the wider use of renewable energy and energy conservation in Japan.**

### Main investment targets of the Fund

- Startups that have business models or technologies that contribute to the achievement of a sustainable society, with a focus on decarbonization
  - Startups that have business models or technologies that contribute to fundamental innovations aimed at achieving carbon neutrality by 2050  
(The fund has specifically set the investment areas below.)
- ① Energy Transition   ② Mobility & Transportation   ③ Smart Society

\* In 2021, Dai-ichi Life directly invested ¥100 million in Sharing Energy.

3

Initiatives as an institutional investor  
Implementation Strategy  
Investment policy and  
conditions

## Policy on Transition finance

To achieve a decarbonized society, it is important to steadily promote a long-term transition strategy focused on industries that have high GHG emissions.

To contribute to achieving a decarbonized society, Dai-ichi Life has formulated a basic stance and approach related to transition finance. By referring to the GFANZ' four financing strategies and others, Dai-ichi Life aims to support the achievement of net-zero emissions by 2050 by actively providing financial support to companies pursuing transition strategies.

1

**Dai-ichi Life chooses to take investment actions prioritizing the realization of long-term carbon neutrality for society as a whole.**

2

**When making investment decisions, Dai-ichi Life independently examines the validity and feasibility of companies' Transition strategies in terms of ensuring investment returns in addition to alignment with key Transition Finance guidelines.**

3

**Dai-ichi Life will continuously review its decision criteria used in examining companies' Transition strategies in light of the external environments surrounding the Transition, situations of technological innovations and other elements.**

4

**Based on the insights obtained in the detailed examination process of Transition Finance, Dai-ichi Life facilitates improvements in companies' Transition strategies and more effective initiatives through the engagements.**

# GFANZ’ four key net-zero financing strategies

GFANZ is engaged in discussions aimed at coming up with specific definitions and promoting the spread of these categories. In addition, Dai-ichi Life is participating in the above discussions and considering how to organize based on these categories.



## 1 Climate Solutions

**Investments for solutions that directly contribute to GHG reduction**

Support companies that develop solutions which directly contribute to the elimination, removal, or reduction of real-economy GHG emissions, or that directly support the expansion of these solutions

## 2 Aligned

**Investments for entities that are already aligned to 1.5°C pathways**

Support companies that are already implementing advanced climate change measures that are aligned to the 1.5°C target



## 3 Aligning

**Investments for entities committed to transitioning in line with the 1.5°C-aligned pathways**

Support companies that have set suitable conditions and have formulated or introduced transition plans in line with the 1.5°C target

## 4 Managed Phaseout

**Managed phaseout of high-emitting assets**

Accelerate emission reduction by supporting the phaseout of high-emitting assets based on the disclosure of reliable data related to transition plans and the transition situation

## Transition finance: major example 1



▲ Photo for illustrative purposes

### Investing in transition bonds issued by NYK Line

| Supporting the transition to a decarbonized society by supplying funds for initiatives aimed at reducing emissions

Dai-ichi Life has invested in **transition bonds\* issued by NYK Line** to provide funding support for NYK Line's long-term transition strategy to reduce its greenhouse gas emissions (the *NYK Group ESG Story*). More specifically, NYK Line is promoting the transition through improvements that include switching to LNG-fueled ships, researching and developing zero-emission ships that use ammonia, hydrogen, or similar fuels, improving fuel efficiency, and optimizing operation plans.

#### Project overview

<b>Issuer</b>	NYK Line
<b>Issue amount</b>	First round: ¥20 billion (five-year repayment period: ¥10 billion; seven-year repayment period: ¥10 billion) Second round: ¥20 billion (five-year repayment period: ¥10 billion; ten-year repayment period: ¥10 billion)
<b>Purpose of funds</b>	Offshore wind power support ships, ammonia-fueled ships, ships with hydrogen fuel cells, LNG-fueled ships, LNG fuel supply ships, LPG-fueled ships, and the optimization of operational efficiency (to be used for investments for its business timeline (roadmap) in the energy field formulated by NYK Line (refinancing of new and existing expenditures))

\* For these bonds, NYK Line has obtained a third-party opinion from the global ESG- finance rating agency DNV Business Assurance Japan K.K. regarding their alignment with the basic guidelines and the International Capital Market Association's (ICMA) *Climate Transition Finance Handbook*.

## Transition finance: major example 2



▲ Joetsu Thermal Power Station in Joetsu, Niigata (photo courtesy of Tohoku Electric Power)

## Transition loan to Tohoku Electric Power

| Supporting the transition to a decarbonized society by supplying funds for initiatives aimed at reducing emissions

Dai-ichi Life has concluded a **transition loan agreement\*** with **Tohoku Electric Power (the borrower)** to provide funding support for Tohoku Electric Power's initiatives to reduce greenhouse gas emissions (*Tohoku Electric Power Group Carbon Neutral Challenge 2050*). The funds raised as a result of this loan will be used only for the following Tohoku Electric Power initiatives to reduce greenhouse gas emissions: the costs of developing a combined cycle power plant that combines gas and steam turbines that utilize liquefied natural gas (LNG) as fuel, which has a low environmental impact, and the costs of developing both Tohoku-Tokyo interconnection lines and infrastructure in the northern Tohoku area. The utilization of the above highly efficient power sources is expected to encourage the suspension and abolishment of the use of conventional coal and oil-fired power plants while also reducing GHG emissions and thus the environmental impact.

### Project overview

**Borrower** Tohoku Electric Power **Loan amount** ¥5 billion **Period** Seven years

**Purpose of funds**

- Funds for developing Joetsu Thermal Power Station
- Costs of developing Tohoku-Tokyo interconnection lines
- Costs of developing systems related to a bidding process for connecting to the grid in the northern Tohoku area

\* The *Tohoku Electric Power Green Finance Framework* formulated by Tohoku Electric Power has undergone a third-party assessment by DNV Business Assurance Japan K.K. regarding its alignment with various criteria related to green transition finance, etc.

The situation of top 50 companies in Dai-ichi Life's investment portfolio in terms of GHG emissions

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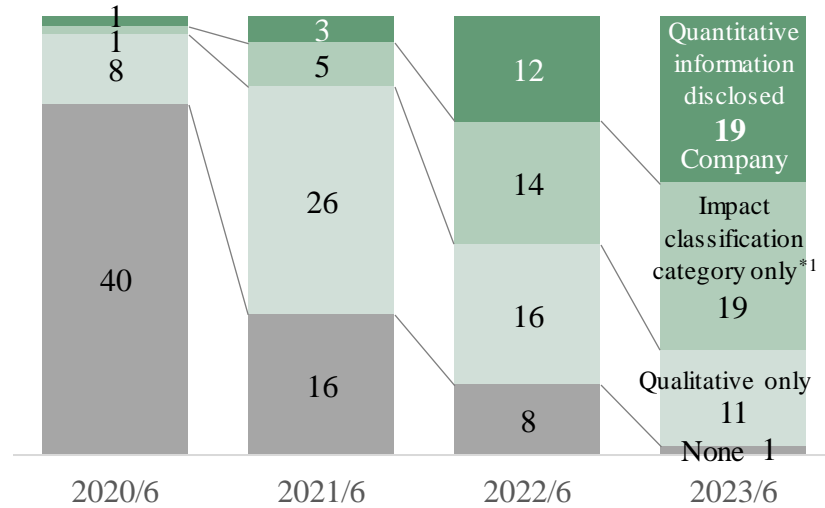
Initiatives as an institutional investor  
**Engagement Strategy**  
 Customers and investee companies

**Engagement with investees**

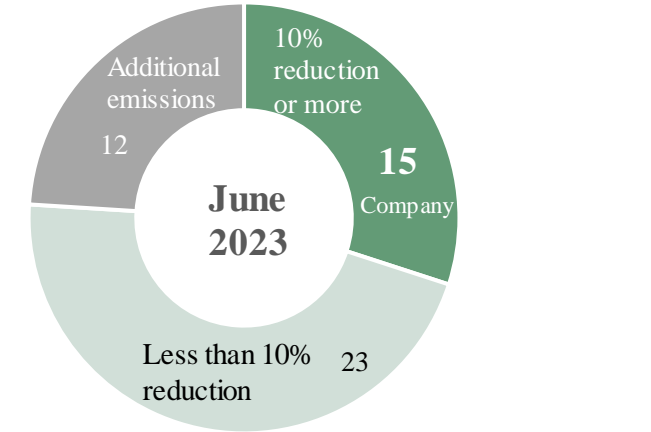
Dai-ichi Life considers engagement with investee companies to be one of the most important and effective strategies for contributing to the achievement of a net-zero society.

Dai-ichi Life continues to engage with the top 50 companies in terms of GHG emissions. Among these, there is an increasing trend of companies conducting scenario-based analyses to strategically respond to climate change issues, as well as companies promoting the formulation of targets in line with achieving net-zero emissions by 2050. On the other hand, the number of companies that have formulated specific roadmaps to achieve the targets and obtained third-party certification is still insufficient, so Dai-ichi Life will continue to encourage companies to take action through engagement.

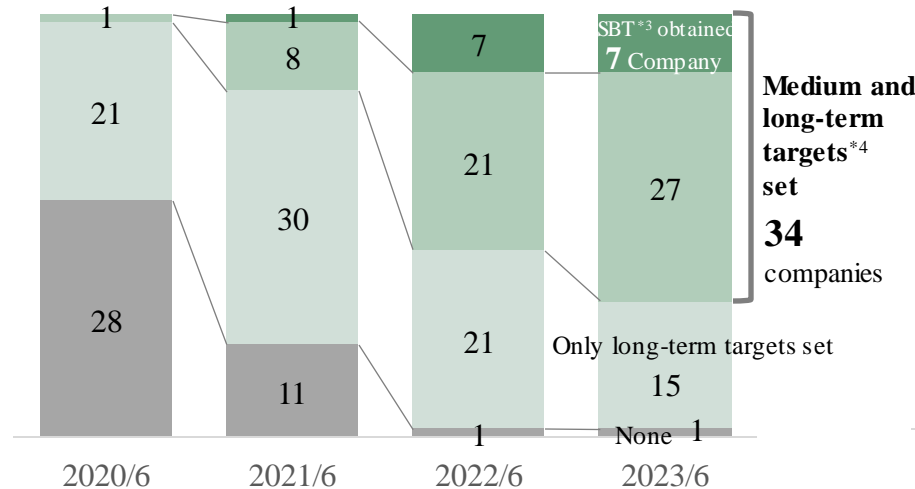
**TCFD scenario analysis disclosure**



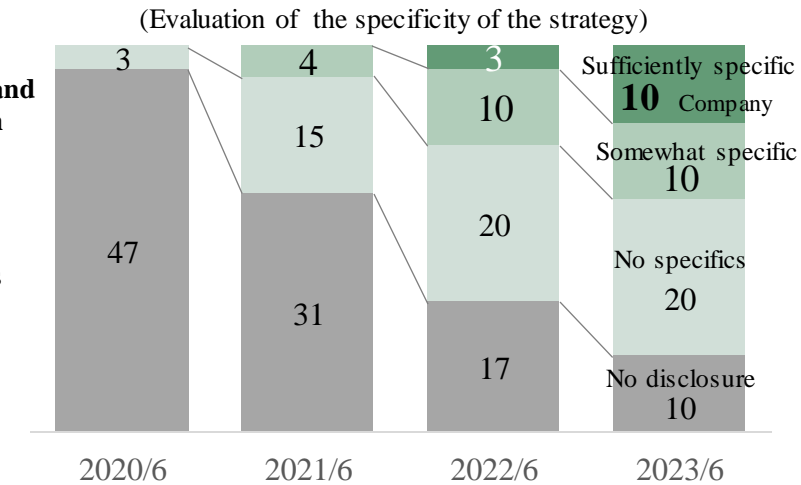
**GHG emission reduction results for the most recent two years (Scope 1 and 2 emission\*2)**



**Number of companies formulating GHG reduction targets**



**Disclosure of roadmap toward Carbon neutrality**



\*1 These companies have disclosed information on the degree of impact (minor, moderate, major, etc.), but they have not disclosed quantitative information.  
 \*2 Source: MSCI ESG Research LLC  
 \*3 Science Based Targets. This international certification shows that the company has stipulated GHG emission reduction targets aligned with the Paris Agreement.  
 \*4 Targets in line with Japanese government targets (2030: 46% reduction, 2050: carbon neutrality)



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Initiatives as an institutional investor  
Engagement Strategy  
Customers and investee  
companies

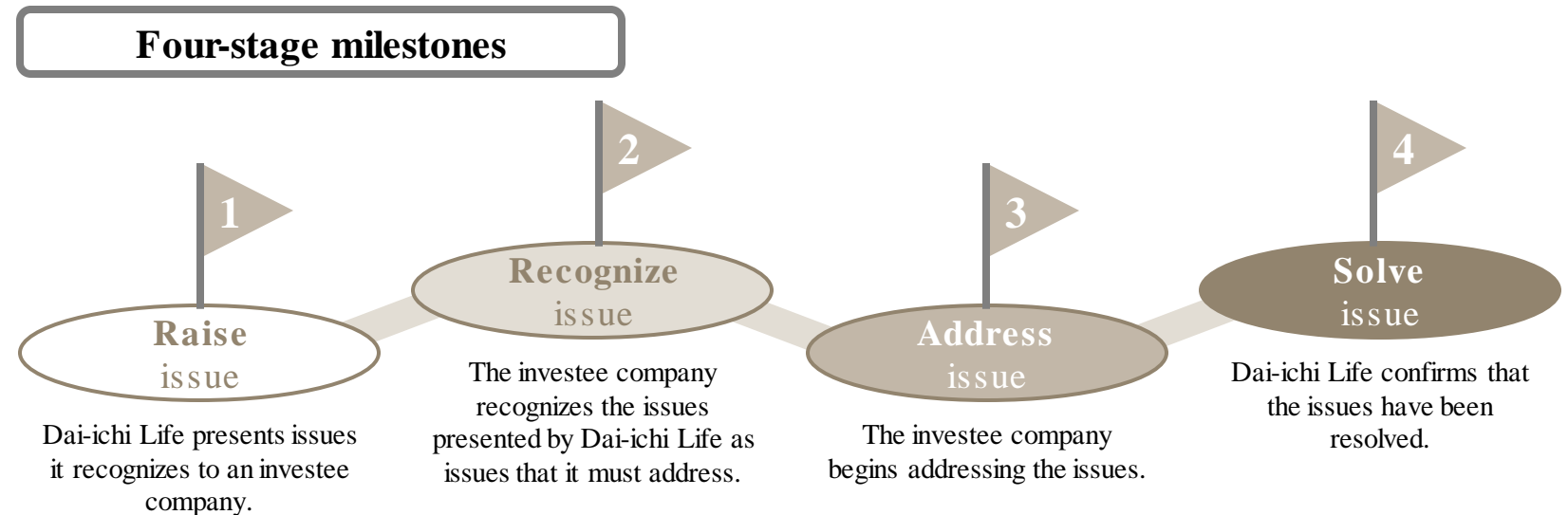
## Following up on progress related to engagement issues

Dai-ichi Life believes it is important to continue to pursue engagement related to the response to climate change based on a long-term perspective.

Dai-ichi Life aims to support investee companies in resolving their issues by regularly monitoring the progress of issues through engagement, providing issue-related information and taking similar steps.

### Major agenda related to climate change response engagement

- Set targets and formulate a specific roadmap aimed at achieving carbon neutrality by 2050
- Set interim targets for GHG emission reductions (2030 targets, etc.) and formulate specific policies for the short to medium term
- Endorse the TCFD recommendations, establish a governance structure based on them, and conduct and disclose scenario analysis information, including the associated financial effects
- Initiatives toward acquiring the SBT\* certification



**Offer support for the resolution of issues through providing information**

[ In the case of a company for which no improvements are seen as a result of ongoing dialogue, and there is no expectation of any such improvements, Dai-ichi Life will generally exercise its voting rights to oppose the reappointment of that investee company's representative director. ]

\* International certification that shows that the GHG emission reduction targets stipulated by a company are aligned with the Paris Agreement (which aims to keep the rise in temperature to 1.5°C or less, which is well below a 2°C rise compared to pre-industrial levels)

## Promoting efforts of investees to achieve net-zero emissions

Support the formulation of a specific roadmap to achieve net-zero emissions

### Engagement activities: major examples

			Dialogue overview	Response of the investee company	Exercising voting rights	Future policy
Company A	Land transportation company	Progress <b>4</b> <b>Solve issue</b>	<b>Number of dialogues: 4 Since 2018</b> Shared the importance of responding to climate change issues and exchanged opinions on targets, specific initiatives, etc.	<b>Confirmed company initiative improvements</b> Endorsed the TCFD, set GHG reduction targets, expanded businesses covered by the targets and recently disclosed a specific roadmap, while initiatives to obtain SBT certification have also been confirmed.	* No voting on the investee company's climate change response as a decision criteria.	<b>Implement ongoing engagement</b> <ul style="list-style-type: none"> <li>Follow up on the progress of the disclosed roadmap.</li> <li>Follow up on the situation of initiatives aimed at SBT certification.</li> </ul>
	<b>Issue</b>	<b>Strengthening initiatives to respond to climate change issues</b>				
	<b>Goal</b>	<b>Formulate a roadmap to carbon neutrality</b>				
Company B	Machinery company	Progress <b>3</b> <b>Address issue</b>	<b>Number of dialogues: 4 Since 2018</b> Shared the importance of responding to climate change issues and exchanged opinions on disclosure and initiatives in line with the TCFD framework.	<b>Confirmed a certain level of company initiative improvements</b> Endorsed the TCFD but did not set specific reduction targets or disclose a roadmap for a while after that. Recently disclosed GHG reduction targets.	* No voting on the investee company's climate change response as a decision criteria.	<b>Promote further initiative improvements</b> <ul style="list-style-type: none"> <li>Continue to request roadmap formulation and disclosure.</li> <li>Follow up on GHG reduction initiatives, including transforming the medium to long-term business portfolio.</li> </ul>
	<b>Issue</b>	<b>Strengthening initiatives to respond to climate change issues</b>				
	<b>Goal</b>	<b>Formulate GHG reduction targets and a roadmap to carbon neutrality</b>				

## Major initiatives the Group participates in

### 3

Initiatives as an institutional investor  
**Engagement Strategy**  
 Industry, government, and public sector

## Participation in initiatives 1/2

To strengthen engagement activities on its own and increase their effects, the Group actively participates in collaborative engagement through multiple domestic and overseas initiatives.

In the last several years, as the importance of climate change issues has increased, there have been more active initiative-based efforts at the global level. The Group started participating in such global initiatives early on and actively communicates its opinions in terms of global rule-making to achieve net-zero emissions.

Participant since November 2015



The Principles for Responsible Investment were disclosed in 2006. They advocate the incorporation of ESG issues into the investment process in order to achieve a sustainable society.

Dai-ichi Life considers PRI assessments to be important external assessment in terms of responsible investing, and Dai-ichi Life strives to improve and reform its investment process based on the assessment results every fiscal year.

Participant since September 2018



In December 2015, this Task Force was established by the Financial Stability Board (FSB) at the request of the G20. The task force announces recommendations that encourage both the understanding of climate change opportunities and risks and information disclosure related to them.

In FY2019, Dai-ichi Life Holdings started disclosing information based on the TCFD recommendations in its integrated reports.

Participant since August 2019



This institutional investor initiative is focused on engaging in constructive dialogue with companies with high greenhouse gas emissions on initiatives to reduce these emissions, information disclosure, etc.

Dai-ichi Life meets regularly with participating institutions in the Asian region, and shares successful examples of collaborative engagement related to this initiative, etc.

Participant since February 2021



This international initiative for institutional investors, which was established in 2019, aims to transition portfolios to net-zero greenhouse gas emissions by 2050.

Dai-ichi Life was the first company in Asia to participate in this initiative, and it promotes the initiative efforts through participation in the Principals Group—which consists of representatives of participating institutions—as well as working groups that discuss specific issues.

Participant since April 2021



This strategic forum was established in 2021, and its aim is to decarbonize the entire financial industry by integrating financial-industry initiatives to achieve net-zero greenhouse gas emissions.

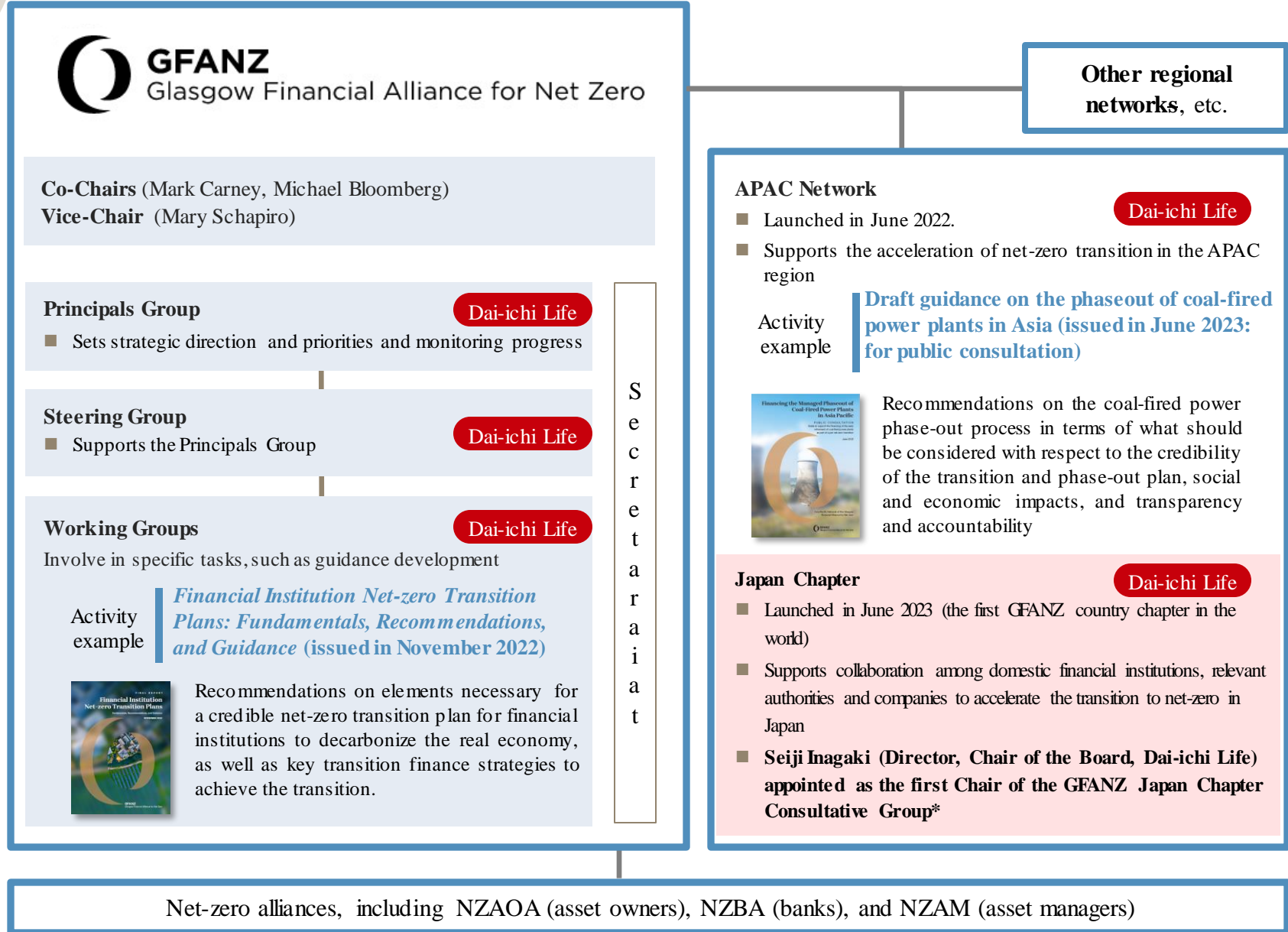
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Initiatives as an institutional investor  
Engagement Strategy  
Industry, government, and public sector

Participation in initiatives 2/2

Dai-ichi Life participates in the working groups of GFANZ—which creates *Financial Institution Net-zero Transition Plans: Fundamentals, Recommendations, and Guidance*—and contributed to the creation of this report.

In addition, the GFANZ Japan Chapter was launched in June 2023, and Seiji Inagaki, Director, Chair of the Board of Dai-ichi Life, was appointed as the first Chair of the Consultative Group of the chapter. To encourage Japanese financial institutions to formulate transition plans aimed at decarbonization, this chapter is used to share insights and successful examples while also supporting cooperation with companies as well as the relevant ministries and agencies.



\* Advisory organization consisting of representatives of financial institutions and government agencies, etc.

The Group participates in various events to promote and spread decarbonization initiatives.



▶ ICMA seminar ▶



Date	Event name	Organizer
June	Responsible Investor Japan <i>Step-by-step: Investors' guide to the net zero journey</i>	Responsible Investor
June	NET ZERO HIGH LEVEL DIALOGUE <i>Asia Pacific Public Webinar</i>	UNEP Finance Initiative
June	Responsible Investment Forum Tokyo <i>Insurer Panel: A net zero portfolio – where do you start?</i>	PEI (Private Equity International)
Aug.	Principles for Financial Action for the 21st Century: environmental real estate seminar	Principles for Financial Action for the 21st Century, PFA21
Sep.	PRI Webinar <i>Toward the Achievement of Japan's 2030 Greenhouse Gas Reduction Targets</i>	PRI
Nov.	Sustainable Bond Conference	ICMA (International Capital Market Association), JSDA (Japan Securities Dealers Association)
Dec.	Medium and large-scale wooden architecture web portal seminar <i>The Future of Wooden Architecture that Contributes to Decarbonization</i>	Public Interest Incorporated Foundation Japan Housing, Wood Technology Center
Mar.	Capital for Climate Action Conference 2023 <i>Issues Faced by Japanese Investors in Terms of Decarbonizing the Real Economy and Solutions</i>	MSCI
Apr.	2023 IIF Sustainable Finance Summit	The Institute of International Finance (IIF)
Apr.	THE EUROFI 2023 High Level Seminar <i>Sustainability risks in the insurance sector</i>	Eurofi
June	Executive Sustainability Forum	PwC

Initiatives as an institutional investor  
Engagement Strategy  
Industry, government, and  
public sector

## Engagement through the Life Insurance Association of Japan, etc.

The Group recognizes that, to achieve a decarbonized society, it is necessary to promote economy-wide initiatives through cooperation between the public and private sectors.

Dai-ichi Life supports sector-wide climate change-related engagement and communication through the Life Insurance Association of Japan. In addition, by becoming a member of government committees, speaking at decarbonization-related events organized by government offices, and taking similar action, Dai-ichi Life actively communicates its views and participates in rule-making.

### Engagement through the Life Insurance Association of Japan

The Life Insurance Association of Japan pursues engagement aimed at more comprehensive disclosure of climate change information by listed companies through the Stewardship Activities Working Group. In addition, every year, the Company publishes recommendations for achieving a sustainable society based on the results of questionnaires for investees and investors. The FY2022 recommendations for promoting ESG initiatives are provided below.

	Recommendations	Target
Promoting ESG initiatives	Provide further disclosure of non-financial information, including ESG, through integrated reports and other means	Companies
	Formulate medium-term management plans to realize sustained growth, including ESG initiatives	
	Enhance disclosure of corporate information related to climate change impacts and promote the use of information for investors to evaluate companies, etc., and consider formulating greenhouse gas reduction targets for both companies and investors	Investors
	Take steps to promote ESG initiatives across government ministries/agencies	Government
	Further enhance policy-based support to realize carbon neutrality	

### Communicating views through government committees, etc.

The Group participates in various committees and other meetings organized by government offices, where it actively communicates its views during discussions on how to achieve decarbonization.

#### Main committees the Group has participated in

Organizer	Committee
Ministry of the Environment Ministry of Economy, Trade and Industry Financial Services Agency	Transition Finance Environment Improvement Study Group (The Company also participates in the Sub-working Group on Financed Emissions.)
Financial Services Agency	Expert Panel on Sustainable Finance*
Financial Services Agency	Working Group on Financial Institutions' Efforts towards the Decarbonization of the Economy*
Ministry of Economy, Trade and Industry	Study Group on the Proper Supply of Funds for Industrial GX

#### Examples of events where Dai-ichi Life spoke

Organizer	Meeting body or study group name
Financial Services Agency	Transition to Net-Zero (May 2022)
Ministry of the Environment, OECD	COP27 Panel Session (November 2022)
Ministry of the Environment	ESG Finance High Level Panel 6 <sup>th</sup> meeting* (March 2023)

\* Dai-ichi Life participated and spoke on behalf of the Life Insurance Association of Japan.



# 4

## Operations



4

Initiatives as an operational company

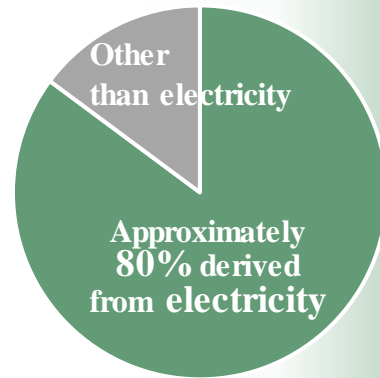
Implementation Strategy

Scope 1 and 2 emission reduction initiatives

Electricity use accounted for approximately 80% of Dai-ichi Life's Scope 1 and 2 emissions in FY2019, the base year for its emissions reduction targets. Therefore, in addition to energy conservation, Dai-ichi Life is working on switching its electricity to renewable energy.

In March 2021, Dai-ichi Life declared its intention to switch to 100% renewable energy\*1 consumed in business operations by the end of FY2023, and achieved this goal in FY2022, one year ahead of schedule. Dai-ichi Life will continue to strive for stable long-term procurement of renewable energy to achieve net-zero Scope 1 and 2 emissions.

**FY2019 emission breakdown**



**Major initiatives**

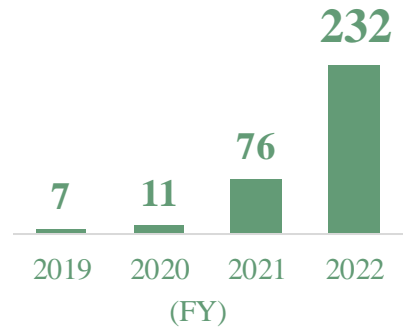
**Energy conservation**

- Operations**
  - Reduce energy use, by optimizing the air conditioning temperature, etc.
  - Pursue thorough initiatives to ensure that employees strive to conserve energy on a daily basis

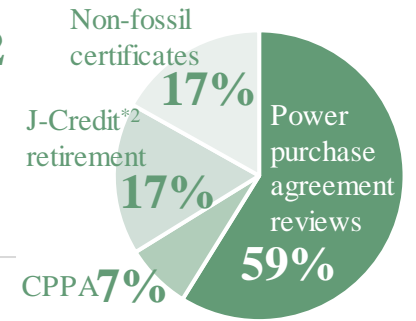
- Equipment**
  - Introduce equipment that has a strong energy-saving effect when introducing or repairing equipment, especially for equipment that consumes a lot of energy, such as *air conditioning equipment* and *electrical equipment*

**Renewable energy**

**Renewable energy electricity procurement**  
(millions of kWh of usage)



**FY2022 procured electricity ratios**



<b>FY2019</b>	Participated in RE100*3 and introduced renewable energy to the Head Office Building in Hibiya, Tokyo.
<b>FY2020</b>	Defined the policy of <i>100% renewable energy by the end of FY2023</i> .
<b>FY2021</b>	Concluded offsite corporate PPA service agreement, which was the first contract in Japanese financial institutions.
<b>FY2022</b>	Directly procured non-fossil certificates in the renewable energy value trading market. Completed a mid-rise wooden office as the first company in the Japanese life insurance industry.   P. 41 ▶

\*1 The power consumed in the exclusively owned areas of other companies, etc. in investment real estates are not included.

\*2 J-credit is a system that the government certifies greenhouse gas emission reduction and absorption by introduction of energy-saving equipments, forest management, or similar initiatives as credits.

\*3 RE100 is an initiative to set a target to procure 100% of the power consumed during business operations from renewable energy sources.



In September 2022, Dai-ichi Life completed the construction of a mid-rise wooden office building, ahead of the domestic life insurance industry.



▲ Appearance



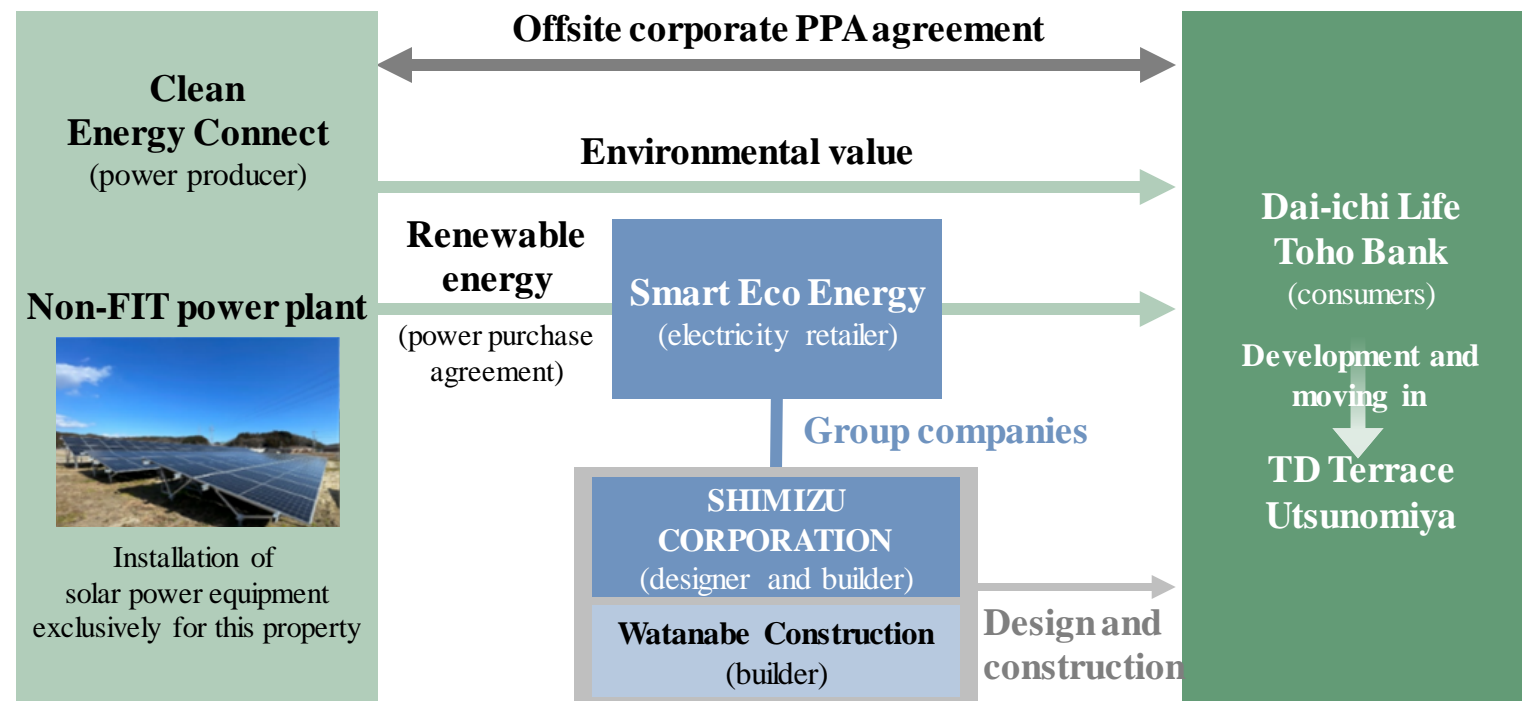
▲ Office space

Address	1-29 Izumicho, Utsunomiya, Tochigi
Major purposes	1 <sup>st</sup> floor: bank branch, 2 <sup>nd</sup> to 4 <sup>th</sup> floors: offices
Scale	Four story building, total floor area: 2,447 m <sup>2</sup>
Construction	Hybrid wood construction (wood + reinforced concrete)
Completed in	September 2022
Owners	The Dai-ichi Life Insurance Company, Limited and The Toho Bank, Ltd.
Design	SHIMIZU CORPORATION Design Division
Construction	Joint venture consisting of SHIMIZU CORPORATION and Watanabe Construction

## Mid-rise wooden office: *TD Terrace Utsunomiya*

Dai-ichi Life contributes to achieving a decarbonized society by sequestering CO<sub>2</sub> (approximately 206 tons) utilizing local wood\*<sup>1</sup> and the procuring renewable energy through a combination of Japan's first offsite corporate PPA service\*<sup>2</sup>, which has been used since the building's construction, and a solar power generation system on this property. Note that TD Terrace Utsunomiya is also used by Dai-ichi Life's Tochigi Branch.

### Offsite corporate PPA scheme overview



\*1 The nature of wood to store carbon absorbed by a forest

\*2 PPA service is that power generating equipment is set up on land distant from a power demanding facility and then the generated power is sent to this facility along with environmental value

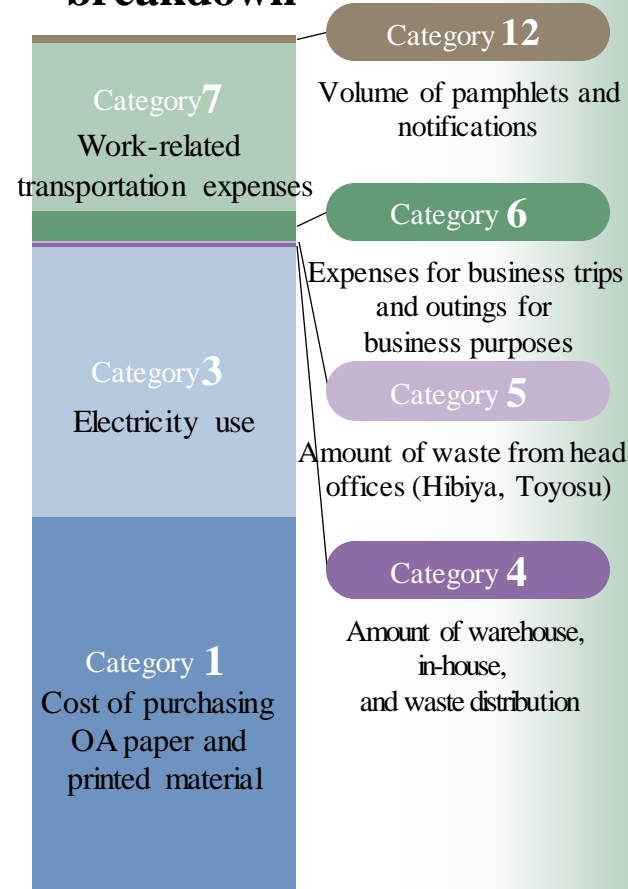
Initiatives as an operational company

## 4 Implementation Strategy Scope 3 (Category 1 to 14) reduction initiatives

Dai-ichi Life promotes initiatives to change the behavior of its employees to more effectively conserve resources and energy, as its Scope 3 (Category 1 to 14) emissions are high in the cost of purchasing OA paper and printed material, and electricity consumption. Dai-ichi Life also promotes DX (digital transformation) of various kinds of operations that lead to reduced emissions.

Dai-ichi Life will continue to promote initiatives to achieve net-zero emissions by promoting increasingly sophisticated emissions calculations, including the expansion of calculation targets and the cooperation with relevant companies.

### FY2019 emission breakdown\*



### Major initiatives

#### DX promotion

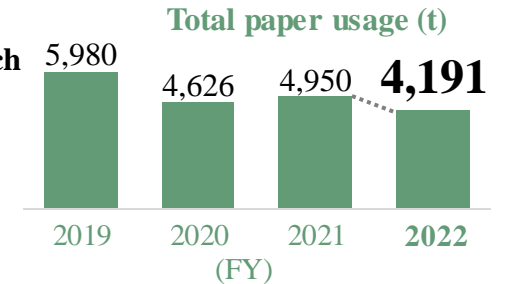
Related categories | 1 4 5 6 12

- **Contact with customers**
  - Fully utilizing sales devices (DL-Pad)
  - Sending proposals via email, etc.
- **In-house business structure**
  - Digitizing various manuals
  - Utilizing web conferencing systems, etc.

#### Changes in employee behavior

Related categories | 1 3

- **Reduction of paper use by each department and branch**
- **Promotion of electricity conservation**



#### Initiatives to build employee awareness

| P. 47 ▶

Related categories | All categories

- **Video-based training**
- **Talking to executives and town hall meetings**
- **QOLism app**
- **ECO Action Relay etc.**

\* Dai-ichi Life makes calculations targeting the above seven categories as items to emphasize in order to achieve better business and changes in the behavior of its staff members.



# 5

## Governance



5

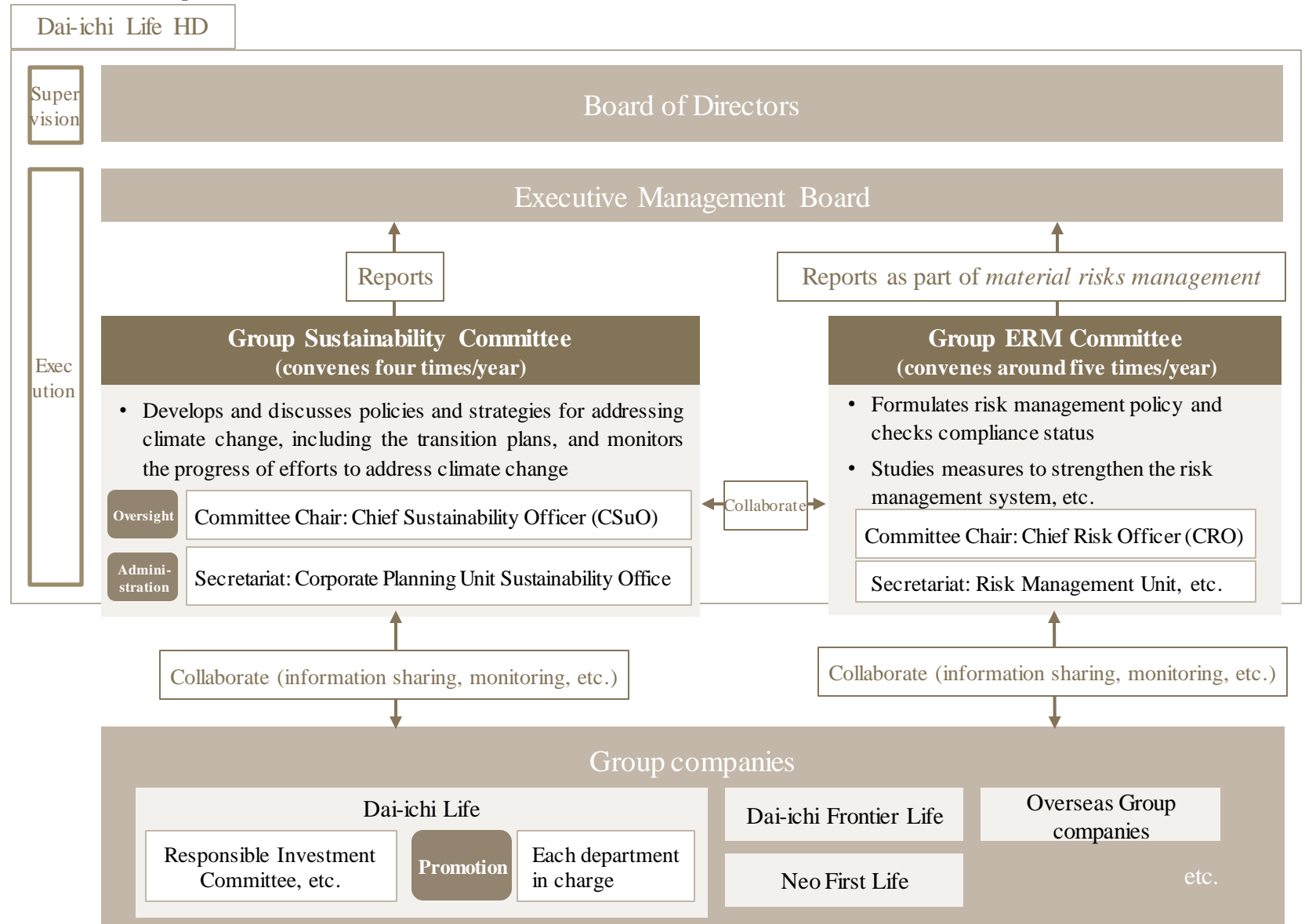
Governance Roles, responsibilities, and remuneration

# Governance structure relating to climate change responses and transition plan

This transition plan is overseen by the CSuO and managed by the Corporate Planning Unit, while the Dai-ichi Life departments in charge promote each strategy and initiative. In addition, the *Group Sustainability Committee* regularly manages and discusses the progress and then reports to the Executive Management Board, with the supervision of the Board of Directors.

Furthermore, the Company has introduced sustainability indicators\* that include progress on the reduction of CO<sub>2</sub> emissions for the executive remuneration assessment criteria.

## Governance structure relating to climate change responses and transition plan (current as of April 2023)



\* A sustainability indicator package consisting of multiple indicators, including CO<sub>2</sub> emissions

## 5

 Governance  
 Roles, responsibilities, and  
 remuneration

# Group Sustainability Committee

The Company has established the *Group Sustainability Committee* for purposes including developing the Group's sustainability policies and strategies and monitoring the implementation of initiatives in each company.

This committee also considers the opinions of external experts to hold discussions from a mid to long-term perspective throughout the Group. In addition, the committee reports and makes recommendations its discussions to the Executive Management Board and Board of Directors.

## Most recent committee agenda items

Date	Overview
2022 June	<ul style="list-style-type: none"> <li>Resolving social issues in the areas of <i>Protection and Asset Fomation/Succession</i></li> <li>Promoting Diversity and Inclusion (D&amp;I)</li> <li>Expanding climate change disclosure</li> </ul>
2022 Sep.	<ul style="list-style-type: none"> <li>Resolving social issues in the area of <i>Health and Medical Care</i></li> <li>Promoting sustainability via the life insurance business</li> </ul>
2022 Dec.	<ul style="list-style-type: none"> <li>Resolving social issues in the area of <i>Enhancing Connections</i></li> <li>Promoting D&amp;I and other human resource strategies</li> <li>Review of external ESG assessments and future challenges</li> </ul>
2023 Feb.	<ul style="list-style-type: none"> <li>Resolving social issues in the area of <i>Health and Medical Care</i></li> <li>Human rights due-diligence initiatives</li> <li>Response to climate change and future issues</li> <li>Sustainability Promotion Structure</li> </ul>
2023 May	<ul style="list-style-type: none"> <li>Sustainability initiatives and the positioning of business activities</li> <li>Transition finance initiatives at Dai-ichi Life</li> <li>Expansion of climate-related disclosure (Transition Plan)</li> </ul>

## Main external experts\*

**Yoshiki Ishikawa**  
 Representative Director,  
 Well-being for  
 Planet Earth Foundation

**Toshiya Hoshino**  
 Director, ESG Integration  
 Research Center, Graduate  
 School of Osaka  
 University

**Peter David Pedersen**  
 Co-founder of E-Square Inc.  
 Representative Director of  
 NELIS

\* These experts are participating as appropriate based on the theme of each session.

5 | Governance  
Roles, responsibilities, and remuneration  
**Responsible investment promotion structure (Dai-ichi Life)**

Dai-ichi Life has established the *Responsible Investment Committee* and *Responsible Investment Meeting* to promote both the discussion of initiatives related to responsible investment from various perspectives and to increase the sophistication of such efforts.

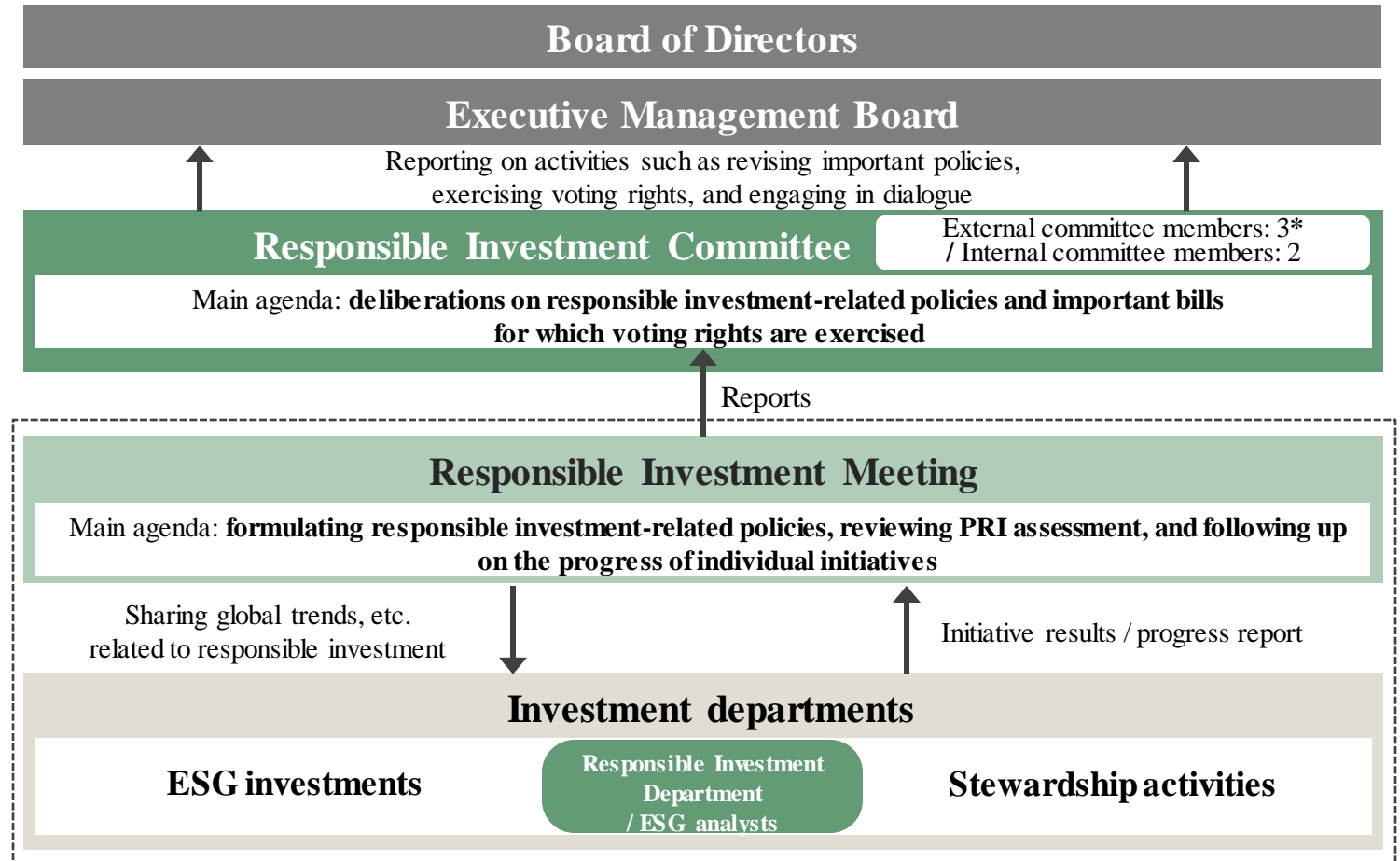
Its policies of responsible investment are formulated based on deliberations at the *Responsible Investment Committee*—the majority of which consists of external members—and especially important matters are reported to the Board of Directors and Executive Management Board. In addition, Dai-ichi Life monitors and discusses the progress of initiatives promoted by entire investment department through the *Responsible Investment Meetings* attended by members involved in responsible investment.

■ **Responsible Investment Committee**

In FY2022—in addition to deliberations on voting on major agenda items and revision of the criteria for exercising voting rights—the Committee reported on the GHG emission reduction status of Dai-ichi Life’s investment portfolio and discussed the formulation of a Policy on Transition Finance.

■ **Responsible Investment Meeting**

In FY2022, the meetings were held to discuss the promotion of responsible investment. Details included the progress of the responsible-investment initiative plans of each investment department, monitoring the positive impact of Dai-ichi Life’s investment projects, ESG analysts sharing their ESG research results and other matters.



\* In FY2022, there were three external committee members: Tetsuya Hishida (Partner/Auditor, Industrial Growth Platform, Inc.), Haruka Matsuyama (Attorney at Law and Partner, Hibiya Park Law Offices), and Kikuo Kuroiwa (President, Kuroiwa Associates)

Governance

5

Skills and culture

## Initiatives aimed at building awareness among Group employees

To achieve a decarbonized society, in addition to the Group's initiatives as an institutional investor and an operational company, it is essential to build the awareness and improve the behavior of the Group's approximately 60,000 employees.

In addition to providing environment-related training to its officers and employees, the Group promotes various initiatives, including environment-related events and volunteer activities.

### Video-based training

In line with *World Environment Day* as stipulated by the UN, Dai-ichi Life provides environment-related training every June.

#### Main contents

- Reviewing the Group's Environmental Action Policy
- Learning Dai-ichi Life's CO<sub>2</sub> emission reduction targets and its emission results
- Promoting energy and resource conservation

### Talking to executives and town hall meetings

To further improve the Group, it holds events *talking with executives* where officers and employees can talk about what is really on their minds. One of the themes for FY2022 was to *consider what each member of the Group can do to promote sustainability*, and we discussed what they should do to respond to climate change at both a company and individual level.

Communicating views that leverage the insights of Group companies

#### Dai-ichi Life Research Institute

The researchers at this institute who specialize in *the environment and energy* issue publish many reports based on their insights of climate change.

#### Dai-ichi Life International (Europe)

Dai-ichi Life International researches and analyzes Europe's climate change-related trends, participates in GFANZ working groups, and effectively achieves an intelligence function.

### QOLism app

Since January 2022, the Company has been providing *its ECO Action* service as a way for employees of its Japanese Group companies to earn points for their everyday eco-friendly activities through the QOLism smartphone app.

#### Specific examples of eco-friendly activities

- Sorting trash
- Using reusable bags
- Setting a more energy-efficient air conditioning temperature



Smartphone app QOLism



ECO Action

### ECO Action Relay

Through its ECO Action Relay, the Company introduces environmental initiatives—including efforts by domestic and overseas business units to reduce total paper usage, conducts cleaning activities, and forestation—by using a relay format and shares them within the Group.



▲ Cleaning activity (Kanazawa Branch, Dai-ichi Life)

# Dai-ichi Life's initiatives to preserve the environment

Creating the *Dai-ichi Life Forest* in Ashoro, Hokkaido (starting in June 2022)



▲ Planting trees (2023)

## Dai-ichi Life Forest (Ashoro, Hokkaido)

For the *Dai-ichi Life Forest* project, Dai-ichi Life aims to ensure the diversity of forests and preserve biodiversity, by planting various tree species, including *mizunara* (*quercus crispula*), which are suited to the region, while complementing the carbon dioxide absorption benefits of forests. Furthermore, through tree-planting activities with Ashoro residents and more trees\*, Dai-ichi Life will use its expertise in forest conservation to cultivate forests while working closely with the local community.

At the same time, Dai-ichi Life will also purchase CO<sub>2</sub> offset credits generated from forests in four cities in Hokkaido, including Ashoro, and use them to reduce its CO<sub>2</sub> emissions.



▲ Declaration of cooperation by three parties (2022)



▲ Group photo (2023)

Place	Satomigaoka, Ashoro, Hokkaido
Scale	2 ha: cumulative total scale in FY2022 and FY2023. To be gradually expanded
Species of trees	<i>Mizunara</i> ( <i>quercus crispula</i> ) (FY2022) <i>Inuenju</i> ( <i>maackia amurensis</i> ) (FY2023) To be decided again next year.
Cooperating organizations	<ul style="list-style-type: none"> <li>Ashoro, Hokkaido <a href="https://www.town.ashoro.hokkaido.jp/">https://www.town.ashoro.hokkaido.jp/</a> (Japanese Only)</li> <li>more trees (conservation organization) <a href="https://www.more-trees.org/en/">https://www.more-trees.org/en/</a></li> </ul>

\* This forest conservation organization was established in 2007 by the late Ryuichi Sakamoto and others. The current representative director is Kengo Kuma.



▲ Woodworking workshop (2023)



# Japanese and overseas Group company initiatives to preserve the environment

## Japanese Group company

### ■ Dai-ichi Life Challenged

At Dai-ichi Life Challenged, the employees use documents discarded by Dai-ichi Life to make recycled paper, which they then use to make employee business cards. (They use approximately 5,000 sheets of A3-size recycled paper to make 1,200 boxes per year.)

\* Dai-ichi Life Challenged is a subsidiary of Dai-ichi Life where most of the employees have disabilities.



▲ Making business cards at the Dai-ichi Life Challenged Toyosu office

## Overseas Group companies

Overseas Group companies conduct activities to clean up plastic waste, etc. to protect living creatures and the rest of nature, including keeping seas and rivers clean.

### ■ Dai-ichi Life Cambodia



▲ Snake river, Battambang

### ■ Dai-ichi Life Myanmar



▲ Ngwesaung, Ayeyarwady



Appendix

Glossary

Term	Definition
<b>Carbon neutral</b>	In this report, <i>carbon neutral</i> has essentially the same meaning as <i>net-zero</i> (defined below).
<b>Carbon offset credit</b>	A system that enables companies in particular to buy and sell avoided emissions
<b>Collaborative engagement</b>	Multiple investors collaborate to engage with investees aimed at increasing investees' mid to long-term enterprise value
<b>CSuO</b>	An acronym for Chief Sustainability Officer
<b>CVaR</b>	An acronym for Climate Value-at-Risk
<b>DX</b>	An acronym for Digital Transformation. DX is a concept of promoting advanced IT technologies to transform and improve quality of life.
<b>ERM</b>	An acronym for Enterprise Risk Management. ERM is an approach to promote business activities by developing business plans, capital strategies, etc., in accordance with the attribution, type and nature of risks as well as the conditions of capitals, risks and profits
<b>ESG</b>	Stands for Environment, Social, and Governance. It is often used in the context of corporate activities to increase enterprise value through environmental and social considerations and the enhancement of corporate governance, as well as investment strategies of asset owners based on such corporate activities.
<b>ESG integration</b>	Systematic inclusion of ESG factors in investment decision-making (buying or selling) processes
<b>Financed emissions</b>	GHG emissions from investment portfolio (Scope 3 Category 15)
<b>GFANZ</b>	An acronym for the Glasgow Financial Alliance for Net Zero. The global initiative encompassing financial institutions committed to achieving net-zero emissions
<b>GHG</b>	An acronym for greenhouse gases. Greenhouse gases include carbon dioxide (CO <sub>2</sub> ), methane (CH <sub>4</sub> ), nitrous oxide (N <sub>2</sub> O), etc.

Term	Definition
<b>Green bonds</b>	Bonds issued to raise funds needed for environmental activities (addressing global warming, renewable energy measures, etc.)
<b>Human rights due diligence</b>	The process of identifying the risk of violating human rights during business activities, assessing the impact of such violations, and then taking appropriate measures to prevent and mitigate the risk
<b>Impact investment</b>	An investment approach in which investment decisions are made based on both investment performance and social impact (structural changes in society, etc.)
<b>J-Credit</b>	A system under which the Japanese government certifies the reduction and absorption of greenhouse gas emission through the introduction of energy-saving equipment, forest management, or similar initiatives as <i>credits</i> . J-Credit is commonly used in Japan.
<b>Negative screening</b>	Exclusion of specific industries and/or companies from the investment portfolio
<b>Net-zero</b>	Zero GHG emissions balance calculated by GHG emissions minus absorbed and removed emissions
<b>NZAOA</b>	An acronym for the Net-Zero Asset Owner Alliance
<b>Offsite PPA service</b>	A system under which power generating equipment is set up on land distant from a power demanding facility and then the generated power is sent to this facility along with environmental value
<b>RE100</b>	A global initiative which targets to procure 100% power consumed during business operations from renewable energy sources
<b>SBT</b>	An acronym for Science Based Targets. It is an international certification which verifies that company's GHG emission reduction target aligns with the Paris Agreement (which aims to keep the rise in temperature to 1.5°C or less, which is well below a 2°C rise compared to pre-industrial levels).
<b>SDG bonds</b>	Bonds that the use of process is limited to projects which contribute to SDGs.

Term	Definition
<b>SDGs</b>	An acronym for the Sustainable Development Goals. They are international goals adopted at the UN summit in September 2015 to be achieved by 2030. The SDGs consist of 17 goals and 169 targets.
<b>Stewardship activities</b>	Institutional investors' activities to improve and foster investees' enterprise value and sustainable growth through constructive "purposeful dialogue" and the exercise of voting rights
<b>TCFD</b>	An acronym for the Task Force on Climate-related Financial Disclosures, established by the Financial Stability Board (FSB) in 2016. TCFD provides a framework for companies to voluntarily disclose climate-related risks and opportunities.
<b>Transition finance</b>	A new financing approach to support the activities of companies pursuing steady efforts to reduce GHG emissions in line with a long-term strategy aimed at achieving a decarbonized society
<b>WACI</b>	An acronym for weighted average carbon intensity. The WACI figures in this report were calculated by multiplying the carbon-to-revenue intensity of each company by the portfolio weights of Dai-ichi Life's investment portfolio.
<b>Well-being</b>	Well-being refers to living a prosperous and healthy life characterized by peace of mind and happiness. The Group aims to contribute to the well-being of all, including future generations, through the four experiential values.



## Dai-ichi Life Group

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