



**Asia-Pacific
Economic Cooperation**



Asia-Pacific Financial Forum (APFF)

**Promoting insurers' role to support sustainable, resilient
and inclusive growth and development in the Asia Pacific**

&

**Insurers' contributions to support Sustainable
Development Goals (SDGs)**

Makoto Okubo, Nippon Life Insurance Company

Sherpa, APFF Insurance and Retirement Income Work Stream

22 November 2018, Kuala Lumpur



Promoting diversity around the globe



(United States)



(France)



(Germany)



(Switzerland)



(Italy)



(United Kingdom)



(Australia)



(Canada)



(Mexico)



(Chile)



(Russia)



(Kenya)



(Egypt)



(Singapore)



(Malaysia)



(Thailand)



(China)



(Korea)



(Japan)



(India)

Promoting insurers' role to support sustainable, resilient and inclusive growth of the Asia Pacific

- APFF (Asia Pacific Financial Forum) and its activities on insurance
- Regulatory and accounting issues and recommendations
- IFRS17 and Solvency Regime – Issues and status in the Asia Pacific
- Lessons from Japan – experience under low interest rate environment
- Some words from Taoism – Yin and yang

Intermission

- Insurance Forum Japan 2019
- Mack's "Music for SDGs Project"

Insurers' role to contribute to Sustainable Development Goals (SDGs)

- Major SDGs movements in Japan
- LIAJ (Life Insurance Association of Japan)'s Initiatives on SDGs
- Nippon Life's Case

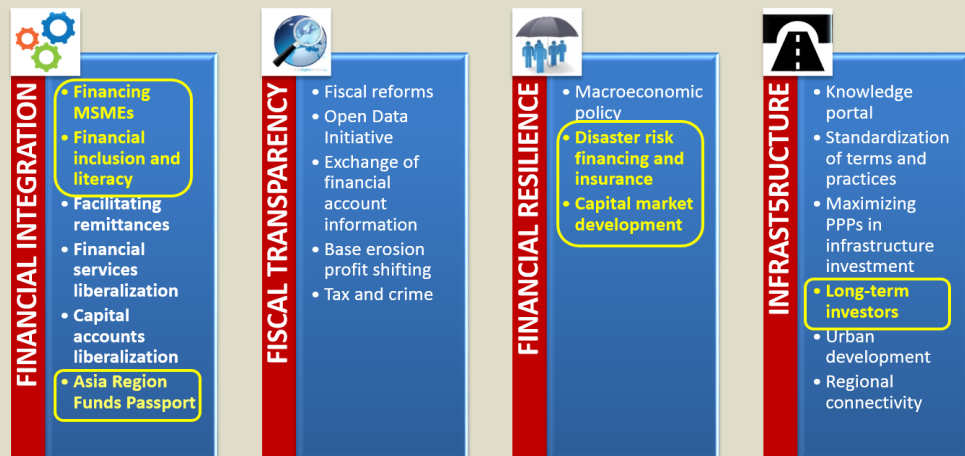
What is APFF?

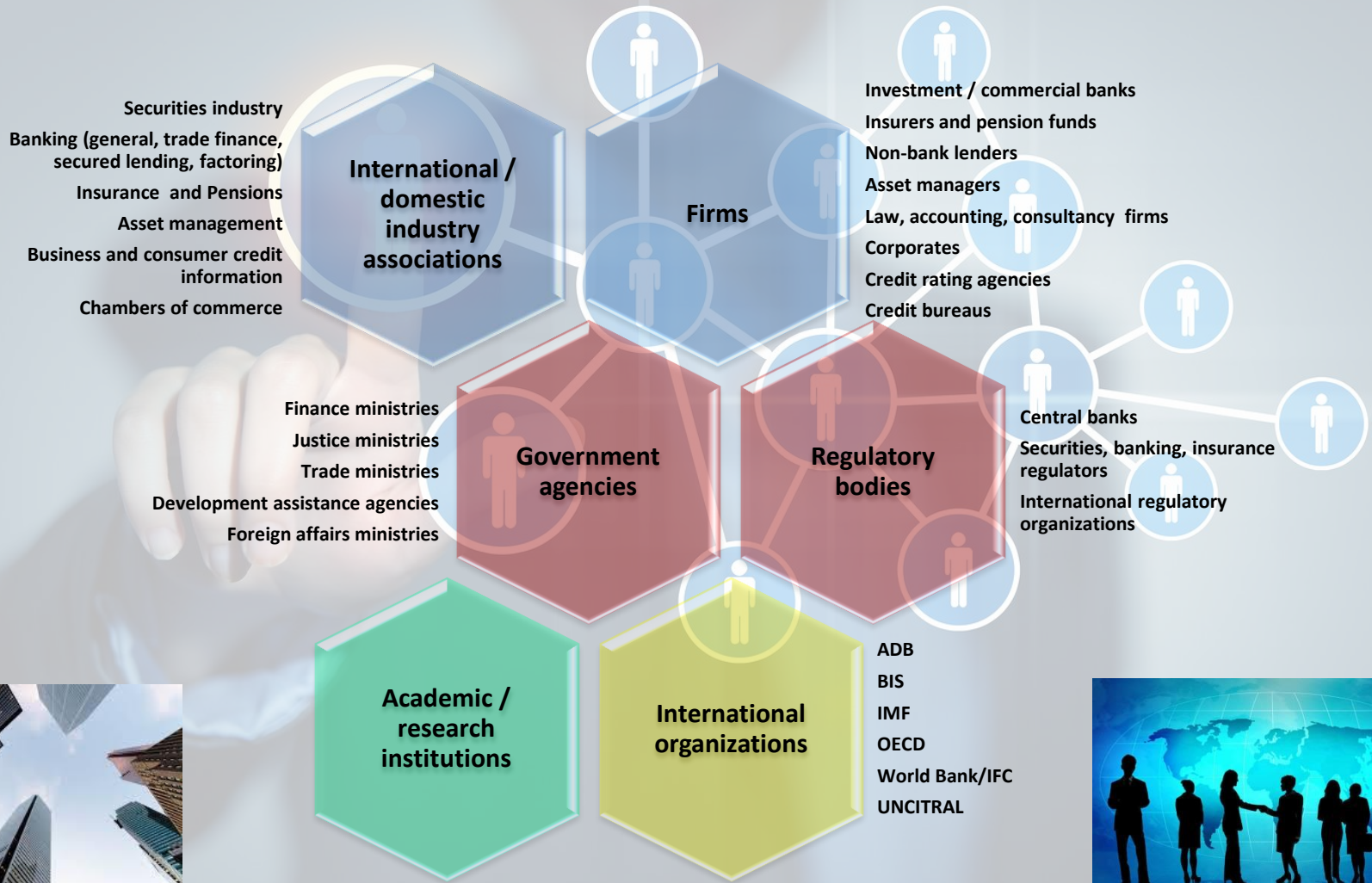
- APFF is a regional platform for **collaboration among public sector, private sector and multilateral institutions** to help accelerate the development and integration of financial markets and services in the APEC region.
- APFF is an official policy initiative under the **APEC Finance Ministers' Process**. It has been tasked to support the implementation of the Ministers' **Cebu Action Plan** (a 10-year roadmap for the development and integration of financial markets in the region).
- The management of APFF has been entrusted by the Finance Ministers to the private sector through the **APEC Business Advisory Council (ABAC)**, which reports its progress to APEC senior finance officials and ministers regularly throughout the year.

The Cebu Action Plan (CAP)

A Ten-Year Roadmap for the APEC Finance Ministers' Process

FOUR PILLARS



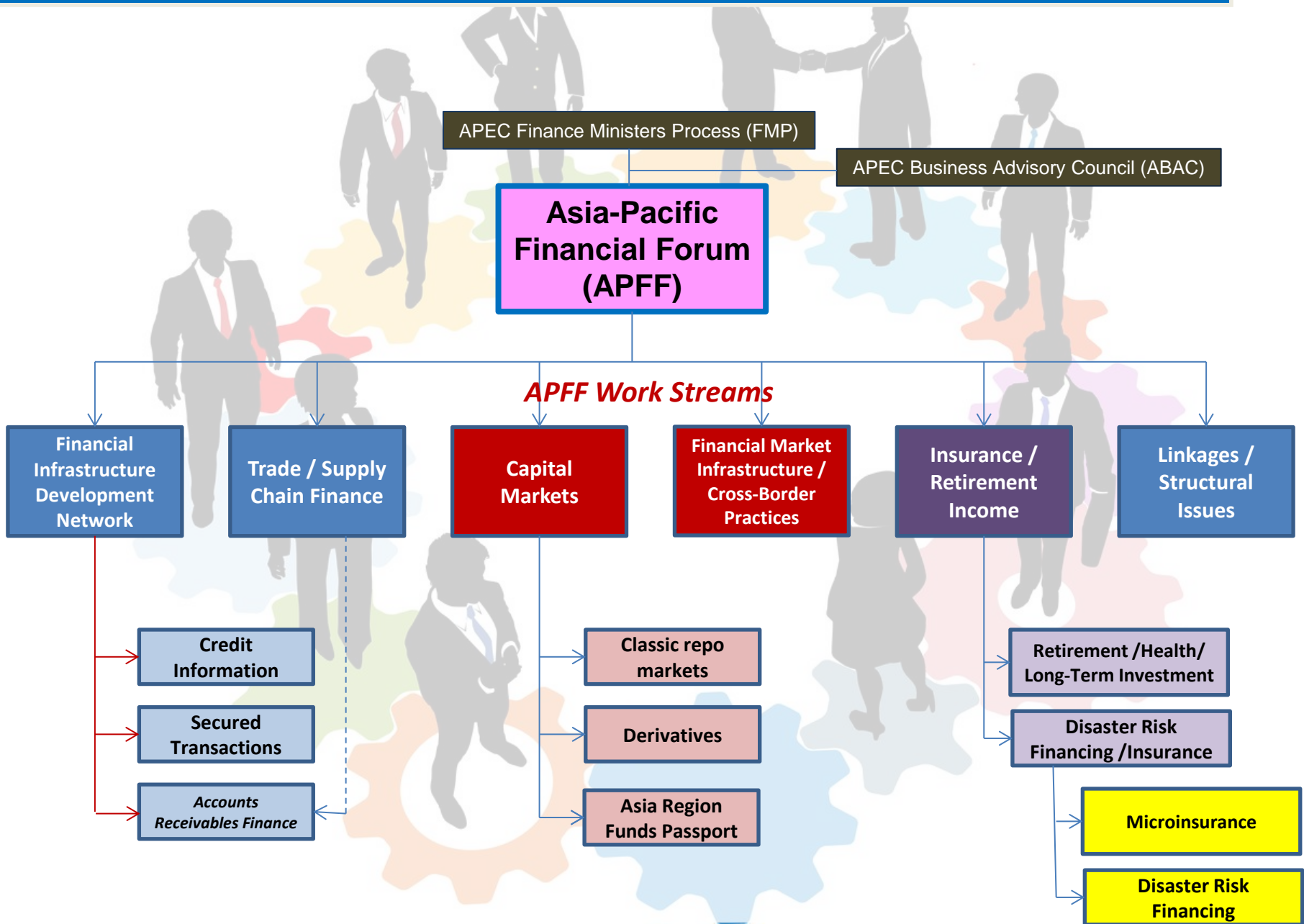


Over 150 organizations



Over 300 individual experts

The APFF Structure



Expanding the Region's Long-Term Investor Base

- Promoting insurers' and pension funds' roles to support **sustainable, resilient and inclusive** growth and development of the Asia-Pacific region
- **Triple wins** thru Retirement income and long-term investment
 - **Consumers** receive high and stable returns for long-term savings
 - **The financial sector** is able to access deeper capital markets for infrastructure investment.
 - **Governments** obtain relief from large contingent fiscal liabilities
- **Triple gaps** to address to achieve the above objective
 - **Pension/Protection Gap**
 - **Infrastructure/Investment Gap**
 - **Regulatory/Accounting Gap**
- **Two additional focus** proposed to be added for the 2019 work plan
 - **Digital technology/innovation** (i.e. InsurTech, HealthTech, PensionTech)
 - **Sustainable and ESG investment** (i.e. green bonds)

2018 APEC Joint Finance Ministerial Statement

- 2018 APEC JOINT FINANCE MINISTERIAL STATEMENT was issued on 17 October 2018 in Port Moresby, Papua New Guinea.
- APEC 2018 theme, *Harnessing Inclusive Opportunities, Embracing the Digital Future*, we discussed the economic and financial outlook that our economies face and shared views on appropriate policy actions”. Particularly, it mentions, “We are committed to use all monetary, fiscal and structural policy tools, individually and collectively to the extent possible, to achieve **strong, sustainable, balanced and inclusive growth**.”
- Topics mentioned in the Joint Statement:
 - Global and Regional Economy
 - Accelerating **Infrastructure Development and Financing**
 - Advancing **Financial Inclusion**
 - Fostering International Tax Cooperation and Transparency
 - Implementing the **Cebu Action Plan**
 - **Disaster Risk Financing and Insurance**



(Photo source: APEC)

Accelerating Infrastructure Development and Financing

- Infrastructure is crucial to lifting productivity, enhancing connectivity and competitiveness, creating jobs and strengthening inclusive growth.
 - The Asia-Pacific region faces a significant infrastructure financing deficit with data from the Global Infrastructure Hub (GIH) estimating that investment needs are expected to average US\$2.1 trillion per year over the 2020-2025 period.
- This large and growing infrastructure investment need can be addressed by **diversifying the available sources of long-term finance and fostering private sector involvement**, including the creation of:
 - enabling conditions for attracting investment,
 - generating pipelines of ‘bankable’ infrastructure projects and
 - developing financing structures capable of attracting long-term institutional investor capital.
- Stressing the importance of quality infrastructure investment, we encourage capacity-building programs to improve economies’ **project evaluation processes, regulatory and procurement environments, and project preparation and financing capabilities.**



(Photo source: APEC)

Financing the Expansion of the Region's Infrastructure

- Development of Bankable Infrastructure PPP Pipeline
- Advancing The Islamic Infrastructure Investment Platform (I3P)
- Expanding the Region's Long-Term Investors Base
 - **Infrastructure Investment:** Continue dialogue with policymakers and authorities to expand quality infrastructure investments by insurers and pension funds, and examine possible improvement including **financial vehicles, sustainable investing** and **regulatory changes**.
 - **Regulation and accounting:** Continuous outreach with policymakers, regulatory authorities and accounting standards setters, focusing on **the adoption of solvency and accounting regimes that do not discourage insurers from engaging in long-term business and making long-term investment in infrastructure and capital markets**. (i.e. **IFRS17** and **IFRS9**, including its impact on **solvency assessment**)
- Developing Deep and Liquid Capital Markets

Strengthening Resilience

- Expanding Microinsurance coverage in APEC
- Disaster Risk Financing and Insurance
- Innovative Health Financing Mechanism
 - The private sector has the potential to provide complementary financing tools and initiatives to improve health. An enabling policy, legal, and regulatory environment can help promote and facilitate the deployment of these mechanisms.
 - The LSIF and APFF are working with government officials to recommend policies to expand the role of the private sector to reduce the fiscal burden, improve government coordination, and enable officials make more informed decisions based on the best available data.

Other topics

- Bringing Financial Services to the Digital Age
- Promoting Legal, Policy and Institutional Ecosystems to Facilitate Financing of MSMEs

CAP

**4E Long - Term Investment
in Infrastructure**

**3B Disaster Risk Financing
and Insurance**

WG

**Insurance and Pension Group
(Retirement, Health and Long-Term
Investment Working Group)**
[Sherpa Makoto Okubo]

**Disaster risk financing and
Insurance Working Group**
[Sherpa Masaaki Nagamura]

SG

Retirement and protection
[led by Vanessa Wang]

Infrastructure and Investment
[led by Brian Murray]
in collaboration with APFF CMWS and APIP

Regulation and Accounting
[led by Makoto Okubo]

Innovative Health Financing Mechanism
[led by Ryan MacFarlane]
in collaboration with LSIF

**Islamic Infrastructure Investment
Platform (I3P)**

Disaster Risk Financing
[led by Masaaki Nagamura]

Micro-Insurance
[led by Antonis Malagardis]
**in collaboration with
Financial Inclusion Group**

Regulatory issues and recommendations

1. Bank-centric regulations

- ❑ *Standards should reflect long-term nature of insurers*
- ❑ *Insurers should be allowed to invest in assets with **long-term growth opportunities**, such as infrastructure investments*



(Photo – Beijing, China)

2. Short-term oriented economic regime

- ❑ *Economic regime should have a long-term vision*
- ❑ *Insurers and investors should be encouraged to make decisions to **be good in the long-run rather than looking good at a given moment***



(Photo – All Nippon Airways)

3. “One-size-fits-all” models

- ❑ *Standards should be principle-based and aim to achieve comparable outcome by taking into account **the diversity in different jurisdictions***



(Photo: New York, USA)

Accounting issues and recommendations

■ Volatility in the balance sheet

- Short-term fluctuation should be avoided
- Assets-liabilities interaction should be reflected for a wide range of products sold in the region
- Discount rate should reflect the business



(Photo: Salsa @ Tokyo, Japan)

■ Volatility in the income statement

- The optional use of OCI for insurance liabilities and corresponding assets and items of income and expenses presented in OCI should be permitted to be recycled
- The treatment of changes in estimated cash flows and that of discount rates should be consistent



■ Other issues

- Standards should reflect how an entity conducts its business in terms of (a) the unit of account, (b) the selection of a measurement basis, (c) presentation and disclosure
- Flexibility should be given in adopting transition requirements (i.e. prospective approach)

IAIS work on risk-based global ICS

- On July 21 2017, the IAIS released the risk-based global **insurance capital standard (ICS) Version 1.0** for extended field testing.
- On November 2, 2017, the IAIS announced two phase plan (“KL Agreement”) to convergence on **ICS Version 2.0** (completion expected in 2019): first a five-year monitoring phase, followed by an implementation phase.
- The APFF engaged in continuous outreach and dialogue with policymakers, regulatory authorities, international (i.e. **IAIS, OECD, World Bank**) and regional institutions (i.e. **ADB, ASEAN, NAIC, ASSAL**) in coordination with industry bodies (i.e. **AIC, Geneva Association** and **IIF**) and intends to provide implementation support in selected APEC economies.
- Topics for further discussions:
 - How to reflect long-term nature (i.e. discount rate)
 - MAV (Market adjusted valuation) , GAAP Plus and Aggregation Method
 - Eligibility of capital
 - Measurement of risks in capital requirements
 - Interaction between ICS and local regimes

IFRS17 and recent development

- On May 18 2017, the IASB published IFRS17, which would require fulfillment value and provide consistent and principle-based accounting requirements for insurance contracts, which supersedes IFRS4 and its effective for periods beginning on and after **1 January 2021**.
- There are some technical and practical aspects yet to be addressed. APFF intends to be involved in the interpretation and implementation process in collaboration with other bodies (i.e. **Technical Resource Group, Hug Group, GCG, European stakeholders**)
- On October 24 2018, the IASB decided to consider at a future meeting whether any concerns and implementation challenges indicate **a need to amend the requirements of IFRS 17**.
- During its November Board Meeting, the IASB will consider if the effective date of IFRS 17 and the temporary exemption to IFRS 9 in IFRS 4 is postponed to **January 1, 2022**.
- A number of jurisdictions may use **IFRS17 as basis for solvency assessments** and in such cases impact of IFRS17 would go beyond financial reporting. Areas which may need attention include:
 - **Contract Services Margin (CSM)**
 - **Scope and definition of insurance**
 - **Grouping of contracts and separation of components**
 - **Cash flows and discount rate**
 - **Reinsurance contracts**

Remaining issues for discussion (examples in Europe)

■ CFO Forum (3 July 2018)

Measurement Issues

- Acquisition cash flows
- CSM amortisation
- Discount rates
- Multi-component contracts
- Reinsurance
- Scope of hedging adjustment
- Scope of the VFA vs GMM and PAA
- Transition

Operational complexity

- Business combinations
- Level of aggregation
- Presentational issues

Other implementation challenges

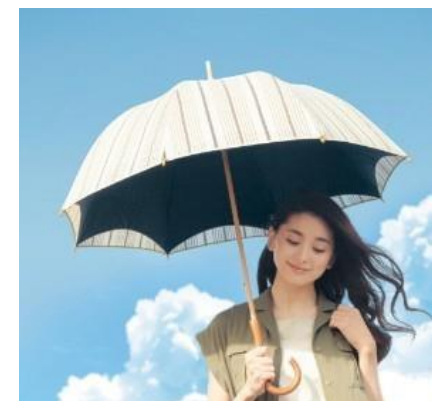
- Pressure on implementation timeline

■ EFRAG (3 September 2018)

- Acquisition costs
- CSM amortisation
- Reinsurance
- Transition
- Annual cohorts
- Balance sheet presentation

■ Insurance Europe (3 October 2018)

- IFRS17 must be re-opened to address the 11 issues identified during the testing
- Implementation needs to be delayed by two years



(Source: Bellemaison.jp)

IFRS17/Solvency status in the Asia Pacific



Australia: IFRS included in Australian Accounting Standards. Economic regime solvency regime based on IFRS with some adjustments



Canada: IFRS adopted in Canadian Accounting Standards. Solvency regime based on IFRS with some adjustments



Chile: IFRS generally adopted, but regulatory authority makes adjustments for insurers. Ongoing discussion on IFRS17



China: Local GAAP is usually converged to IFRS. Ongoing discussion on IFRS17. C-ROSS similar to Solvency II, but less market-consistent



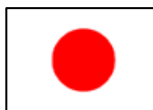
Chinese Taipei: Local GAAP is usually converged to IFRS. Effective date for IFRS17 will likely be 2024. ICS type of solvency regime may be considered



Hong Kong: IFRS17 endorsed and adopted into Hong Kong Financial Reporting Standards. Economic-based solvency regime to be considered.



Indonesia: Local GAAP is usually converged to IFRS. Effective date for IFRS17 will likely be 1 or 2 years after 2021.



Japan: IFRS permitted for consolidated statement for publicly traded companies. Economic-based solvency regime to be considered.

IFRS17/Solvency status in the Asia Pacific (*cont.*)



Korea: IFRS adopted in Korean Financial Reporting Standards. Solvency regime based on IFRS



Malaysia: IFRS17 endorsed by Malaysian Accounting Standards Board. Solvency based on IFRS17 with possible adjustments



Mexico: IFRS generally adopted, but regulatory authority makes adjustments for insurers. Ongoing discussion on IFRS17/Solvency



Peru: IFRS generally adopted, but regulatory authority makes adjustments for insurers. Ongoing discussion on IFRS17/Solvency



Philippines: Local GAAP is usually converged to IFRS. Ongoing discussion on IFRS17. RBC model similar to US



Singapore: IFRS17 endorsed and adopted into Singapore Financial Reporting Standards. RBC 2 based on MAS reporting



Thailand: Local GAAP is usually converged to IFRS. Effective date for IFRS17 will likely be 2022. RBC model similar to US



United States: Domestic public companies must use US GAAP. Target improvements for non-participating long-duration contracts. RBC model based on statutory accounting. Ongoing discussion on GCC



Vietnam: IFRS is not permitted, but local GAAP is converged with some changes to IFRS. Solvency I type solvency regime.

Lesson from Japan - Monetary easing policy of BOJ

- In Jan. 2016, the BOJ (Bank of Japan) introduced a negative interest rate policy to achieve the target inflation rate of 2%, prompting significant decline in interest rates over a wide range of durations.
- In Sept. 2016, the BOJ made a slight modification to the policy, aimed at steepening yield curves, but the ultra-low interest rate environment is continuing.
- Nippon Life's strategy is built upon the perspective of long-term growth of the company, based on the assumption that the ultra-low interest rate environment will continue and focus on how to earn investment profits, given the increasing difficulty with investments in yen-denominated interest-bearing assets.

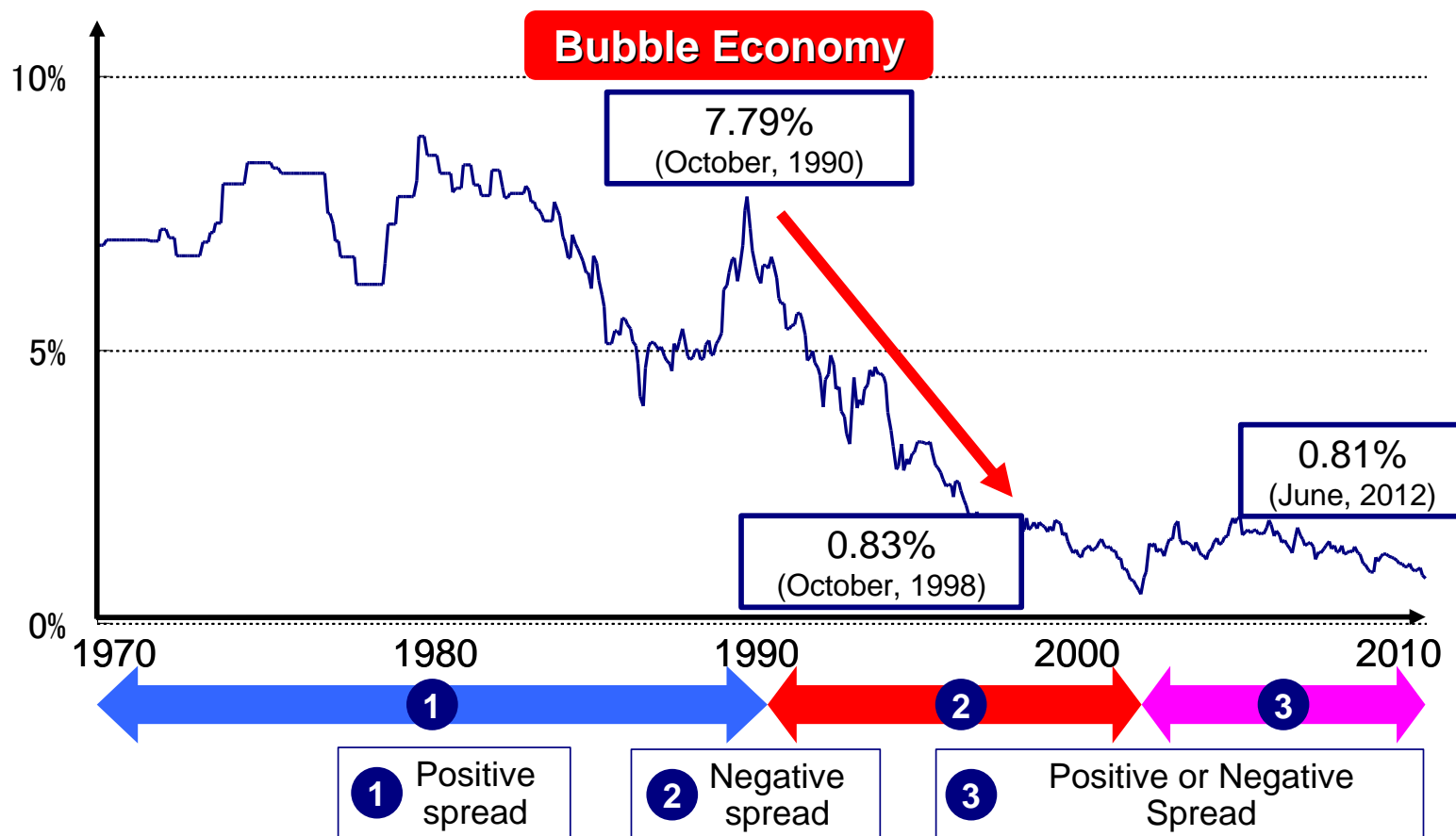


(Source – Nippon Life Insurance Company)

Lesson from Japan - Negative spread problems in 1990s

- After the collapse of the bubble economy, Japan experienced a long-lasting, severe investment environment with low interest rates and poor performing stock prices. This, combined with a market dominated by long-term insurance products with high guaranteed returns, led to negative spread problems in the mid 1990s, although most Japanese life insurers endured the severe business environment.

10-year Interest Rate in Japan



(Source – Nippon Life Insurance Company)

Lesson from Japan -Recovery from negative spreads

- After more than a decade struggle, negative spread problems were overcome:
Investment return > Average guaranteed interest rate

Measures to reduce Negative Spread

Reduced
guaranteed
interest rate

Secured
mortality
profit

Reduced
expenses

Changed investment
strategies, and
enhanced risk
management

Accumulated
additional policy
reserves and
enhanced capital

- For the purpose of internal management, both an RBC model (**early warnings**) and an economic model (**long-term vision**) were developed and used.

Regulatory Requirements and Internal Management

Regulatory Requirements

RBC model

- Ordering early remedial actions
- Confirming whether business activities can be continued for one year

Internal
Management

Early warnings

RBC model

- Assessing the amount of risk stricter than regulation requires

Long-term vision

Economic model

- Ensuring appropriateness of ALM policies from medium- and long-term perspectives

Some words from Taoism - yin and yang

- **Have a holistic vision**
- **Be aware that the world is cyclical**
- **Don't go to the extreme, otherwise you will fall**
 - Bring the balance of yin and yang to the universe
- **In order to get inside, you need to go outside**
- **In order to manage the world, you should control yourself**
 - In order to implement international standards, you should first know your own country



(Photo – Tao Garden, Chang Mai, Thailand)

The background of the image consists of a pair of red curtains, likely velvet, hanging from the top. The curtains are parted in the center, revealing a dark, almost black background behind them. The lighting is soft, highlighting the texture and folds of the fabric.

INTERMISSION



INSURANCE FORUM JAPAN 2019

SAVE THE DATE: 5 JUNE 2019, TOKYO JAPAN

This full one-day industry event provides an ideal opportunity to discuss the roles of insurance in achieving the G20's goals, particularly in the context of

- Global Aging
- Resilient Economy
- Digital Innovation
- Global Regulatory Landscape

Bringing together +100 participants from regulatory/supervisory authorities across jurisdictions as well as global industry.

Join the event to discuss the significant role of insurance in achieving the growth objectives!

The event is hosted by the Life Insurance Association of Japan (LIAJ) under the auspices of the Japanese G20 Presidency.

(<http://www.seiho.or.jp/English/information/event/2019111.html> or email InsuranceForumJapan2019@seiho.or.jp)

Music for SDGs Project



Objective : Under the slogan of **No one will be left behind!, aiming to provide opportunities for the general public to deepen understanding of SDGs in an easier and enjoyable way through music events integrating entertainment and education**



As the first event, we successfully organized **“JAZZ Concert – ANIME for SDGs”** on November 1, 2018 at Crown Theater in Times Square, New York, where Japanese Anime songs were performed by jazz musicians, combined with talk shows on SDGs.

In 2019, taking this opportunity of having G20-related events in Japan in June, we are planning to hold a music event **“G20 Music Concert for SDGs”** inviting various artist (i.e. musicians, dancers, models) and including music with diversity (i.e. jazz, rock, Japanese instruments, Latin music). We are also considering other events later this year back to back to UN events, etc.

To achieve our objective above, we are launching a cloud funding to seek funds and supporters, and also seeking sponsors and collaborators who can share the objectives.

(<http://mackglobe.com/SDGs> or email MusicForSDGs@gmail.com)

“Music for SDGs”

Off-Broadway Jazz Concert – Anime for SDGs” (November 1, 2018 NY)

This project’s first event that took place at a theater in Times Square in New York, converting Japanese anime songs into Jazz and combining with talks on SDG topics corresponding to respective anime movies. The audience enjoyed Jazz music and learned about the importance of SDGs. To be reported to the United Nations. (<http://mackglobe.com/jazz>)

- ① Building the society for all children to look forward to tomorrow (SDG1,3,4)
- ② Supporting empowerment of women (SDG5)
- ③ Protecting environment and preserving beautiful earth (SDG6,7,13,14,15)
- ④ Creating disaster-resilient town and innovation (SDG9,11)
- ⑤ Realizing world peace through diversity and inclusion (SDG16,17)

 SUSTAINABLE DEVELOPMENT GOALS



(Photo: Triangle NY)

"Music for SDGs" – Key concepts and collaboration

Learning SDGs through music events

Delivering messages on specific topics of SDGs through musicals and concerts



Diversity and Inclusion

Alopecia Style Project Japan (ASPJ)

Fashion Show by *Bold and Beautiful Women* through collaboration with an NPO engaged in activities to enhance social recognition of women who lost hair for various reasons



Supporting empowerment of women &



Spreading the circle of world peace

Shiori Abe & Women Orchestra

all-female orchestra ensuring carrier after marriage and/or childbirth



Ayumi Ueda & Women of the World

Connecting the world through songs by singers around the globe



Hiroka Ashiki & Songstress 2020 Hiroshima Project

Female singers from all over Japan gathering in Hiroshima to sing for world peace



Future schedule and opportunities for collaboration with the project



Insurers' contributions to support Sustainable Development Goals (SDGs)



About SDGs

- ✓ Adopted at the United Nations Sustainable Development Summit in September 2015, the 2030 Agenda for Sustainable Development commits to the **achievement of 17 goals and 169 targets by 2030 for a sustainable, equitable, and inclusive society with no one left behind.**
- ✓ All U.N. member countries are asked to work together through public (government) and private (corporations and citizens) partnerships.
- ✓ It is a **common global language** for sustainable society characterized by the **universality**, which all nations including both developing countries and developed countries must take actions, with no one left behind as a keyword to ensure **inclusive**.

17 Goals



SUSTAINABLE DEVELOPMENT GOALS
17 GOALS TO TRANSFORM OUR WORLD



The collaboration of Pikotaro and the Ministry of Foreign Affairs of Japan also caused a buzz!
(Search Pikotaro SDGs to watch a YouTube video.)

Major SDGs movements in Japan

- May 2016: The **SDGs Promotion Headquarters** was established with the **Prime Minister** as the chief of headquarters and all ministers of state as members.
- December 2016: The SDGs Promotion Headquarters announced the **SDGs Implementation Guiding Principles** for Japan (Set **eight priority areas**)
- November 2017: The **Japan Business Federation (Keidanren)** revised the **Charter of Corporate Behavior**, which states the guidelines to be observed by corporations, **with the aim of the achievement of SDGs**. The member corporations declared to act to achieve the SDGs on their own initiative.
- June 2018: The SDGs Promotion Headquarters selected that **29 local governments as SDGs Future Cities**, as well as **Local Government SDGs Model Projects (10 projects.)**



June 2018: The Fifth SDGs Promotion Headquarters Conference

- LIAJ established SDGs Promotion Project Team and ESG Investment Promotion Working Group to promote member companies contributions on SDGs.
- LIAJ revised its Code of Conducts to incorporate SDGs and set 8 priorities (Nov16, 2018).

8 priorities to achieve sustainable development goals:

■ Establishing sustainable social security system



■ Promoting financial literary education



■ Promotion of consumer-oriented management, including treatment of senior citizens



■ Taking measures to extend healthy life span



■ Promotion of ESG Investments



■ Combating money laundering, terrorist financing, and antisocial sources



■ Promotion of empowerment of women

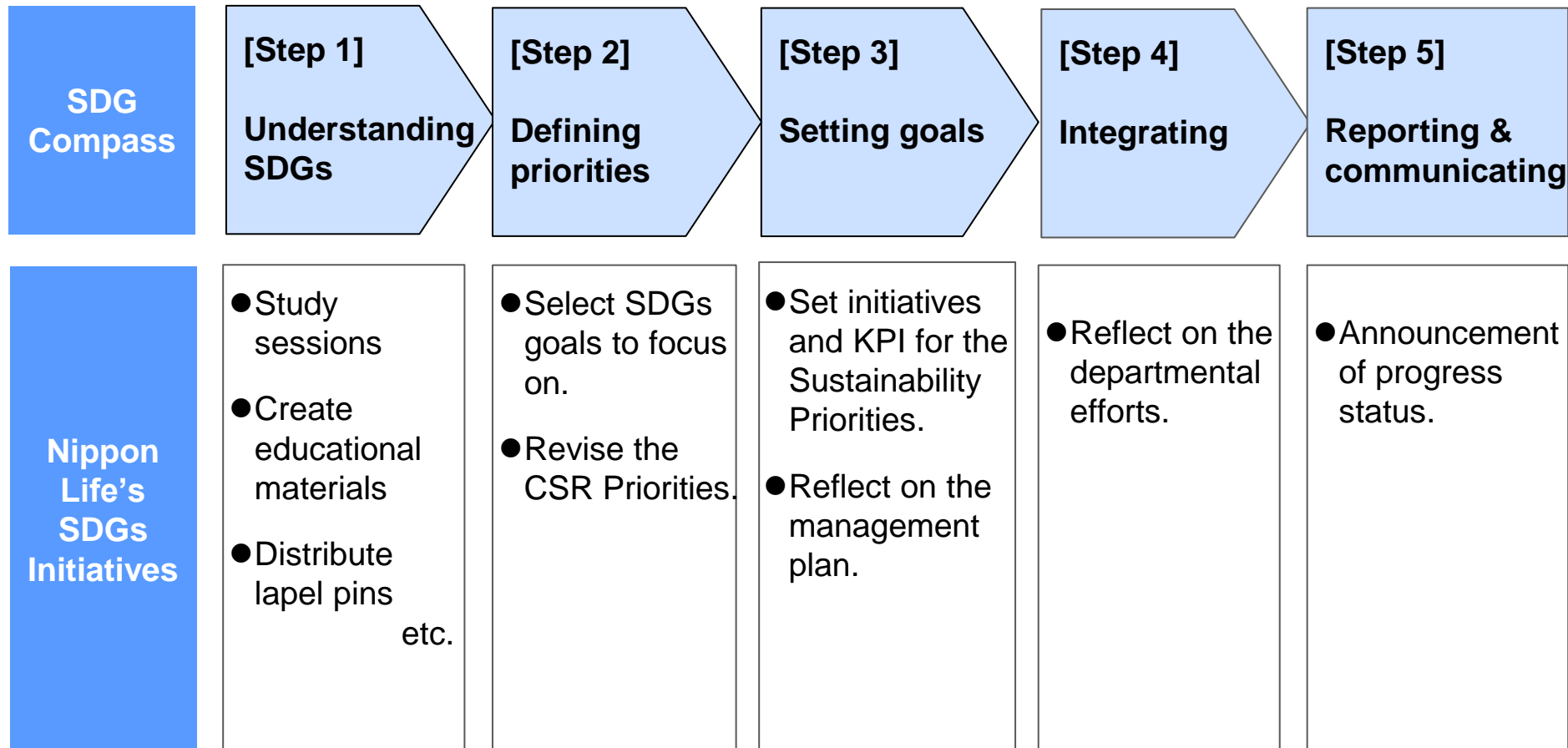


■ Protecting human rights



- Nippon Life is promoting SDGs initiatives **in five steps** in line with the **“SDG Compass”**, which is the business action guidelines for SDGs issued by U.N. related organizations.

■ The Steps



○ The first step is to understand SDGs, so we are carrying out various educational initiatives such as the following:

- **Seminar for executives** (December 2017)
- **Prepared materials for employees** (May 2018)
- **Online training and various information provided to people in the Company**
- **SDGs card game hands-on learning seminars** (since May 2018)
- **Distribute SDGs lapel pins**

■ Internal educational material



■ SDGs card game hands-on learning seminars



■ Sustainability Report (Excerpted Version)

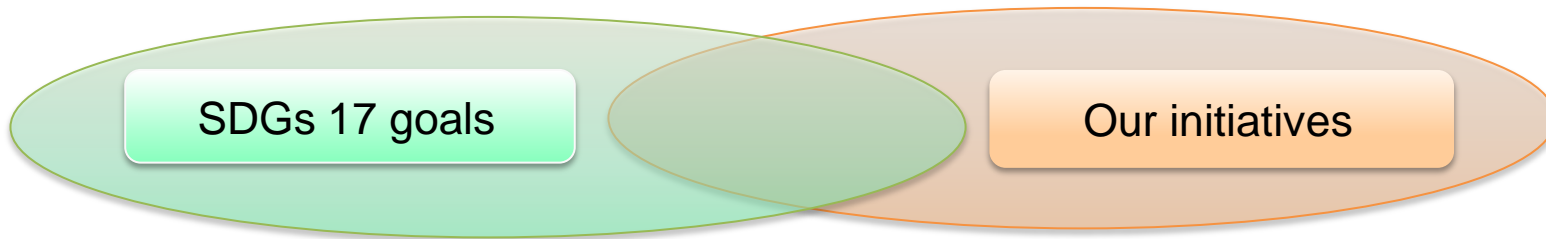


■ SDGs lapel pins



Step 2 Defining priorities – Select SDFs goals to focus on

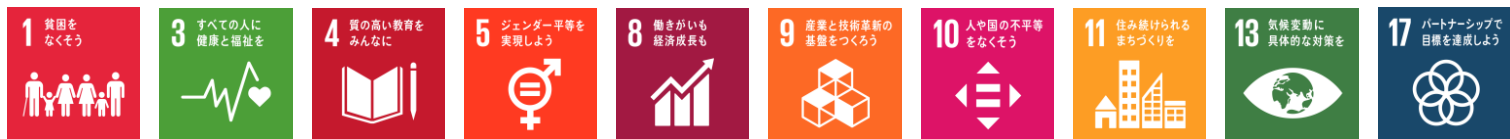
- To define priorities, Nippon Life **mapped 17 SDGs goals and our initiatives** and **evaluated according to 4 perspectives described below** and selected and narrowed down to **10 goals** from 17 goals .



- ✓ Mapping
- ✓ Evaluating according to **4 perspectives**
 - (1) Compatibility with the business strategy
 - (2) Characteristics unique to Nippon Life
 - (3) Relation to the CSR Priorities*
 - (4) The degree of contribution

*Described on page13

10 goals were selected



Step 2 Defining priorities – About the “CSR priorities”

- The CSR Priorities (Materiality) are the **CSR Initiatives where we place the greatest emphasis.**
- We have **identified 16 areas in 2015** based on the **stakeholder expectations** and the **relationship with the company's business** by the following process.

■ The Process to identify the CSR Priorities <in 2015>

Organizing the stakeholders expectations (vertical axis)

Dialogues with stakeholders

- ✓ General Meeting of Representatives
- ✓ Social gatherings with Customers

Guidelines

- ✓ GRI Guidelines Version 4
- ✓ ISO 26000
- ✓ Independent Guidelines of the Life Insurance Association of Japan.

External assessments

- ✓ External ESG assessments

Principles of actions

- ✓ Japanese Stewardship Code
- ✓ U.N. Principles for Responsible Investment (PRI)
- ✓ U.N. Global Compact
- ✓ Women's Empowerment Principles
- ✓ Principles for Sustainable Insurance (PSI)

Extract 16 areas as the CSR-related areas

Organizing the relationship with the company's business (horizontal axis)

- ✓ Internal workshops

Check with external experts

- ✓ Exchange opinions with CSR experts



○ With the development of our efforts to address SDGs, Nippon Life expanded its **CSR Priorities** to **Sustainability Priorities**, which include 18 areas, adding **environment** and **human rights**, responding to increased stakeholder expectations on these 2 areas after the adoption of SDGs.

Sustainability Priorities (18 areas)

<ul style="list-style-type: none"> ✓ Customers ✓ Communities and Society 	<ul style="list-style-type: none"> ➤ Response to social issues through the provision of products and services ➤ Improve customer satisfaction and enhance the provision of information ➤ Provide universal services ➤ Contribute to a sustainable society through asset management ➤ Provide insurance services to various areas ➤ Build partnerships and contribute to the development of communities and society
<ul style="list-style-type: none"> ✓ Employees 	<ul style="list-style-type: none"> ➤ Recruitment, development, and the retention of diverse human resources ➤ Promotion of diversity and inclusion ➤ Promotion of workstyle reforms and health and productivity management
<ul style="list-style-type: none"> ✓ Environment 	<ul style="list-style-type: none"> ➤ Efforts to address the climate change issues Added
<ul style="list-style-type: none"> ✓ Human rights ✓ Compliance ✓ Risk Management ✓ Corporate Governance 	<ul style="list-style-type: none"> ➤ Management respects human rights of all people Added ➤ Strengthen the compliance system ➤ Upgrade the approach to Enterprise Risk Management ➤ Long-term and stable management through the mutual company structure ➤ Proper distribution of economic value ➤ Strengthen corporate governance ➤ Integrate CSR issues in the management ➤ Stakeholder engagement

■ Nippon Life incorporates green practices into business activities such as **customer services** and **asset management**.

● Paperless E-Contracts



● Donation through the “Zutto Motto Service”

<FY 2017 Thanks Miles Donation Amount>



World Wide Fund for Nature (WWF)	JPY2.52 million
Japan Committee for UNICEF	JPY10.05 million
Japanese Red Cross Society	JPY9.62 million
Ashinaga Ikueikai	JPY9.01 million
JOC/JP (Japanese Olympic Committee/ Japan Paralympic Committee)	JPY1.81 million

● ESG Investment and Financing



Wind power project
Financing



Investment in domestic
renewable energy fund

● Environmentally Considerate Real Estate Investment



Nippon Life Marunouchi Garden Tower

FY 2016:

Received the DBJ Green Building
Certification “Five Stars”

FY 2015:

Received the LEED-CS (for tenant
buildings) Certification “Gold”

- Nippon Life also provides **environmental education** and **opportunities to get close to nature**, as well as **planting forests by volunteers**.

- Nissay “*Forest Seminars*”
(Summer Break Kids Seminar at Nissay Life Plazas)



- Nissay “*Forest Explorers*”
(Nature observation in the forest)



- Planting Forests for Future Generations (Tree-planting and afforestation activities)



Nissay Forest Friends Club
Nissay Green Foundation

- Nippon Life contribute to the realization of sustainable society through **products and services**, **asset management**, and **social contribution activities**.

- Development and the Provision of Products and Services



Promotion of the Gran Age Project (for senior citizens)



National expansion of corporate-sponsored day-care centers with Nichii Gakkan

- Insurance education



- ESG Investment and Financing



Investment in social bond issued by the International Finance Corporation



Investment in a healthcare bond issued by BPCE S.A.

- “ACTION CSR-V: Social contributions by 70,000 people”



- Invest in social bonds and healthcare bonds, thereby contributing to improve healthcare access and longevity.

Social bonds by JICA



Funds are utilized by enterprises which contribute to solve social issues (reduce poverty, sustainable economic growth, etc) in developing countries.

(September 2016)



photo : Kenshiro Imamura/JICA

Healthcare bonds by BPCE S.A.



It contributes to improve medical services in France through providing financial services for regional medical institutions, health facilities and social accommodation.

(July 2017)



Financing for hospital development project in Turkey



This Loan was utilized to develop large-scale hospitals in Istanbul city. It helps alleviate shortage of hospital beds in Turkey.

(July 2017)



- Invest in social bond and finance seawater desalination plant project.
We contribute to gender equality and providing safe water.

Social bonds by International Finance Corporation

It is utilized to help improve social outcomes in developing countries by providing finance to companies that buy from smallholder farmers, provide utilities for low-income households, support financial institutions that lend to women-owned enterprises, etc.

(July 2017)



source : Renaissance Group

Financing for seawater desalination plants in Australia

Finance for the project which operates seawater desalination plants in Melbourne city. Loan is utilized to deal with droughts in Australia, where serious droughts have repeatedly occurred.

(October 2017)



source : AquaSure PtyLtd.

Fund investment for solar power plants projects

Nippon Life has invested in one of Japan's largest-scale solar funds, which is managed by GE Energy Financial Services (GE EFS). Domestic mega solar power plants in various locations in Japan are in the portfolio.

(June 2017)



source : Pacifico Energy

- Invest in Green Bond issued by Paris City and Tokyo Metropolitan Government, etc.
We contribute to renewable energy, climate change adaption, and recycling-based society.

Green bonds by Paris



It contributes to the Green Project promoted by the city of Paris. Funds are utilized to introduce high energy-efficient trams and other matters.

(July 2014)



Social Responsible Investment bond by Rentenbank



It is utilized to finance renewable energy projects such as wind power and biomass in Germany.

(September 2017)



source : gettyimages

Green bonds by Tokyo Metropolitan Government (TMG)



TMG launched its first green bonds that a local government of Japan has issued. The funds raised are used to develop "smart-energy cities", to adapt to the effects of climate change.

(October 2017)



photo : TMG

■ **The first SDGs focused mutual fund in Japan**

Feb 2018: Nissay SDGs Japan Select Fund
 May 2018: Nissay SDGs Global Select Fund

■ Research individual companies with our ESG analysis knowledge and **identify which goals / targets each companies contribute to.**

■ Invest in companies (a) which can **contribute to SDGs** through their products or services, and (b) can increase shareholder value through contribution to SDGs.



ZOETIS (US)

- A pharma company specialized in medicines and vaccines for livestock and companion animals, etc.
- Food demand is increasing. Their products improve productivity of agriculture and livestock industry, and contribute to achievement of Goal 2 (ZERO HUNGER) .

<Holding Examples>

Name	Country	Industry	SDGs Goal(17)	SDGs Target(169)
BECTON DICKINSON	United States	Healthcare	3	3.3 3.8
ZOETIS	United States	Healthcare	2	2.3
ECOLAB	United States	Materials	6	6.2
AMERICAN WATER WORKS	United States	Utilities	6	6.1 6.3 6.4
ALPHABET	United States	Information Technology	3 8 9	3.6.1 8.3 9.4
DAIKIN INDUSTRIES	Japan	Industrials	9	9.4
BRIGHT HORIZONS FAMILY SOLUTIONS	United States	Consumer Discretionary	4	4.2
CBRE GROUP	United States	Real Estate	9	9.4
RELX	Netherlands	Industrials	11	11.1 11.2
DNB	Norway	Financials	12 17	12.6 17.14



Asia Pacific Financial Forum (APFF)

Promoting insurers' roles to support sustainable, resilient and inclusive growth and development of the Asia Pacific & Insurers' contributions to support SDGs

The screenshot displays the MackGlobe.com website. At the top, the site name "MackGlobe.com" is visible next to a search bar. Below the header is a large landscape photograph of a mountainous region with a person in the foreground. A navigation menu includes "Home", "Insurance/Finance", "Language/Essays", "Travel/Photography", and "Theater/Entertainment".

The main content area features a green banner with the following text:

ASIA-PACIFIC
ABAC submitted 2016 APFF Progress Report to the APEC Finance Ministers, August 31, 2016
 September 5, 2016
 ABAC submitted the 2016 Progress Report of the APFF (Asia Pacific Financial Forum) to APEC Finance Ministers. This Progress Report covers the following areas to provide information and high-level recommendations to support Cebu Action Plan in the Asia Pacific: Advancing ...
 Read more →

Below the banner, there are three columns of content:

- Recent Posts:**
 - ABAC submitted 2016 APFF Progress Report to the APEC Finance Ministers, August 31, 2016 September 5, 2016
 - Mack participated in the NAIC Asia Pacific International Forum, and Summer National Meeting in San Diego, August 24-26 August 29, 2016
 - Mack participated in the APFF Roundtable and the ABAC meetings in Shenzhen, August 1-4, 2016 August 28, 2016
- ASIA-PACIFIC Mack participated in the NAIC Asia Pacific International Forum, and Summer National Meeting in San Diego, August 24-26**
 August 29, 2016
 The National Association of Insurance Commissioners (NAIC) hosted the Third Annual Asia-Pacific International Forum on August 24-25.
 NAIC NEWS RELEASE: NAIC HOSTS THIRD ANNUAL ASIA-PACIFIC INTERNATIONAL FORUM
 Mack made remarks to share the APFF activities, issues and recommendations during the panels on Retirement Security, FinTech, and Cyber Security.
- Members Only:**
 - APFF Insurance and Retirement Income Workstream
- Resources:**
 - APEC Business Advisory Council(ABAC)
 - APFF Page
 - National Center for APEC (NCAPEC)

For more details on the APFF, visit mackglobe.com or email

[Makoto Okubo \(m-okubo@nipponlifeglobal.com\)](mailto:m-okubo@nipponlifeglobal.com)