

August 28, 2024

Dear Shareholders of SOMPO Holdings,

## **Request to engage with SOMPO to stop underwriting new fossil fuel projects**

Japan Center for a Sustainable Environment and Society (JACSES)  
Friends of the Earth Japan  
Mekong Watch  
Rainforest Action Network  
Insure Our Future

We, as environmental NGOs, have been urging financial institutions to be consistent with the goal of limiting warming to 1.5 degrees set by the Paris Agreement and stop providing support for fossil fuel projects. This is absolutely necessary to achieve the 1.5 degrees goal of the Paris Agreement in order to avoid the worst-case scenario of climate change. There must be an immediate end to the insuring of any customers from the fossil fuel sector which have not published a transition plan aligned with a credible 1.5°C pathway. In addition that banks halting financial support for fossil fuel projects, we recognize that non-life insurance companies that enable financing for fossil fuel projects play a vital role in the energy transition by announcing an end to underwriting for fossil fuel projects. This time, we are sending this request letter to 50 financial institutions who are the major shareholders of SOMPO Holdings (hereinafter referred to as SOMPO), including your institution, asking for engagement with SOMPO to withdraw from underwriting fossil fuel projects.

### **1. SOMPO's underwriting policy is not aligned with the 1.5-degrees goal.**

A growing number of insurers have expanded restrictions on underwriting to cover not only coal-related projects but also oil and gas projects. To date, 18 global insurers have enacted policies restricting new insurance underwriting for oil and gas projects. Major European insurers, such as Hannover Re and Allianz, have taken steps to stop underwriting conventional oil and gas projects. In contrast, the scope of oil and gas restriction of SOMPO is limited to oil sands and the projects in Arctic Monitoring and Assessment Programme (AMAP) areas.

Comparison of underwriting policies on oil and gas between two European insurers and SOMPO

	Hannover Re	Allianz	SOMPO
Subject to suspension of underwriting regarding oil and gas	<ul style="list-style-type: none"><li>•The exploration and/or development of new (greenfield) oil and gas reserves (upstream), transportation and storage of new (greenfield) oil and gas reserves (midstream)</li><li>•Companies that hold</li></ul>	<ul style="list-style-type: none"><li>•Exploration and development of new oil and new gas fields (upstream), construction of new midstream infrastructure related to oil (midstream), construction of new oil power plants (downstream)</li></ul>	<ul style="list-style-type: none"><li>•Oil and gas extraction projects in the AMAP area and oil sands projects</li><li>•Companies whose primary business is oil and gas extraction projects in the ANWR, unless a GHG reduction</li></ul>

	<p>20% or more of their oil reserves in oil sands, oil sands extraction, and processing operation</p> <p>•Risks connected with projects for extraction of oil and gas in Arctic regions (latitude 66.34° north of the Equator), the development of new oil and gas deposits in deep waters below 5,000 feet or deep sea mining</p>	<p>•Practices relating to Arctic (as defined by AMAP, excluding operations in Norwegian territories) and Antarctic, coal-bed methane, extra-heavy oil and oil sands, as well as ultra-deep sea</p> <p>•Companies with 20% of revenue from oil sands, oil sands projects and new oil sands pipeline (the threshold will move to 10% as of January 1st 2025)</p> <p>*Regarding upstream gas projects, may decide as exceptions in case a government decides as needed t for energy security emergency reasons.</p>	<p>plan is established by January 2025.</p>
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Source: compiled from company websites, releases, etc.

According to the report “Net Zero by 2050, A Roadmap for Global Energy Sector” released by the International Energy Agency (IEA) in 2021, no new fossil fuel extraction projects should be approved if we are to achieve net zero by 2050 (\*1). SOMPO’s underwriting policy, however, still allows for underwriting and investing in new fossil fuel projects, demonstrating a lack of alignment with the 1.5 degrees goal of the Paris Agreement.

**2. SOMPO has not withdrawn from new fossil fuel projects such as Rio Grande LNG in the USA, which SMBC, Société Générale, Credit Suisse, and Chubb have withdrawn.**

SOMPO is known to have underwritten insurance for the Rio Grande LNG project, a liquefied natural gas (LNG) export terminal project in Texas, USA, led by NextDecade (\*2). It has not ruled out underwriting its renewal, leaving room for ongoing involvement. Moreover, it is reported that the life-cycle CO2 emissions of Rio Grande LNG is 163 million tons, comparable to 44 coal-fired power plants (\*3). As Rio Grande LNG will be fed with gas from Eagle Ford and Permian Shale Basin, the projected production from the Permian Basin alone could use up 10% of the global carbon budget (\*4). NextDecade, the operator of the Rio Grande LNG project, initially claimed that the use of carbon capture and storage (CCS) technology will reduce CO2 emissions during the gas cooling process by 90%, however, in August this year it scraped its plan for the CCS project. Although the Federal Energy Regulatory Commission (FERC) approved the permit to build and operate the Rio Grande LNG in April 2023, NextDecade has not responded to FERC’s request for information on the CCS project for over a year, and in August the FERC’s approval was quashed by a local court for failing to adequately assess the climate impacts of the Rio Grande LNG (\*5). SMBC, one of the Japanese megabanks, has announced its withdrawal from the Rio Grande LNG project, along with Société Générale and Credit Suisse. It has been revealed that

Chubb, a major Swiss insurance company, did not underwrite further insurance as of March 2024, when insurance contracts were due for renewal.

SOMPO also underwrote the Ichthys LNG project (Phase 1) between 2012 and 2017, the project with the highest carbon emission factor in Australia, leaving scope to underwrite the currently planned expansion project called '2C (\*6)'. It also is revealed that SOMPO underwrote Vår Energi, which has been operating several oil and gas projects in the Norwegian Sea region (\*7), and could continue underwriting energy extraction projects in this region, where oil and gas projects have been actively carried out. There is also a possibility that SOMPO will underwrite the Papua LNG project, a new gas project in Papua New Guinea (\*8). that has not obtained Free, Prior, and Informed Consent (FPIC) from Indigenous peoples and poses significant risks to biodiversity caused by the deforestation of primary forests.

### **3. SOMPO does not have a policy to respect the rights of indigenous peoples, including FPIC.**

SOMPO does not have a policy on Free, Prior and Informed Consent (FPIC), which is required in the United Nations Declaration on the Rights of Indigenous Peoples. On the other hand, Axis Capital has set a policy stipulating that it will not underwrite new projects without FPIC of impacted indigenous communities in accordance with the United Nations Declaration on the Rights of Indigenous Peoples (\*9).

NextDecade, the operator of the Rio Grande LNG project which SOMPO is underwriting, has never held a consultation meeting with indigenous peoples regarding the Rio Grande LNG project and FPIC has never been obtained. The construction site of the project is adjacent to the Gracia Pasture, which is listed on the National Register of Historic Places as well as a sanctuary of the indigenous Carrizo/Comecrudo tribe. There may be Indigenous cemeteries/artifacts in the ground. Indigenous peoples and local civil society groups insisted on the necessity to conduct data collection of cultural heritage and cultural archaeological surveys, however, no surveys were carried out and heavy machinery cleared land in October 2023. So far, local residents, environmental NGOs, and local authorities have protested and filed lawsuits, claiming that the operator has failed to conduct proper environmental impact studies. The residents won their case in August this year when the local court quashed the approval for the construction and operation of the project. (\*10)



Protest against the Rio Grande LNG project by local Indigenous peoples and citizens

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On June 18, 28 domestic and overseas environmental NGOs jointly sent a request letter to Mikio Okumura, CEO of SOMPO, urging him to stop underwriting the Rio Grande LNG project (\*11). At SOMPO's annual general meeting, when Yuki Tanabe, a Program Director of Japan Center for a Sustainable Environment and Society (JACSES), asked about the possibility of further insurance contract renewal of the Rio Grande LNG project, SOMPO's management responded that they would refrain from answering on individual projects. Outside the venue, an action was taken by environmental NGOs to demand SOMPO to stop underwriting new fossil fuel projects, including the Rio Grande LNG project.



Action conducted at SOMPO's annual general meeting on June 24, 2024

We are requesting you, as a SOMPO's major shareholder, to engage with SOMPO to urge it to stop underwriting the Rio Grande LNG project and adopt a policy to stop underwriting new fossil fuel projects, in order to align its underwriting policy with the goals of the Paris Agreement.

Also as to this request, we would appreciate an opportunity for dialogue (e.g. online meeting) to hear your institution's policy and opinion. May we request you to let us know any convenient dates by September 28, for that opportunity? In case it is difficult to have a meeting with us, we would still be grateful to receive information about how you responded to our request in writing.

Thank you for your consideration and we look forward to receiving your response.

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Notes:

\*1: International Energy Agency (IEA), (2021), 「Net Zero by 2050, A Roadmap for the Global Energy Sector」, p. 20,

<https://iea.blob.core.windows.net/assets/0716bb9a-6138-4918-8023-cb24caa47794/NetZeroBy2050-ARoadmapfortheGlobalEnergySector.pdf>

\*2: For an overview of the Rio Grande LNG project and the issues involved, see the factsheet below.

[https://drive.google.com/file/d/1mLgfl-VQHtyn2w2N7e92sDtZaSqQ\\_N3V/view?usp=sharing](https://drive.google.com/file/d/1mLgfl-VQHtyn2w2N7e92sDtZaSqQ_N3V/view?usp=sharing)

\*3:

<https://www.theguardian.com/environment/2023/feb/03/carbon-capture-gas-exports-rio-grande-lng-nextdecade#:~:text=And%20that%20impact%20could%20be,or%20more%20than%2035m%20cars>

\*4:

[https://www.sierraclub.org/sites/www.sierraclub.org/files/2022-10/RGV\\_LNG\\_2022\\_FINAL\\_WEB\\_0.pdf](https://www.sierraclub.org/sites/www.sierraclub.org/files/2022-10/RGV_LNG_2022_FINAL_WEB_0.pdf)

\*5:

<https://www.utilitydive.com/news/dc-circuit-appeals-ferc-lng-gas-nextdecade-glenfarne-rio-grande-sierra-club/723544/>

\*6:

<https://reclaimfinance.org/site/en/2022/10/05/will-major-insurers-rule-out-support-for-ichthys-lngs-expansion/>

\*7:

<https://www.greenpeace.org/static/planet4-norway-stateless/2023/05/29/bf8d4-ensuring-disaster-final-20220523-13-41.pdf>

\*8: For more information on issues related to the Papua LNG project, see the following report. [https://fairfinance.jp/bank/casestudies/papua\\_lng2024/](https://fairfinance.jp/bank/casestudies/papua_lng2024/)

\*9:

<https://www.ran.org/press-releases/axis-capital-becomes-first-north-american-insurer-to-adopt-policy-on-free-prior-and-informed-consent/>

\*10:

<https://www.sierraclub.org/press-releases/2024/08/dc-circuit-rules-against-ferc-approval-lng-and-pipeline-projects-south-texas>

\*11:

[https://jacses.org/wp\\_jp/wp-content/uploads/2019/10/RGV\\_-Sompo-Letter-June-2024.pdf](https://jacses.org/wp_jp/wp-content/uploads/2019/10/RGV_-Sompo-Letter-June-2024.pdf)

#### **List of financial institutions that received this letter**

1. BlackRock Inc
2. JP Morgan Asset Management
3. Nomura Asset Management
4. Sumitomo Mitsui Trust Asset Management
5. Nikko Asset Management
6. Norges Bank
7. Mitsubishi UFJ Asset Management
8. Vanguard Group Inc
9. First Eagle Investment Management
10. State Street Corp
11. Goldman Sachs Asset Management
12. Sumitomo Mitsui DS Asset Management Company
13. Crédit Agricole

14. FMR LLC
15. FIL Ltd
16. Orbis Allan Gray Ltd
17. T Rowe Price Group Inc
18. Teachers Insurance & Annuity Association
19. UBS Asset Management (UK) Ltd.
20. Deutsche Bank AG
21. Charles Schwab Investment Management, Inc.
22. BNP Paribas SA
23. Asset Management One
24. SPARX Asset Management Co., Ltd.
25. Nordea Bank Abp
26. WisdomTree Inc
27. Dimensional Fund Advisors LP
28. Pictet Asset Management Ltd
29. Geode Capital Management LLC
30. Royal Bank of Canada
31. Principal Assset Management
32. Prudential Financial Inc
33. Credit Suisse Asset Management
34. Sparinvest Fondsmæglersekskab A/S
35. LPP (Local Pensions Partnership) LPP I ASSET POOLING AUTHOR
36. Capita PLC
37. Artemis Investment Management LLP
38. Toronto-Dominion Bank/The
39. Zuercher Kantonalbank
40. MITONOPTIMAL UK LIMITED
41. Marsh & McLennan Cos Inc
42. HSBC Asset management
43. Royal London Asset Management Ltd
44. Hennessy Advisors Inc
45. Canadian Imperial Bank of Commerce
46. Norinchukin Zenkyoren Asset Management
47. DekaBank Deutsche Girozentrale
48. Resona Asset Management Co Ltd
49. Meiji Yasuda Life Insurance Co
50. Irish Life Investment Managers Ltd