
Principles for Sustainable Insurance Report

– 2023 NH Nonghyup Property & Casualty Insurance

NHPCI(Nonghyup Property & Casualty Insurance) signed the UNEP FI PSI in September 2021, and declared that it would strive for ESG transformation at the social and national levels by considering the environment, society, and governance in all management decisions.

NHPCI declared the vision of 'ESG Friendly 2025' and is making efforts to support sustainable agriculture that meets the UN Sustainable Development Goals and management activities for corporate sustainability.

In accordance with the four principles of PSI, we will report our sustainability management activities every year using various media.

(Principle 1) We will embed in our decision-making environmental, social and governance issues relevant to our insurance business

Operation of the Group council

Nonghyup Financial Group operates the 「Social Values and Green Finance Council」, which consists of the group CEO and executives in charge of ESG at the holding company and subsidiaries, to discuss the group's ESG strategic direction and cooperation items once a half year and to monitor sustainability management performance.

In 2023, the committee held two meetings and discussed on climate change response and carbon neutrality strategies, including ESG balanced development plans and ESG implementation plan for 2024.

Operation of ESG Advisory Committee and Implementation Council

NHPCI has established and is operating the 「ESG Advisory Committee」

composed of executives, academic/industry experts for ESG management advice in 2021. In addition we are operating the 「ESG Implementation Council」, which is composed of key working team leaders and managers, to enhance executive power to achieve sustainability management goals.

Operation of ESG organization

NHPCI is promoting ESG management by forming an ESG organization, and regularly evaluates the ESG performance by department in the first half of the year and at the end of the year. In addition, the ESG organization handles all aspects of ESG work, including strategy, investment, external evaluation, international agreements, and public disclosure, as well as resolving difficulties that arise during project implementation.

A Coal-free Financing Declaration

In February 2021, Nonghyup Financial Group declared its intention to proactively take the lead in sustainable carbon-neutral growth by preemptively responding to climate change and environmental pollution crises and providing environmentally friendly financial services. In response, NHPCI reduced the exposure limit for coal-related industries and prohibited new investments related to coal finance.

Climate risk management

Nonghyup Financial Group established a plan to establish a climate risk management system to analyze and manage the actual and potential impacts of climate change. Reflecting TCFD's recommendations, Nonghyup Financial Group has measured financial emissions (asset portfolio carbon emissions) and analyzed the proportion of carbon emissions and exposure by industry within the portfolio since 2022. In response, NHPCI is adjusting our exposure limits.

(Principle 2) We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions

Issuance of ESG bonds

NHPCI established an ESG bond management system based on the Green Bond Principles(GBP) and Social Bond Principles(SBP) of the International Capital Market Association (ICMA), the Ministry of Environment green bond guidelines, etc.

Based on this, in July 2021, for the first time in the domestic non-life insurance industry, NHPCI issued 'Sustainability bonds' to invest in projects recognized for social eligibility, such as eco-friendly business fields, job creation and social infrastructure construction

The raised funds were used according to the purpose and obtained external certification, and posted on the 'Socially Responsible Investment Bonds portal'.

Operation of environmental and social insurance products and services

NHPCI provides a variety of products considering environmental impact to respond to climate change.

In particular, we support stable agricultural management by operating crop accident insurance for the sustainability of agriculture and rural areas sensitive to climate change. In addition we provide products and services for the socially underprivileged and the financially underprivileged, such as low-income people, foreigners, and the elderly.

Investment in the Daejeon City Sewage Treatment Plant Modernization Project

The Daejeon City Sewage Treatment Plant Facility Modernization Project is the largest environmental project in Korea in terms of private investment to operate the existing sewage treatment facility located in Daejeon city after its previous construction, and NHPCI has committed a total of KRW 50 billion in senior loans to finance the project costs required for this

project. The facility is scheduled to be completed in 2027 and will be operated for about 30 years thereafter, and is expected to contribute to improving the quality of life of Daejeon citizens by improving water quality and solving odor problems due to the modernization of the facility.

Practice eco-friendly management

To establish Green Office, NHPCI reflects the guidelines for using eco-friendly certified products in the interior of new/relocated offices and operates a paperless insurance payment review process.

In addition, the ribbon for crop accident insurance damage evaluation is made of eco-friendly materials and plans to replace corporate vehicles with eco-friendly vehicles by 2026.

Based on these efforts to practice eco-friendly management, we have acquired ISO14001 certification, an international standard for environment.

(Principle 3) We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues

Operation of customer panel system and Consumer Rights Protection Committee

NHPCI has operated a customer panel system since 2014 to enhance competitiveness through consumer-oriented management and derives/applies ideas from the consumer's point of view throughout the product and work process.

In addition, NHPCI operates the Consumer Rights Protection Committee, which is composed of external experts such as lawyers, heads of consumer organizations, and university professors, under the direct supervision of the CEO to make neutral judgments on consumer protection-related issues. The committee makes decisions on policy advices and matters related to disputes, and appointed two members of the Customer Panel as members of the Council to ensure that the customer perspective is systematically reflected.

Eco-friendly campaign

NHPCI strives to realize an eco-friendly society by selecting/practicing eco-friendly activities and carbon emission reduction as monthly ESG campaign themes that can lead to changes in customer behavior.

Business Agreement to Revitalize Urban Agriculture

In June 2023, NHPCI signed a business agreement with the Seoul Metropolitan City to jointly promote urban agriculture and strive to transition to an eco-friendly society. We are expanding our external eco-friendly initiatives by distributing four types of seeds to urban agriculture participants in 25 boroughs of Seoul and providing organic materials necessary to spread the value of urban agriculture.

Business Agreement to Spread a Culture of Safety

In May 2023, as part of its ESG management, NHPCI signed a business agreement with government agencies such as the property & casualty insurance industry, the Fire Insurance Association, the Ministry of Public Administration and Security, and the Financial Services Commission to spread safety culture. In order to raise public safety awareness, we have agreed to provide resources for disaster prevention and safety culture campaigns, and plan to conduct prevention activities to minimize damage from traditional market fires and forest fires, which have recently become social issues, and to produce and distribute fire safety magnetic stickers and posters.

Implementation of social contribution and acquisition of 'CSR in the Community'

NHPCI, jointly with the National Fire Administration, develops fire safety education that utilizes the characteristics of non-life insurance such as wind and water disaster and fire prevention. In addition, we are actively promoting social contribution activities such as community sharing activities, volunteer activities for agriculture/rural upstream, and donations for the underprivileged.

In recognition of this contribution to this, we was awarded the Minister of Health and Welfare Commendation in commemoration of the '23rd Social Welfare Day' in September 2022. In addition, we have acquired 'CSR in the Community' for three consecutive years, recognizing activities that contribute to the welfare of the local community through exchanges and cooperation with local non-profit organizations.

One Company One School Financial Education

Since 2015, NongHyup Property & Casualty Insurance has partnered with elementary, middle, and high schools nationwide through the One Company One School Financial Education program to provide students with sound financial knowledge and financial experience activities. In 2023, more than 68 employees participated in the program, providing financial education to a total of 1,959 students in 18 schools on topics such as understanding finance, the role of financial companies, and how to conduct sound financial activities. In addition, we also provide school supplies at the end of the education program.

(Principle 4) We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles

NHPCI publishes an annual report every year for regular reporting on ESG-related issues. And business reports are listed on the company website and the Electronic Disclosure System of the Financial Supervisory Service. In addition, social contribution activities are introduced on the company website, and details of social contribution donations and volunteer activities are displayed.

'Nonghyup Financial TCFD Report' published by NH Nonghyup Financial Group from 2021 discloses the measurement of NHPCI's carbon emissions, and starting from 2022, the 'Nonghyup Financial ESG Management Report' will be published and disclosed, including NHPCI's ESG progress.