

Tokio Marine Group launches “Low-carbon Japanese Equity Fund”

~ An asset management solution to promote low-carbon society ~

Tokio Marine Asset Management Co., Ltd. (President: Masashi Oba, hereinafter “TMAM”), a subsidiary of Tokio Marine Holdings, Inc. (President and Group CEO: Tsuyoshi Nagano), launched the “Low-carbon Japanese Equity Fund” (hereinafter “the Fund”) comprising corporations actively reducing CO₂ emissions on November 27, 2017. Tokio Marine & Nichido Fire Insurance Co., Ltd. (President: Toshifumi Kitazawa), a subsidiary of TMHD, is to invest in the Fund as an initial investor to demonstrate the group’s aim to “protect the earth,” which is one the core pillars of the group-wide CSR priorities. It is hopeful that the collective action of the group’s asset management function induces Japanese corporate community to reduce CO₂ emissions.

1. Background

Tokio Marine Group aims at contributing to the realization of the United Nations’ Sustainable Development Goals (SDGs) and the goals set by the United Nations Framework Convention on Climate Change. With the enactment of the Paris Agreement in November 2016, public recognition of the urgency and significance of the need to act towards creating a low-carbon society is reaffirmed in Japan.

In addition, in the context of climate risks’ impact on the stability of financial market, the final report released in June 2017 by the Task Force on Climate-related Financial Disclosures (TCFD)¹ under the auspices of the Financial Stability Board (FSB)², an initiative which was established in response to the G20’s request to review how the financial sector can take account of climate-related issues, encouraged companies to promote climate-related financial disclosures. The initiative is raising public awareness in climate change and the ongoing transition towards a low-carbon society on a global scale.

Under the circumstance, through setting up the Fund which recognizes Japanese companies reporting the amount of CO₂ emissions as the investing universe, Tokio Marine Group aims at supporting Japanese companies to reduce their CO₂ emissions with the utilization of its asset management function.

2. Overview of the Fund

In response to the growing interest in ESG investment in Japan, the Fund is very uniquely designed to invest in Japanese companies which contribute to the reduction of CO₂ emissions and the creation of a low-carbon society. Specifically, the Fund is composed of Japanese equity portfolio with half the level of carbon intensity³ relative to that of TOPIX, while aligning market performance with TOPIX. The Fund investors will be able to not only achieve their expected equity market performance but also to contribute to the reduction of CO₂ emissions and the creation of a low-carbon society.

Tokio Marine Group endeavors to contribute to creating a safe, secure and sustainable low-carbon society from the asset management viewpoint.

<Note>

- 1 ; TCFD was established based on the discussions at FSB, in response to the communique of G20 Finance Ministers and Central Bank Governors Meeting in 2015 which asked FSB to discuss how financial sector could take account of climate-related issues. FSB tasked TCFD to create a voluntary set of recommendations to induce efficient disclosure framework that is consistent, comparable, confident and clear. It was constituted by 32 members, with global and industrial diversity, and released its final report in June 2017.

- 2 ; FSB comprises individuals from finance ministries, central banks, financial regulators of major 25 countries and international organizations to discuss issues of international financial market stability. In the aftermath of the financial crisis in 2008, FSB was set up in 2009 by strengthening and expanding the role of its predecessor organization.

- 3 ; Carbon intensity is the amount of CO₂ emissions per sales of each company in this context. Given that the absolute amount of CO₂ emissions varies along with its industry and/or company scale, carbon intensity facilitates a meaningful comparison between companies in terms of CO₂ emission.