

Aiming to achieve continuous growth with solutions for societal issues positioned as medium- to long-term growth engines

Approach to Sustainability Strategies

Tokio Marine Group's purpose is to protect customers and society in their times of need.

Originally founded in 1879, the Group has supported Japan's modernization since it originally began providing insurance to maritime shipping firms to cover lost or damaged cargo caused by accidents at sea. Later, the Group helped the country shift to automobile travel in the post-war period by providing auto insurance. More recently, with the acquisition of GCube, a leading insurance underwriter in the renewable energy sector, the Group has been supporting the shift to renewable energy with insurance. Through its mainstay insurance business, the Group has grown sustainably by promptly providing beneficial solutions for the changing challenges of every era.

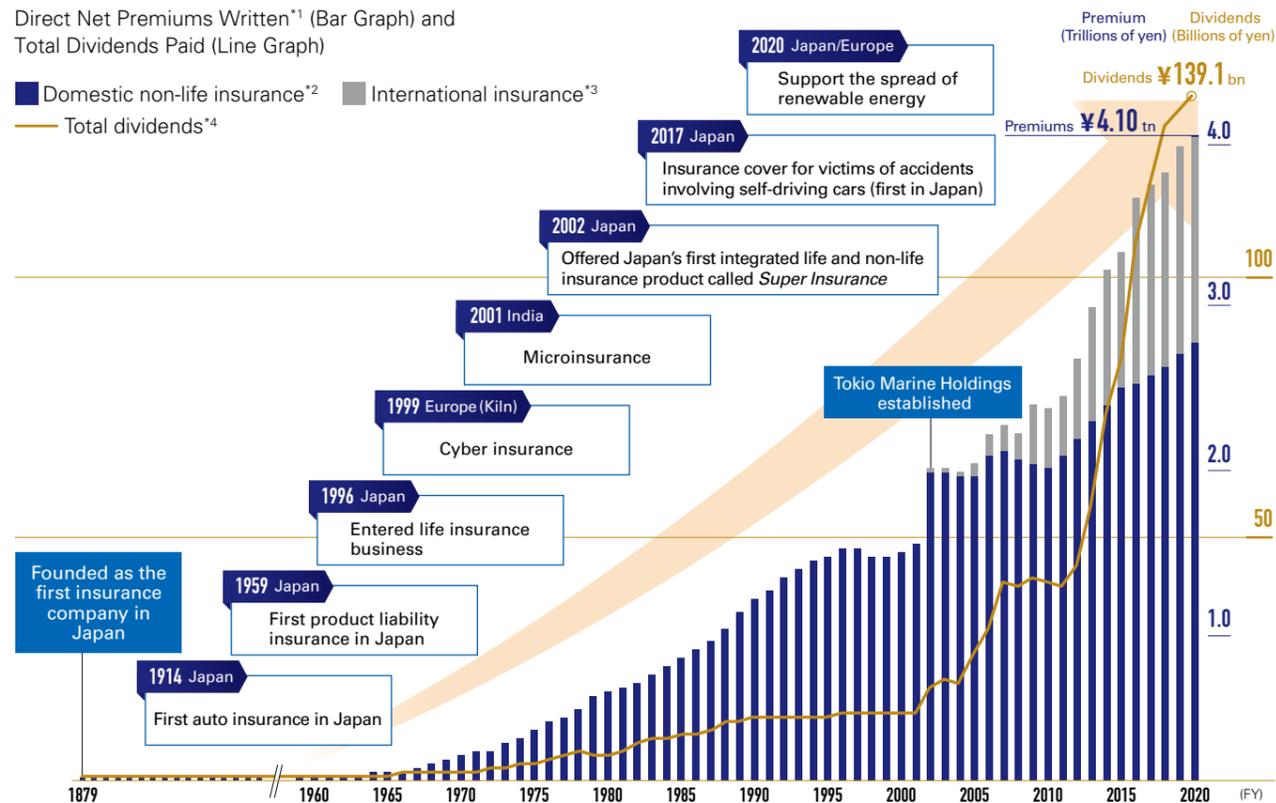
In these ways, the Tokio Marine Group has been addressing societal issues throughout its long history. Such issues have changed over the generations, but the Group's commitment has never changed. For the Tokio Marine Group, sustainability strategies are about promoting solutions for these issues through business activities while contributing to the sustainability of society. This approach has been at the core of its corporate culture since it was founded.

Across its global operations, the Group will continue working to benefit society, bring happiness to people, and protect the environment in order to help build a sustainable planet and, consequently, provide even more social value and economic value (in the form of profit growth). Through these efforts, the Group will aim to be a "Good Company" over the next century by delivering value to all of its stakeholders.

History of the Group's Growth and Solutions for Societal Issues

Direct Net Premiums Written^{*1} (Bar Graph) and Total Dividends Paid (Line Graph)

■ Domestic non-life insurance^{*2} ■ International insurance^{*3}
— Total dividends^{*4}



*1: Excludes deposit premiums from policyholders *2: Shows premiums from Tokio Marine from fiscal 2001 and prior, and combined premiums from Tokio Marine & Nichido and Nisshin Fire, etc. from fiscal 2002 onward *3: Shows premiums from 2002 onward when Tokio Marine Holdings was established *4: Does not include one-time dividends provided as capital level adjustment

Organizational Structure for Promoting Sustainability

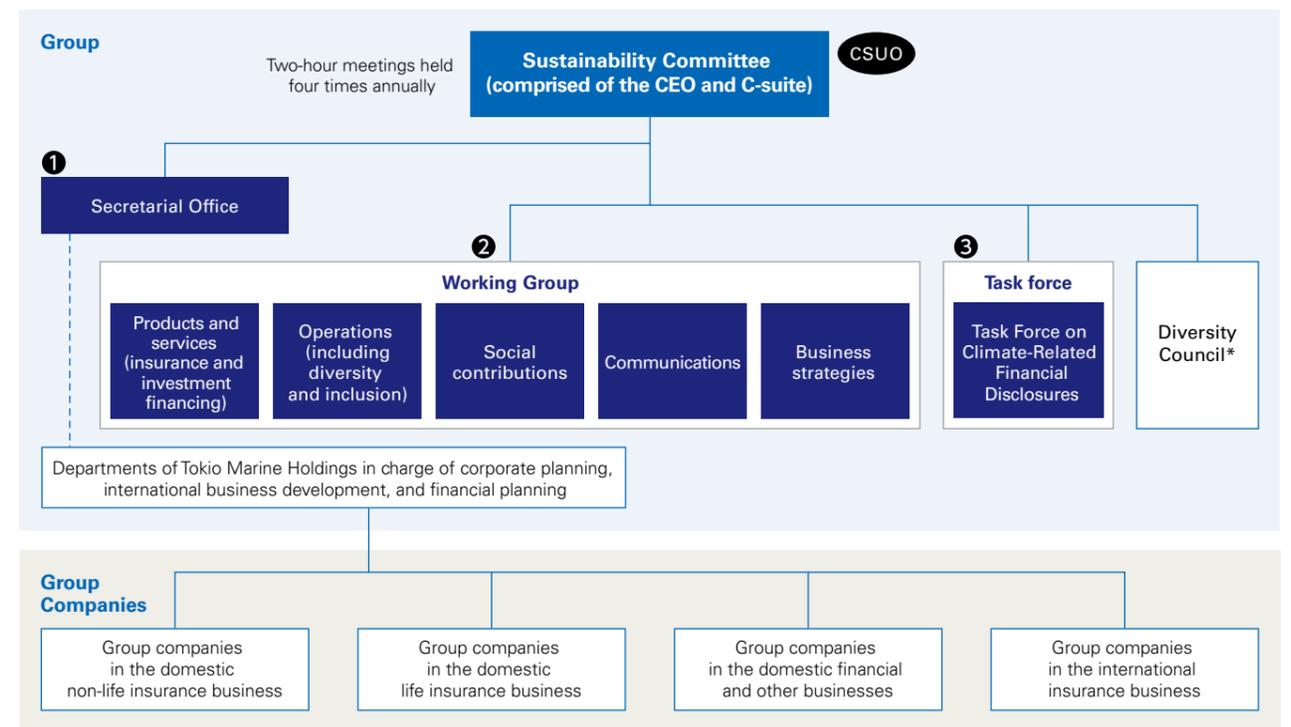
Amid major changes in the operating environment, predicting trends just two or three years into the future has become practically impossible. Indeed, the Company recognizes that an age of discontinuity has begun, in which common sense and past successes do not necessarily apply anymore. Because this brings major challenges, the Company has returned to its original purpose and stepped up its efforts to solve issues confronting society today.

For these reasons, in April 2021, the Company appointed a group chief sustainability officer (CSUO) and established its

Sustainability Committee, which is made up of the chief executive officer and other C-suite. The committee has been reviewing the latest important areas of concern, concrete initiatives, goals, and other related matters (please see pages 72–77), and C-suite have accelerated group-wide initiatives in the areas for which they are each responsible.

Based on discussions with the committee and in management meetings, the Board of Directors will decide on and evaluate sustainability strategies going forward.

Organizational Structure for Promoting Sustainability



* Makes proposals related to grooming female executive candidates, making companies more inclusive, and improving diversity- and inclusion-related indices (please see pages 66–67)

(1) Role of the Sustainability Committee

- Deliberates on the Tokio Marine Group's sustainability strategies
- Oversees the overall management and execution of sustainability strategies
- Reports to and submits matters for discussions to the Board of Directors and in relevant management meetings

Matters discussed by the Sustainability Committee

May 6, 2021: Formulation of sustainability strategies, systems for executing the strategies, and key issues in important areas

July 6, 2021: Implications of external trends for the Group, and annual plans for organizations that will carry out initiatives and top priority policies

(2) Roles of other organizations

- 1 Secretarial Office: Handles administration for the committee (as well as the subcommittees and task force) and promotes the sustainability strategies
- 2 Working Groups: Formulates and executes annual plans for each type of issue, with input from relevant departments of Tokio Marine Holdings and members of group companies
- 3 Task force: Organizes members of projects tasked with strengthening short-term initiatives

Eight material issues and four priority issues specified

The Tokio Marine Group specified a set of material social issues in fiscal 2018. However, its material issues and related matters have been revised in a meeting of Tokio Marine Holdings' Board of Directors based on deliberations by its Sustainability Committee, which was established in April 2021. Accordingly, relevant measures have been specified based on the potential impact of risks and opportunities on the Group's businesses. Besides mitigating risks and capitalizing on opportunities, the Group will strive to turn risks into opportunities and provide solutions to social issues as a means to bring value to society as well as economic value in the form of profit growth.

Approach



Details of the Eight Material Issues, Including the Four Priority Issues (Why, What)

Future generations included as stakeholders in April 2021

The Group added future generations to the four categories of stakeholders it had previously specified as those it must provide value to.

Stakeholders	Value provided
For customers	<ul style="list-style-type: none"> Contribute to making customers' lives healthy and enriching through products that provide security and assistance with future-oriented challenges
For society	<ul style="list-style-type: none"> Contribute to building a sustainable society that can overcome any challenge and ensure the safety and security of all its members
For future generations	<ul style="list-style-type: none"> Hand down a sustainable environment to future generations
For employees	<ul style="list-style-type: none"> Help employees reach their highest potential through engagement and opportunities for them to thrive
For shareholders and investors	<ul style="list-style-type: none"> Continually increase shareholder returns Enhance the Group's value and earn the trust of shareholders and investors through timely and proper disclosure along with constructive dialogue

Social issues increased from five to seven to connect with future generations (please see pages 30-31)

In addition to increasing its stakeholder categories, the Group increased the social issues it must address from five to seven after considering recent changes in the environment and growing interest in such issues. The two new issues are ensuring equal opportunities through education and protecting natural resources and biodiversity.

Eight material issues and four priority issues designated to address seven social issues

Based on its purpose, the Tokio Marine Group has specified eight material issues to pursue in order to address the seven social issues it has selected. Of these material issues, four have been designated as priority issues based on their importance for the Group and their relevance to its stakeholders with respect to their interest and expectations.

Eight material issues including four priority issues

- | Material issues | |
|---|---|
| <ul style="list-style-type: none"> Combat climate change (priority) Improve disaster resilience (priority) Support people's healthy and enriching lives (priority) Promote and support diversity and inclusion (priority) | <ul style="list-style-type: none"> Facilitate and foster innovation through digitalization Protect the natural environment Provide education to children Disclose highly transparent and timely information |

What	Reasons for selection
<p>Material issues (Four designated as priority issues)</p>	
(1) Combat climate change (priority)	The adverse effects of climate change, including increasingly serious natural disasters, threaten people's safety and security, and interfere with the sustainable development of society. The Tokio Marine Group recognizes the importance of addressing climate change and natural disasters because it underwrites risks in Japan, a country especially prone to natural disasters. Therefore, in its roles as an insurance provider, institutional investor, and global enterprise, the Group intends to deal with these issues head on and contribute to solutions.
(2) Improve disaster resilience (priority)	In an age in which many people live past 100, everyone hopes to lead a long and healthy life. With the aging of the population and widespread advancements in medicine, however, the financial burden on individuals, families, and society is growing each year. The Tokio Marine Group intends to address this issue by fully utilizing its extensive expertise to offer high-value-added products and services while covering disease and illness through its many life and non-life insurance products.
(3) Support people's healthy and enriching lives (priority)	Amid major changes in the economic environment, social issues are becoming increasingly complex and diverse. For the Tokio Marine Group to grow sustainably by offering solutions to such issues, it will be important for its more than 40,000 employees to maximize their potential and combine their individual skills into collective capabilities. Accordingly, promoting and supporting diversity and inclusion is an important management strategy for the Group, and it intends to step up the initiatives it has been carrying out for this purpose.
(4) Promote and support diversity and inclusion (priority)	Rapid progress in technological innovations are driving major societal and economic changes. To realize sustainable economic growth under those circumstances, all corporations will need to create a basis for technological innovation. The Tokio Marine Group is already providing insurance coverage for new types of risks that have arisen from these changes, including cyber risk. Furthermore, in addition to insurance payouts, the Group will apply digital technologies and data to provide security to clients before and after any events that may require insurance claims. In these ways, the Group will work to support corporate growth and economic development.
(5) Facilitate and foster innovation through digitalization	The Tokio Marine Group understands that a sustainable society, in which everyone can live safely and securely and pursue any aspiration, depends on the natural environment, the basis for all life and people's livelihoods. Moreover, the Group recognizes its obligation to help ensure that future generations inherit a sustainable natural environment, as it is irreplaceable. Based on these principles, the Group intends to bolster the initiatives it has taken to combat climate change and protect biodiversity and wetlands through environmental conservation activities, including its Green Gift project and mangrove planting activities.
(6) Protect the natural environment	Education can create a foundation for the future, as each generation faces the changing challenges of the times. Having specified future generations of people as stakeholders, the Tokio Marine Group has a duty to help equip children with the skills they will need in life. Therefore, the Group plans to strengthen its educational programs, including its Disaster Risk Prevention Lessons for children, which were initiated following the Great East Japan Earthquake in 2011.
(7) Provide education to children	As an original participant in the Task Force on Climate-Related Financial Disclosures (TCFD), the Tokio Marine Group is working to properly disclose information and facilitate widespread climate-related disclosure. As part of these efforts, the Group will continue placing importance on disclosing highly transparent and timely information to earn even more trust from shareholders and investors going forward.
(8) Disclose highly transparent and timely information	

How

Material issues (four designated as priority issues) ● Risks ● Opportunities	How the Group can contribute	Value creation Value created in fiscal 2020	Value creation Goals for fiscal 2021 and beyond
<p>(1) Combat climate change (priority)</p> <ul style="list-style-type: none"> ● Revisions to energy policies in various countries based on the shift to a low-carbon society ● Various negative impacts of global environmental destruction on society 	<p>a. Develop and offer products and services that contribute to renewable energy development, and facilitate green investing</p> <p>b. Realize carbon neutrality through engagement with investors and insurance underwriters</p> <p>c. Reduce CO₂ emissions from the Group's operations, and meet RE100 criteria</p> <p>d. Carry out mangrove planting to combat global warming (through carbon fixation) and mitigate damage from environmental disasters</p> <p>e. Provide education on forest conservation and the environment (including Green Lessons)</p>	<p>More information is available in the news release, "Tokio Marine: Our Climate Strategy," published on the Company's website on September 28, 2020: https://www.tokiomarinehd.com/en/release_topics/release/k82ffv0000008juk-att/20200928_e_v2.pdf</p> <p>a. (1) Offered Japan's first insurance packages for offshore wind power plants; (2) Acquired GCube, a leading insurance underwriter in the renewable energy industry; (3) Strengthened commitment and involvement in renewable energy funds (51 billion yen committed and 45 development projects as of March 31, 2021)</p> <p>b. Sold off business-related equities of companies (including those involved in fossil fuels) totaling 106 billion yen in accordance with prior plans (TMNF)</p> <p>c. Tokio Marine & Nichido Fire, Philadelphia Insurance Companies, and Tokio Marine Kiln Group adopted renewable energy at workplaces in Japan, the US, and UK, respectively</p> <p>d. Achieved carbon neutrality² for the eighth consecutive year since fiscal 2013</p> <p>e. Refer to (7) Provide education to children (see p. 77)</p>	<p>a. (1) Increase revenue¹ from Tokio Marine & Nichido Fire's insurance for offshore wind power plants by 5 billion yen by fiscal 2023 (see p. 54); (2) continue facilitating green investing</p> <p>b. Sell off at least 100 billion yen in business-related equities of companies (including those involved in fossil fuels) annually between fiscal 2021 and 2023</p> <p>c. By fiscal 2030, (1) reduce the Group's greenhouse gas emissions by 60%² compared with fiscal 2015; (2) have renewable energy account for 100% of electricity consumption at main workplaces; (3) switch all vehicles owned by Tokio Marine & Nichido Fire and Tokio Marine & Nichido Life to electric vehicles³</p> <p>d. (1) Achieve carbon neutrality² for the ninth consecutive year in fiscal 2021; (2) aim to surpass 300 billion yen in cumulative economic value from mangrove planting by fiscal 2038</p> <p>e. Refer to (7) Provide education to children (see p. 77)</p>
<p>(2) Improve disaster resilience (priority)</p> <ul style="list-style-type: none"> ● Rising insurance payouts resulting from increasingly serious natural disasters and abnormal weather ● Growing public awareness and needs related to risks of natural disasters 	<p>a. Develop and provide products and services that are useful for preventing disasters, mitigating their damage, and facilitating rapid recovery</p> <p>b. Assist with business continuity planning (BCP) in partnership with government bodies and businesses</p> <p>c. Establish sustainable fire insurance systems</p> <p>d. Carry out disaster awareness initiatives, including Disaster Risk Prevention Lessons</p>	<p>More information is available in the news release, "Tokio Marine: Our Climate Strategy," published on the Company's website on September 28, 2020: https://www.tokiomarinehd.com/en/release_topics/release/k82ffv0000008juk-att/20200928_e_v2.pdf</p> <p>a. (1) Net insurance payouts for natural disaster-related claims totaled⁴ 136.2 billion yen; (2) Tokio Marine & Nichido Fire increased revenue from fire insurance¹ by 9.7%; (3) offered Japan's first earthquake index insurance; (4) offered first nationwide hurricane index insurance in the United States</p> <p>b. Concluded a cumulative total of BCP assistance agreements with governments of 38 prefectures, 10 major cities, and 52 municipalities</p> <p>c. Revised rates in January 2021 expected to improve pre-tax earnings by 20 billion yen in the future</p> <p>d. Refer to (7) Provide education to children (see p. 77)</p>	<p>a. Have Tokio Marine & Nichido Fire support disaster preparedness, mitigation, and restoration activities in customers' communities through an initiative in July 2021 to provide Total assist fire insurance x Red Feather Disaster prevention/reduction program (see p. 55)</p> <p>b. Continue providing support for BCP</p> <p>c. Increase Tokio Marine & Nichido Fire's pre-tax earnings from fire insurance by more than 26 billion yen by fiscal 2023 (see p. 55)</p> <p>d. Refer to (7) Provide education to children (see p. 77)</p>
<p>(3) Support people's healthy and enriching lives (priority)</p> <ul style="list-style-type: none"> ● Increasing opportunities to facilitate health management at corporations ● Rising public awareness of health and growing needs related to longevity risks and asset management in old age ● Creation and expansion of new markets due to advancements in medical technologies ● Increasing cases of adverse selection in underwriting due to advancements in medical technologies 	<p>a. Widely promote services to corporations for facilitating their Health and Productivity Management</p> <p>b. Develop and provide products and services that address needs to manage assets and savings in response to longevity risks</p> <p>c. Develop and provide new healthcare services</p>	<p>a. (1) Included in the Health & Productivity Stock Selection for the sixth consecutive year; (2) Tokio Marine & Nichido Fire provided health management support to about 2,000 companies</p> <p>b. c. (1) Tokio Marine & Nichido Fire offered Japan's first insurance for supporting both medical treatment (nursing care) and job duties in the workplace; (2) Tokio Marine & Nichido Life increased revenue from new policies annualized premiums by 6.9% due to strong contributions from sales of healthcare insurance with relaxed underwriting standards and installment variable annuities designed for asset accumulation needs</p>	<p>a. (1) Be included in the Health & Productivity Stock Selection for the seventh consecutive year; (2) continue having Tokio Marine & Nichido Fire provide health management support (see p. 82)</p> <p>b. c. (1) Aim to increase Tokio Marine & Nichido Fire's revenue¹ in the healthcare market to between 20 and 30 billion yen by fiscal 2023 (see p. 54); (2) aim to increase Tokio Marine & Nichido Life's revenue from new policies annualized premiums by a CAGR of 5% by fiscal 2023 (see p. 57)</p>

*1: Net premiums written *2: Emissions from in-house operations falling under Scope 1, 2, and 3 (categories 1, 3, 5, and 6) emissions
*3: Electric vehicles, hybrid vehicles, and plug-in hybrid vehicles *4: Based on pre-tax business unit profit

How

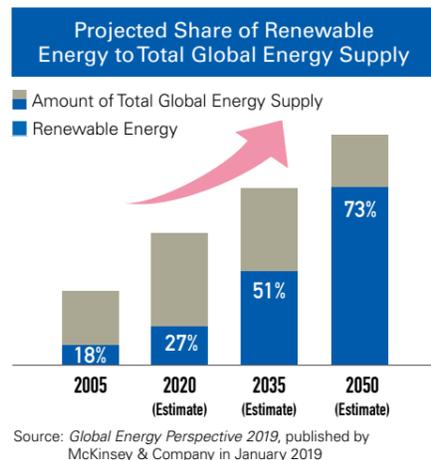
Material issues (four designated as priority issues) ● Risks ● Opportunities	How the Group can contribute	Value creation Value created in fiscal 2020	Value creation Goals for fiscal 2021 and beyond
<p>(4) Promote and support diversity and inclusion (priority)</p> <p>● Extent to which the capabilities of the Group's diverse members are utilized</p>	<p>a. Promote diversity and foster an inclusive corporate culture</p> <p>b. Share best practices group-wide</p> <p>c. Carry out human rights due diligence and improvement initiatives based on the UN Guiding Principles on Business and Human Rights</p>	 <p>a. b. (1) Created the Diversity Council and a group diversity and inclusion officer position; (2) scored 4.3 out of 5 in a culture and value survey^{*1} (84% response rate) (3) percent of female managers exceeded 30% overall at group companies worldwide; (4) percent of female corporate officers exceeded 10% (Groupwide); (5) percent of female sub-leaders reached 54.9% at TMNF; (6) non-Japanese employees comprised 40.9% of the Group's total workforce</p> <p>c. Analyzed and assessed possible risks and their potential impact</p>	<p>a. b. (1) Promote diversity and inclusion through the Diversity Council and other organizations; (2) conduct the culture and value survey; (3) raise the percent of female managers at TMNF to 30%</p> <p>c. Carry out human rights due diligence and improvement initiatives based on the UN Guiding Principles on Business and Human Rights</p>
<p>(5) Facilitate and foster innovation through digitalization</p> <p>● Loss of competitive edge following the entry of major competitors in the insurance market</p> <p>● Impact of the spread of innovative technologies on business optimization and the creation and growth of new markets</p> <p>● Increasing cyber risks accompanying advancements in digitalization</p>	<p>a. Apply advancements in digitalization and data to increase security for customers in ways besides insurance payouts</p> <p>b. Address growing cyber risks amid the spread of digitalization</p> <p>c. Make use of digitalization to support small and medium-size enterprises (SMEs)</p> <p>d. Apply digitalization to raise the efficiency of operations</p> <p>e. Provide education on how insurance works (including Group Work on Managing Risks and Opportunities)</p>	 <p>a. Tokio Marine & Nichido Fire developed and provided camera-equipped drive recorders (see p. 17)</p> <p>b. Tokio Marine & Nichido Fire has achieved a double-digit growth rate of revenue^{*2} from cyber risk insurance every year</p> <p>c. Tokio Marine & Nichido Fire increased insurance premiums for cyber risk insurance packages targeting SMEs by four times over the past 10 fiscal years</p> <p>d. Tokio Marine & Nichido Fire achieved a combined ratio for the insurance packages, above, of 92.5%</p> <p>e. Refer to (7) Provide education to children</p>	<p>a. Accelerate data strategies through initiatives started by Tokio Marine dR Co., Ltd., in July 2021 (including initiatives to increase security before and after events; see pp. 28–29)</p> <p>b. Increase Tokio Marine & Nichido Fire's revenue^{*2} from cyber risk insurance by 5 billion yen by fiscal 2023 (see p. 54)</p> <p>c. Increase Tokio Marine & Nichido Fire's revenue^{*2} from insurance that supports SMEs by 15 billion to 25 billion yen by fiscal 2023 (see p. 54)</p> <p>d. Raise the efficiency of operations to reduce Tokio Marine & Nichido Fire's combined ratio by 1.0 percentage points by fiscal 2023 (see p. 56)</p> <p>e. Refer to (7) Provide education to children</p>
<p>(6) Protect the natural environment</p> <p>● Growing opportunities from progress in environmental conservation</p> <p>● Various negative impacts of environmental destruction on society</p>	<p>a. Carry out mangrove planting to preserve biodiversity and wetlands</p> <p>b. Implement the Green Gift project and Planet Genki program</p>	 <p>a. Achieved carbon neutrality^{*3} for the eighth consecutive year since fiscal 2013</p> <p>b. 100% of employees participated in social contribution activities</p>	<p>a. (1) Achieve carbon neutrality^{*3} for the ninth consecutive year in fiscal 2021; (2) aim to surpass 300 billion yen in cumulative economic value from mangrove planting by fiscal 2038</p> <p>b. Have 100% of employees participate in social contribution activities in fiscal 2021</p>
<p>(7) Provide education to children</p> <p>● Growing need for educating children in society</p> <p>● Various negative impacts of environmental destruction and low awareness of risks on society</p>	<p>a. Provide Green Lessons</p> <p>b. Implement Disaster Risk Prevention Lessons</p> <p>c. Offer Group Work on Managing Risks and Opportunities</p> <p>d. Implement StreetWise Finance, a financial literacy education program in South Africa</p>	 <p>Groupwide: 100% of employees participated in social contribution activities</p> <p>a. Green Lessons were held 870 times for approximately 57,000 people on a cumulative basis by fiscal 2020</p> <p>b. (1) Disaster Risk Prevention Lessons were held 810 times for approximately 55,000 people on a cumulative basis by fiscal 2020 (see p. 89); (2) in China, Disaster Risk Prevention Lessons were held 21 times for approximately 1,600 people on a cumulative basis by fiscal 2020</p> <p>c. Group Work on Managing Risks and Opportunities were held 54 times for approximately 1,800 people on a cumulative basis by fiscal 2020</p> <p>d. Approximately 27,000 people participated in the StreetWise Finance financial literacy education program in South Africa on a cumulative basis by fiscal 2020</p>	<p>Groupwide: Have 100% of employees participate in social contribution activities</p> <p>a. Continue providing Green Lessons</p> <p>b. Continue providing Disaster Risk Prevention Lessons</p> <p>c. Continue offering Group Work on Managing Risks and Opportunities</p> <p>d. Continue implementing the StreetWise Finance financial literacy education program in South Africa</p>
<p>(8) Disclose highly transparent and timely information</p> <p>● Earned or lost trust in capital markets</p>	<p>Properly disclose information by strengthening compliance with the Task Force on Climate-Related Financial Disclosures (TCFD) and other guidelines</p>	<p>—</p> <ul style="list-style-type: none"> • More information is available in the news release, "Tokio Marine: Our Climate Strategy," published on the Company's website on September 28, 2020: https://www.tokiomarinehd.com/en/release_topics/release/k82ffv0000008juk-att/20200928_e_v2.pdf • The presentations, "Digital Strategy" (June 2020) and "Our Climate Strategy & TCFD" (January 2021) are available on the Presentation page of the Company's website: https://www.tokiomarinehd.com/en/ir/event/presentation/2020/ • Information based on TCFD-related proposals are available in the Company's integrated reports, sustainability reports and other publications 	<ul style="list-style-type: none"> • The presentation, "Tokio Marine Group's Contribution to and Growth Strategies for the Renewables Market" (June 2021) is available on the Presentation page of the Company's website: https://www.tokiomarinehd.com/en/ir/event/presentation/2021/ • Information based on TCFD-related proposals are available in the Company's integrated reports, sustainability reports and other publications

*1: Totals for Tokio Marine Holdings and its group companies worldwide *2: Net premiums written
*3: Emissions from in-house operations falling under Scope 1, 2, and 3 (categories 1, 3, 5, and 6) emissions

The Tokio Marine Group is realizing its own growth while contributing to decarbonization by providing essential insurance for renewable energy power development projects.

Renewable Energy Supply Projected to Grow Globally

Global electricity supply is projected to almost double over the next 30 years amid the increasing use of electric vehicles and building management systems. In major countries of the world, including the US, China, India, and European countries, the cost of generating electricity from renewable energy sources is expected to become cheaper than from fossil fuels (LNG and coal) before 2030 as a result of advances in power generation technologies. Against this backdrop, a decarbonization movement has been spreading globally and major countries are shifting to efficiently generated renewable energy. Based on these factors, renewable energy is projected to account for over 50% of the world's total energy supply by 2035 and 73% by 2050. Accordingly, the supply of renewable energy is projected to grow by around over 6% annually on average between 2020 and 2050.

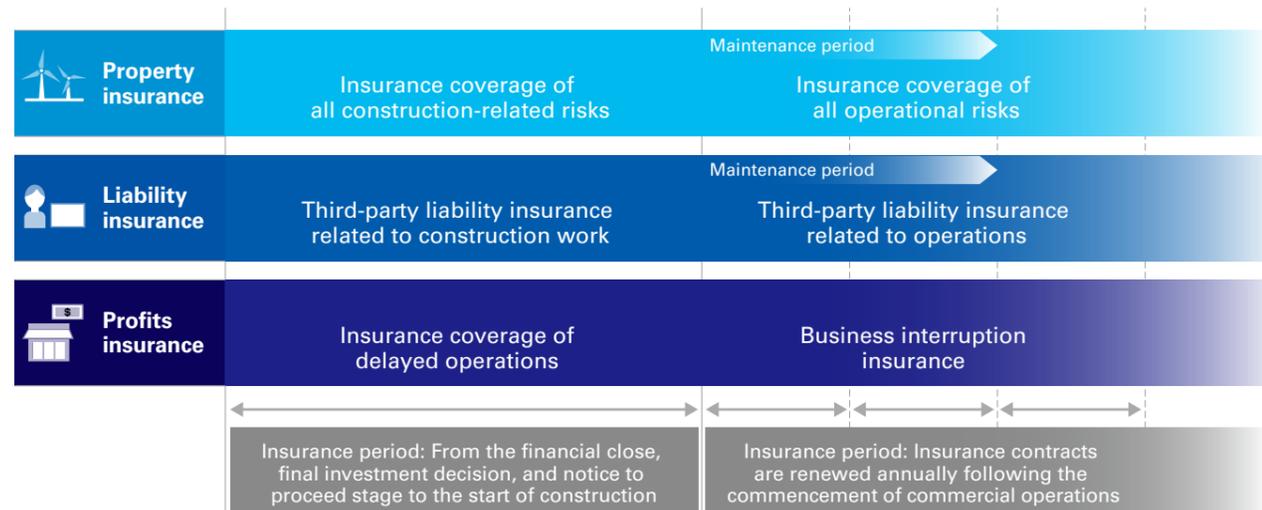


Providing Insurance to Support the Spread of Renewable Energy

With the growth of the renewable energy market, insurance is essential for facilitating development projects. The required insurance and underwriting methods can vary widely, however, according to the many types of renewable energy development projects, including wind, solar, hydro, biomass, geothermal, and tidal power generation facilities as well as power storage equipment.

For example, the insurance for an offshore wind power plant would need to include property insurance, liability insurance, and profits insurance to cover losses from property damage. Various companies would be involved during the period from the time construction begins to the start of commercial operations, including the construction company that builds the foundation and

structure, as well as the manufacturers of cables and wind turbines. The plant operator, however, would need to organize the insurance coverage for all of these activities, and then secure various types of insurance coverage from the commencement of commercial operations. Since offshore construction is complex and steps must be taken to reduce construction mistakes and prepare for typhoons, this kind of development project requires highly sophisticated underwriting and damage insurance planning. Furthermore, these projects cannot secure financing unless insurance coverage has been arranged. Given these factors, insurance is essential for offshore wind power to make progress going forward.



Tokio Marine Group's Advanced Capabilities

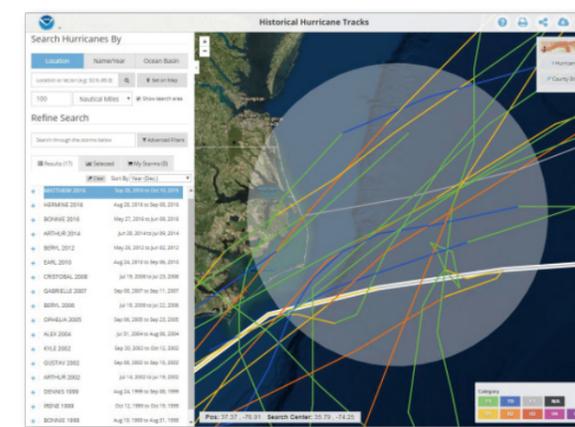
Tokio Marine Group leverages its advanced underwriting expertise and leading damage insurance services to provide essential renewable energy-related insurance.

(1) Advanced underwriting expertise

Risks related to renewable energy development projects differ from risks associated with conventional power plant and energy projects. Furthermore, potential accidents also differ according to the type of project, so very sophisticated underwriting techniques are necessary to handle the insurance for renewable energy development projects.

Tokio Marine Group has the capabilities needed to calculate suitable insurance premiums and effectively select risks based on vast amounts of loss data collected over the past three decades. As an example of these capabilities, group company, GCube, is able to provide \$300 million of underwriting capacity—the industry's largest amount—for a single project.

Moreover, Tokio Marine & Nichido began offering insurance for offshore wind power projects in 2013, when a demonstration offshore wind plant was built in Japan, and has provided insurance underwriting for such projects in Europe. Drawing from this track record and experience, it has been working to tap demand in Japan's offshore wind power insurance market, which has been growing as the Japanese government aims to increase the number of offshore wind power plants. At present, Tokio Marine & Nichido has acquired substantial know-how by underwriting about 50 offshore wind power projects in 10 countries.



The course of a hurricane

(2) Leading damage insurance services

Over the past decade, GCube has paid out over \$700 million for about 4,000 insurance claims connected with renewable energy. The company's own team of renewable energy loss adjusters have been providing clients with expert advice on loss prevention. GCube has established an excellent reputation among its major clients by proactively sharing data with them and offering various policies for reducing risks.



Damages assessed by loss adjusters

Future outlook

As the decarbonization movement gains momentum in various countries around the world, Tokio Marine Group is channeling its expertise to help solve environmental issues by supporting the growing adoption of renewable energy with insurance and risk

consulting services. Through this process, the Group will expand its own operations. Specifically, it is aiming to increase insurance premium revenues by tens of billions of yen by 2030 compared with the amount in 2020.

We will protect and raise awareness of cyber risk for our customers, while carrying out our appropriate risk management using the Group's knowledge.



Daljitt Barn
Global Head of Cyber Risk

Main career
Previously worked as a cyber risk expert for over 20 years before moving to a global reinsurance company where he developed the group Cyber insurance strategy.

Providing Cyber Insurance Products based on Appropriate Risk Management

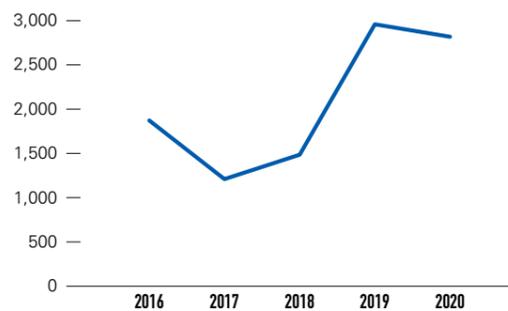
In recent years, cyberattacks continue to grow and change. This has caused cyber risk to become a business risk, where materiality issues in terms of business continuity, sharply increased the need for insurance among companies. UK-based TMK began providing cyber insurance from more than 20 years ago. We were also the first major non-life insurance company in Japan to begin offering cyber insurance in 2015. In this regard, we have established a track record and experience in protecting customers around the world from cyber risk. Looking ahead, cyber insurance is one field we should focus on to balance solutions to social issues with our own growth.

Cyber risk is unique in that it is an evolving peril with insufficient data on past incidents. For example, a single cyber or cloud security incident can cause a chain reaction broadly involving multiple companies and countries, which could result in a mass outage incident. Therefore, risk management requires extremely advanced knowledge of how these technologies are interconnected and their vulnerabilities.

Our Cyber Centre of Excellence (CCoE), which I head up, is located in London. CCoE is responsible for accumulation management and underwriting guidance on cyber risk for the entire Group, gathering and managing performance data, and making appropriate arrangements for reinsurance. CCoE also shares various know-how horizontally within the Group, as it seeks to enhance our risk management and pricing while utilizing outside knowledge and data.

Recently, we have demonstrated our leading initiatives by publishing our quantification framework on "silent cyber risk*," symbolized by incidents whose liability is not explicitly covered by traditional non-life insurance.

■ Trends in known case numbers of unauthorized computer access occurring within Japan*



*: Based on "Status of the Occurrence of Acts of Unauthorized Computer Access," a document published by the National Police Agency, MIC, and METI, in March 2021.



*: https://www.tokiomarinehd.com/en/Tokio_Marine_Group_Non-Affirmative_Cyber_Risk_Assessment-INDUSTRY_RELEASE.pdf

Peripheral Services Beyond the Payment of Claims

In the event of an incident, it is important to not only pay out claims in a timely manner, but also provide services that help customers to avoid incidents in the first place. As recent examples of newly launched services, TMNF launched Tokio Cyber Port, an informative website on the latest cybersecurity technologies, and we also provide a benchmark reporting service through a tie-up with Guidewire Software, Inc. Providing added value through these peripheral services is one of our strengths and they help to reduce the loss rate by preventing incidents.

Ultimately, we have expanded our support of customers through our efforts toward steady growth in the field while utilizing our wealth of track records and experience, fully mindful of risk management and pricing. Going forward, we are committed to contributing to customers and society through cyber insurance.

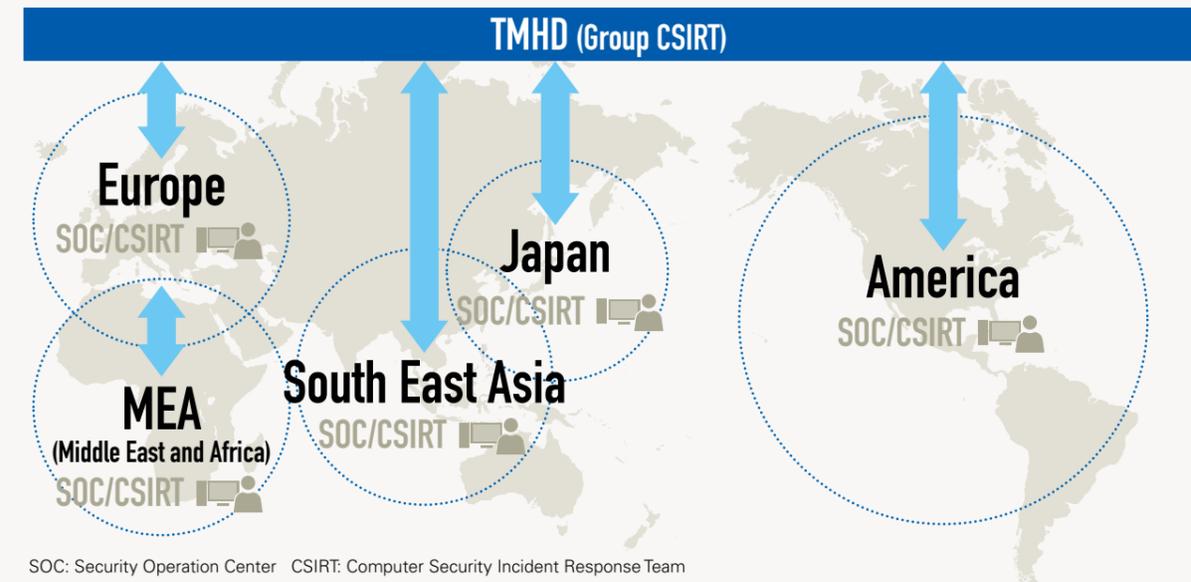
Tokio Cyber Port powered by 東京海上日動

<https://tokiocyberport.tokiomarine-nichido.co.jp/cybersecurity/s/>
*Japanese only

Reference:Tokio Marine's Security Framework

Cybersecurity against cyberattacks is also an extremely important issue for us. We have identified cyber risk as a "material risk" and we have established the Computer Security Incident Response Team (CSIRT) under the Group Chief Information Security Officer (CISO), putting into place a structure for collaboration between Tokio Marine Holdings and regional headquarters.

As a result of building and upgrading this global security structure, there have not been any major incidents. Yet, with an eye toward response to new threats that are becoming more sophisticated and stealthier by the day, we are working to build and strengthen our effective security structure cross-functionally across the Group from the standpoint of efficiency and effectiveness. This includes further strengthening security; not only for ourselves but at agencies and outsourcing partners, and conducting various drills and exercises involving all employees including management and sophisticated intrusion tests covering our remote work environment as well.



Realizing both Tokio Marine Group's growth and the healthy and enriching lives of customers through the support for corporate health management and the response to longevity risks.



Supporting Corporate Health Management

Amid labor shortages in Japan, health management has become increasingly important for enabling companies to ensure that their employees can work in good mental and physical health. Tokio Marine Group has realized its sustainable growth by drawing from its extensive know-how to assist its clients with health management.

Promoting Health Management-Oriented Business Models

Companies in various regions of Japan face serious difficulties in recruiting staff and raising productivity. In response to this issue, Tokio Marine Group has assigned over 200 employees to assist clients nationwide with their health management programs, drawing from the Group's expertise in this field. This expertise has been recognized by the inclusion of Tokio Marine Holdings in the Health & Productivity Stock Selection, a joint initiative by the Tokyo Stock Exchange and Japanese government to recognize listed companies that have outstanding health and productivity management programs for six consecutive years.

It has become increasingly important for companies in Japan to acquire health management certification. Tokio Marine & Nichido has been helping its clients acquire certification by providing insurance products that allow them to balance work requirements with health and nursing care, along with mental health-related e-learning tools and work-related stress assessment services. Among newly certified companies in 2020, almost 20%, or about 2,000 firms, received these products and services. Having earned a strong reputation among clients, TMNF increased revenue from health management-focused insurance products by a CAGR of 6.9%.

Internal Initiatives^{*2}

For Tokio Marine Group, employees are the drivers of its business. Therefore, helping them stay healthy is an important responsibility for management. Employees can work more effectively and maximize their potential when they are in good health, both mentally and physically. That, in turn, makes work more rewarding and life more fulfilling, and fosters both personal development and the growth of the Group. From this perspective, Tokio Marine Holdings has positioned health management at the core of the Group's management, and is promoting it groupwide under the leadership of its Chief Wellness Officer (CWO). More recently, the Group has taken steps to ensure the health and safety of employees while implementing more productive work practices during the COVID-19 pandemic. For example, it has facilitated telecommuting and installed necessary equipment for this purpose (please see page 68), and is providing vaccines onsite to employees and their family members, as well as to employees of its agents and business partners.

Reflecting the Group's excellent reputation for health management, Tokio Marine Holdings has been included in the Health & Productivity Stock Selection for six consecutive years, and is the only company in Japan's insurance industry to be included in this prestigious program.

*2: More information about the Group's internal initiatives is presented in Tokio Marine Holdings' Sustainability Reports, available on the Company's website.

Growth in Revenue from Health Management-Oriented Insurance Policies* (Billions of yen)



*1: Revenue from insurance premiums covering risks associated with workplace accidents involving employees, the consequent inability to work, and health and nursing care, provided by Tokio Marine & Nichido to companies and organizations

東京海上グループ健康憲章
Tokio Marine Group Wellness Charter

社員の働きがい高め、経営理念の実現と企業価値の向上を追求し続けるためには、社員とその家族の心身の健康が重要であり、東京海上グループは、以下の観点から取り組みを推進します。

- 一人ひとりが、健康をかけたがえのないものとして大切に、主体的に健康増進に努めます。
- 健康への投資を行い、健康増進に積極的に取り組む環境と企業風土を醸成するものとし、継承していきます。
- お客様や地域・社会における健康増進への取り組みを支援することにより、社会課題の解決につなげ、健康で豊かな未来の実現に貢献します。

取締役社長 グループCEO

The mental and physical well-being of our employees and their families is essential in order to increase employee engagement, live up to our corporate philosophy and therefore enhance our corporate value. With these principles in mind Tokio Marine Group (hereafter "Tokio Marine") commits to promote the following for its staff and their families:

- Tokio Marine will promote a culture in which each employee thinks about how they can incorporate well-being into their lifestyle.
- Tokio Marine will invest in wellness initiatives, establish an environment and a corporate culture that will continuously encourage the promotion of wellness.
- Tokio Marine will contribute to the realization of a healthier and more prosperous future by supporting the wellness of our customers, communities, and society as a whole.

President and CEO Group CEO

The charter has been established as a health-oriented code of conduct for employees to promote Tokio Marine Group's goals for and approach to health management on a group-wide basis.



Included in the Health & Productivity Stock Selection for six consecutive years

Managing Longevity Risks

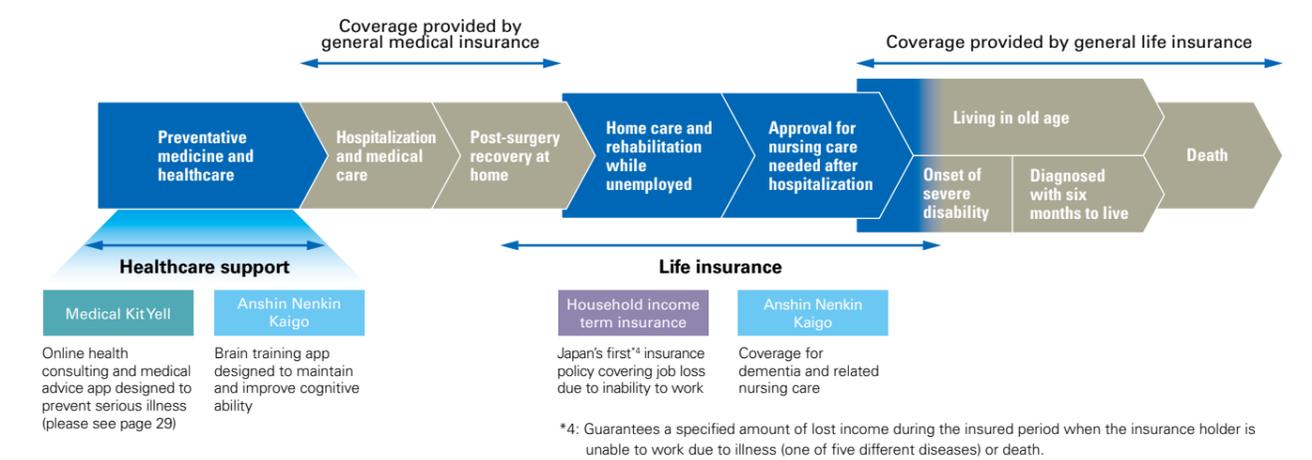
As more and more people live past 100, the risks of living with an illness and using up one's financial assets before death are increasing. Managing those risks with life insurance is an area in which Tokio Marine & Nichido Life can demonstrate its strengths. By helping people lead a healthy life and extend the lifespan of their assets, the company has been growing at an industry-leading pace. The company has concluded 6.08 million in-force policies, for a CAGR of 19.4%, since it was established in 1996.

Helping Extend Healthy Lives

A pioneer in Japan's life protection insurance market, Tokio Marine & Nichido Life not only manages life-related risks but also offers valuable healthcare support to help clients proactively prevent illness and avoid emergency situations. In Japan, while 89% of people have health insurance, the percentages of people with insurance policies covering the inability to work and long-term nursing care are only 12% and 14%, respectively*, so these markets still have room to grow. In that context, Tokio Marine & Nichido Life began offering a new insurance policy (named Anshin Nenkin Kaigo) in August 2021 to cover continuous nursing care and other related expenses following the onset of dementia. It also began offering services such as brain health checkups and an app designed to maintain and improve cognitive ability. By helping people extend their lives, the company will continue to grow in the future.

*3: Figures are from a national market survey of insurance coverage conducted by the Japan Institute of Life Insurance.

Benefits Offered by Tokio Marine & Nichido Life's Insurance Policies



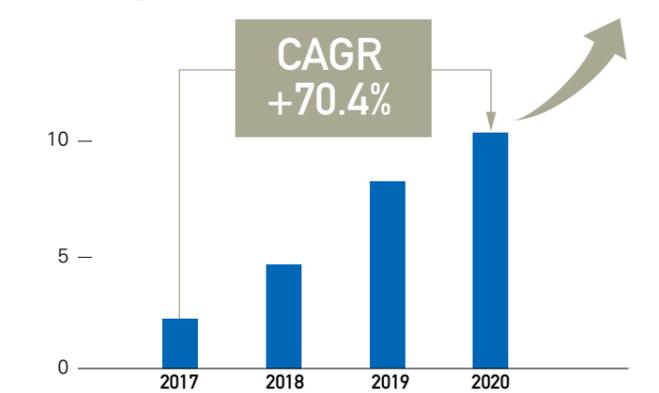
*4: Guarantees a specified amount of lost income during the insured period when the insurance holder is unable to work due to illness (one of five different diseases) or death.

Helping Extend Asset Life

Recognizing the growing importance of asset accumulation planning for abundant lives in old age, Tokio Marine & Nichido Life has been offering installment variable annuities under the product name, Market Link, since August 2017.

This product diversifies investment over many years to reduce investment risks and build wealth over the long-term. While sales are carried out exclusively by trained agents, these agents have been increasing in number every year, reflecting the attractiveness of the product. Consequently, the number of new agreements has been growing on the back of customer demand.

New Policies Annualized Net Premiums of Market Link (Billions of yen)





As a founding member of the Task Force on Climate-related Financial Disclosure (TCFD), we will disclose information that facilitates investment decisions and contributes to the spread and promotion of climate-related information

Masaaki Nagamura

Fellow (International Initiatives), Tokio Marine Holdings TCFD Membership

The only Japanese national to be recognized as the "Most Influential on Climate Change in the Insurance Industry" by Insurance ERM*



* A magazine based in the U.K. focused on insurance ERM

Climate change is a global issue of human-historical proportions that threatens the safety and security of our customers and society. The growing severity of natural disasters directly impacts the insurance industry. Therefore, the Group recognizes that climate change is an extremely important issue to address head on not only in terms of our core insurance business, but also as a global company and institutional investor.

This special feature section will convey the Group's initiatives using the categories of governance, strategy, risk management and metrics and targets based on the TCFD recommendations.

Category	See pages
Governance	85
Strategies	85-89
Risk Management	90
Indicators and Targets	91

Governance

(1) Division dedicated to promoting sustainability

Tokio Marine has a division dedicated to the promotion of the Group's sustainability including climate change countermeasures (Sustainability Division, Corporate Planning Department), which identifies major challenges related to sustainability as well as formulates and implements related group-wide strategies, and conducts monitoring.

(2) Group Chief Sustainability Officer (CSUO)

We established the new position of CSUO in April 2021 in order to accelerate the promotion of sustainability strategy across the entire Group including climate change countermeasures. As the person responsible for our sustainability strategy, the CSUO is responsible for addressing sustainability issues facing the entire Group and reporting to the Group CEO.

(3) Sustainability Committee

We established the Sustainability Committee, chaired by the CSUO and comprised of members including the CEO and other C-suite, in April 2021 in order to accelerate sustainability strategy across the entire Group including climate change countermeasures. The Sustainability Committee establishes sustainability strategy and targets for the entire Group, focused on major Group companies inside and outside of Japan, and deliberated on the coordination and promotion of global sustainability initiatives (please see page 71 for the promotion system centered around the Sustainability Committee).

(4) Board of Directors

The Board of Directors discusses the Group's sustainability policies including climate change countermeasures as well as evaluates and determines mid-term plans and single-year plans. Additionally, the Board of Directors holds "discussions on corporate strategy" on the themes of management environment and management issues, including climate change countermeasures, to fully utilize the knowledge of outside directors and outside Audit & Supervisory Board members (please see page 101 for details about strategy discussions).

Strategies

(1) Physical Risks

Climate change increases the frequency and scale of natural disasters, which could impact the calculation of insurance rates and claim payments.

Insurance is a business that underwrites risk and supports our customers and society in times of need. For this reason, risk management is a core component of management. Based on this awareness, we carry out risk management based on enterprise risk management (ERM). As part of this, we conduct various forms of analysis, such as risk measurement* and scenario analysis, and

have made efforts to upgrade our capabilities. This is truly a domain where we excel.

For the disclosure of risks we have examined ways to provide useful information to stakeholders, while taking into consideration impacts on business, and we plan to provide more detailed disclosures in our sustainability report scheduled to be published in September 2021.

* We evaluate and calculate impacts on insurance losses due to changes in typhoon risk (IPPC RCP4.5 and RCP8.5 scenarios) and changes in flood risk associated with rising rainfall amounts (RCP8.5 scenario) under future climate conditions.

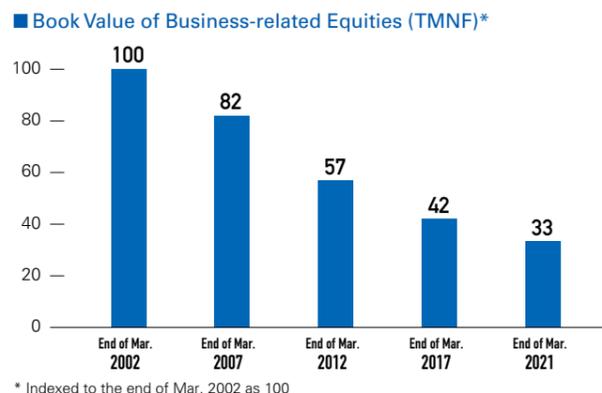
(2) Transition Risks

Transition risks mainly involve risks caused by fluctuations in prices of financial assets with large greenhouse gas emissions associated with the transition to a decarbonized society. We have developed a system for better understanding the situation of the Group's investments and comprehending the balance of assets under management.

Because transition risks are considerably affected by transition scenarios such as the future response to energy policies, we have examined ways to provide clear and useful information to stakeholders and we plan to provide more detailed disclosures in our sustainability report scheduled to be published in September 2021.

Furthermore, from the perspective of ownership restrictions in response to the risk of asset price fluctuations, the Group has worked to reduce its total business-related equities regardless of sector from some time prior to the release of Japan's Corporate Governance

Code. Under the new mid-term business plan, the Company plans to sell more than ¥100 billion per year (please see page105).



(3) Opportunities

1. Dramatic increase in insurance needs for renewable energy projects

Driven by global warming and climate change, countries around the world are speeding up their move toward decarbonization. In the process of promoting reduction and cessation of greenhouse gas emissions, there is expected to be a dramatic increase in insurance needs for renewable energy projects, such as solar, geothermal, and onshore/offshore wind power generation. With the importance of response to global warming and climate change growing, we can achieve growth through support for the adoption of renewable energy by drawing upon the Group's accumulated wisdom.

2. Growing public awareness toward the risk posed by natural disasters and improving earnings of fire insurance

As the frequency and scale of natural disasters increases, there is growing needs for expanded coverage and extensive services in the case of a disaster, but fire insurance continues to be plagued by chronic losses. By revising rates, reviewing products, strengthening underwriting, and implementing comprehensive countermeasures including disaster preparedness and mitigation, and early restoration, we can significantly improve fire insurance earnings.

(4) Implementation of Climate Change Strategy

1. Insurance underwriting, etc.

A. Basic stance ("Tokio Marine: Our Climate Strategy" announced on September 28, 2020)

The Group fully recognizes the importance of understanding the impacts that our business has on the environment and society. We are engaging in insurance underwriting that can contribute to the transition to a decarbonized society aimed at achievement of the Paris Agreement targets.

As part of this strategy, in principle, we will not underwrite new insurance policies for coal-fired thermal power plants. However, there may be instances where we do underwrite these policies based on a comprehensive judgment referencing international guidelines such as the OECD's Arrangement on Officially Supported Export Credits, and considering such factors as the country's energy policy, energy situation and business continuity. This proviso provides exceptions. These include cases where renewable energy must be adopted or promoted while still operating existing facilities associated with technologies that further lower CO₂ emissions based on the country's plan for decarbonization and cases where widespread power outages occur due to Great East Japan Earthquake-level events. As of June 30,

2021, we have not underwritten any new insurance policies since announcing "Tokio Marine: Our Climate Strategy" on September 28, 2020.

In addition, we are supporting initiatives to lower CO₂ emissions by engaging power plants already with insurance policies to consider the environment through adoption of innovative high efficiency power generation technologies and carbon capture, utilization and storage (CCUS/carbon recycling) technologies that reduce or stop greenhouse gas emissions. We are also engaging all customers involved in coal-fired thermal power generation to support their transition through product provision and/or consulting. Furthermore, after announcing "Tokio Marine: Our Climate Strategy," we have created and began using an engagement sheet to confirm and record plans aimed at realization of a decarbonized society. If through dialogue it is determined that a customer is not considering its response to decarbonization, we may not permit the renewal of the customer's insurance policy.

B. Provide insurance for the development of renewable energy projects

Initiatives as an Insurance Company

The Group provides insurance products and offers risk consulting to back the development of renewable energy projects. Specifically, in addition to the Mega-Solar Package Program for solar power generation companies and the Geothermal Package Plan for geothermal power generation businesses, in March 2020 we developed a dedicated insurance package offering comprehensive coverage of risks associated with offshore wind power generation projects (providing seamless coverage to customers not only during construction, but also a predefined period after the start of commercial operations). In addition, in May 2020, we acquired GCube, an insurance agent providing insurance underwriting for renewable energy projects around the world mainly in the United

States and Europe but also in Australia, South Africa and Asia. We are now utilizing this company's know-how at the Group level. Furthermore, Tokio Marine dR Co., Ltd. is also providing consulting services in various domains such as offshore wind power generation by utilizing its proprietary natural disaster risk assessment model and specialized human resources in renewable energy.

With the importance of response to global warming and climate change growing, we can achieve growth through support for the adoption of renewable energy as a leader in the field, further accelerating initiatives as "One Tokio Marine Group" by drawing upon the Group's accumulated wisdom (please see pages 78-79).

C. Growing public awareness toward the risk posed by natural disasters and creation of a sustainable fire insurance system

Initiatives as an Insurance Company

In fiscal 2020, Japan was once again faced with large-scale natural disasters in the July 2020 torrential rains and Typhoon No. 10 (Haishen). Industry-wide insurance claims related to natural disasters exceeded ¥300 billion, which included around ¥100 billion in claims to Tokio Marine Group.

Amid growing needs for greater coverage and extensive services during a disaster driven by the increasing frequency and scale of natural disasters in recent years, we are implementing a nationwide campaign to check the details of customers' policies in an effort to steadily grow the top line.

As a one of the most disaster-prone countries in the world, Japan's fire insurance system is extremely important, but it is hardly sustainable if the business experiences chronic losses. While our own efforts to reduce costs are critical, by revising rates, reviewing products, strengthening underwriting, and accelerating comprehensive countermeasures including disaster preparedness and mitigation, and early restoration, we aim to improve earnings by more than ¥26 billion (before tax) over three years and secure profitability in line with capital cost within several years after that (please see page 55).

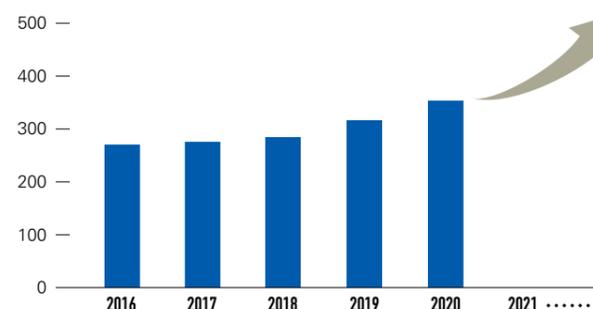


July 2020 torrential rains
Source: Original photo taken from the website of the Ministry of Land, Infrastructure, Transport and Tourism and modified

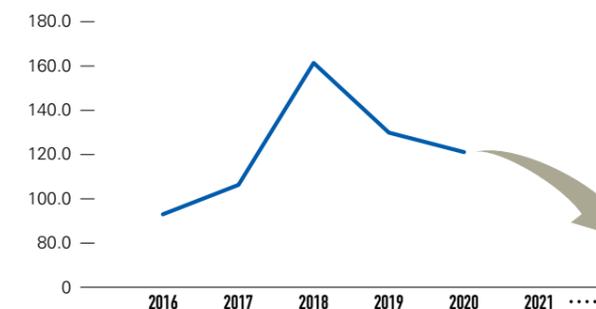


Typhoon No. 10 (Haishen)
Source: Original photo taken from Jiji Press and modified

Net premiums written for fire insurance (TMNF) (billions of yen)



Combined ratio of fire insurance (TMNF) (%)



D. Acceleration of claim payments

Initiatives as an Insurance Company

As an insurance company, the most important matter for Tokio Marine is providing peace of mind to people affected by natural disasters as quickly as possible in the form of claim payments. Insurance payouts give people fortitude to face the future. Believing this, we have worked to speed up claim payments using digitalization.

disasters during the COVID-19 pandemic, but we used these mechanisms to facilitate operations.

As part of our customer response, it is also important to be mindful of the feelings of people affected by disasters. We are dedicating the time created from the use of digitalization toward attending to customers and expanding the domains where we provide value, which will allow us to elevate our level of customer service.

Specifically, we have largely streamlined this process by allowing customers to apply for insurance claims using their smartphone and utilizing digital technology such as satellites, AI and RPA for confirming damages and administrative work. Fiscal 2020 was particularly challenging because of the response to natural

Customers have praised us highly for our enhanced support of disaster-affected persons through the fusion of people's ability with digitalization, which has led to a further increase in the support for us.

Results of insurance payout survey for fiscal 2020 (TMNF)



E. Delivering peace of mind before and after events (contribution to a disaster-resistant society)

Initiatives as an Insurance Company

The payment of claims is an insurance company's most important function, but we believe that this alone will not enable us to protect our customers. It would be preferable if disasters don't occur. If disasters do occur, damages should be minimized and the recovery quick. It would be preferable if disasters don't reoccur. Based on

these beliefs, the Group strives to provide peace of mind before and after events through disaster preparedness and mitigation, quick restoration and recurrence prevention. These efforts also lower the loss rate and result in greater support from customers.

Specific examples

- We provide support that includes corporate risk evaluations, and help formulating a business continuity plans (BCP) in collaboration with local governments and financial institutions, making use of advanced expertise held within Group companies.
- Using the lessons learned from the Great East Japan Earthquake, we host the Disaster Risk Prevention Lesson, an outreach class for elementary school students, based on our commitment to teach children knowledge about disaster preparedness for the next disaster that may strike.
- Under the "Total assist fire insurance x Red Feather Disaster prevention/reduction program" launched in July 2021, part of the costs defrayed from online insurance contracts and policies will be donated to Red Feather Community Chest for use in disaster preparedness and mitigation activities in customers' own communities (please see page 55).
- The AI-powered Flooding risk projection system developed with the National Research Institute for Earth Science and Disaster Resilience visualizes areas at high risk of flooding to support local governments' decision-making during torrential rains, which helps to minimize damages to residents (please see pages 29, 55).
- Through a business partnership with BELFOR Japan, a specialist in disaster recovery, we are providing services that support customers' recovery from disasters (both before and after) (please see page 55).

The Group will utilize digitalization and data in a sophisticated manner to further enhance these services for "peace of mind before and after." Specifically, we will hire a team of experts in digitalization at Tokio Marine dR Co., Ltd., our core data company established in July 2021. This will allow us to speed up initiatives and tackle new challenges so that we can support customers in their time of need and evolve into a company that always supports its customers (please see pages 28-29).

Number of collaboration agreements with local governments^{*1}

- Prefectures: 38
- Ordinance-designated cities: 10
- Other cities: 52

*1: Agreements on regional revitalization, such as help formulating BCPs, etc.



In Kochi, we are working with Kochi Prefecture, Kochi City, and the Kochi Chamber of Commerce & Industry to help around 700 companies formulate BCPs over a 10-year period

Disaster Risk Prevention Lesson

- Held around 810 times
 - Around 55,000 participants
- (Cumulative as of March 31, 2021)



Disaster Risk Prevention Lesson (President Hirose, Tokio Marine & Nichido Fire)

2. Financing ("Tokio Marine: Our Climate Strategy" announced on September 28, 2020)

Initiatives as an Institutional Investor

In principle, we will not extend new financing to coal-fired thermal power plants in order to contribute to the transition to a decarbonized society. However, similar to other insurance underwriting, we may extend financing to these projects after comprehensively judging the situation based on the country's energy policy or international guidelines. This proviso provides exceptions similar to other insurance underwriting. In actuality, we have not extended new financing to coal-fired thermal power plants as of June 30, 2021.

companies through constructive and purposeful dialogue considering non-financial factors including ESG elements in addition to financial data and ESG integration where both financial and non-financial data is used in the investment decision-making process.

Tokio Marine Asset Management has managed a renewable energy fund targeting investments in solar power plants since 2012, effectively backing initiatives aimed at the transition to a decarbonized society.

As a signatory to the UN Principles for Responsible Investment (PRI) through Group companies Tokio Marine & Nichido and Tokio Marine Asset Management, we have established an ESG investment policy considering not only financial information but also elements such as environmental, social and governance. By incorporating climate-related elements into the investment decision-making process, we are supporting the transition to a decarbonized society.

Performance of Renewable Energy Funds^{*2} (Cumulative as of March 31, 2021)

Amount committed Approx. ¥51 billion
Units installed 45

*2: TM Nippon Solar Energy Fund 2012, 2013 and 2014
TM Nippon Renewable Energy Fund 2017
TM Nippon Long-Term Natural Energy Fund 2020

3. Lead Discussions at International Climate Change Conferences

Initiatives as a Global Enterprise

Since climate change is an important social issue that needs to be addressed by the entire world, the Group actively engages in dialogue with international organizations, governments, industries, academics, NPOs and NGOs. We have also led discussions at international conferences, which includes a co-chairing climate change-related working group for The Geneva Association, since 2008.

The Sustainable Markets Initiative, an insurance industry task force whose concept was created by Prince Charles of the U.K. was established in June 2021 with 17 member companies. We are the only insurance company from Asia to be a member.

The Group has contributed to the formulation of Task Force on Climate-related Financial Disclosure (TCFD) recommendations as a member, and we also promote the dissemination of climate-related disclosure in Japan in part through involvement in the launch of the TCFD Consortium.

In addition, we have taken a leading role for the entire industry as a founding member of the UNEP FI's TCFD pilot insurance group, and as a global enterprise will continue to actively take measures against climate change.



Risk Management

(1) Manage Climate-Related Risk Based on ERM

Tokio Marine Group takes a wide-ranging view of risk management regarding climate-related risks and has put a lot of effort into advancement. To give an example, we evaluate and calculate the impact on insurance loss from changes in typhoon risk and flood risk due to torrential rain based on assumed climatic conditions in

1. Qualitative Risk Management

We identify all forms of risk exhaustively, including natural disasters such as major storms and newly emerging risks due to environmental changes. We define risks that will have an extremely large impact on our financial soundness and business continuity as

2. Quantitative Risk Management

For material risks, we measure risk amounts and upgrade stress tests as part of our quantitative risk management.

We calculate risk amounts posed by natural disasters using a risk model (for Japan, a risk model we developed in-house based on engineering theory and the latest knowledge of natural disasters, and for overseas, models provided by outside vendors). We gather the latest information as well as verify and evaluate models and upgrade them to ensure the situation of recent natural disasters is reflected in models appropriately.

the future. Enterprise Risk Management (ERM) is being implemented throughout the Group in consideration of the impact of natural disasters on underwriting that may be exacerbated by climate change, referring to the findings of these scenario analyses (please see pages 110-113).

“material risks” (natural disaster risk including climate related risk is one such risk). We also formulate control measures prior to risk emergence and response measures for after risks occur.

We also conduct stress tests based on severe scenarios involving low likelihood disasters that will result in significant damages if they were to occur. For example, these scenarios include typhoons and flooding on a much larger scale than the major typhoons that hit the Greater Tokyo Area in 2018 and 2019 causing extensive damages. We update scenarios continuously while considering stress tests released by regulatory authorities in each country, the latest knowledge including climate change, and recent case studies.

(2) Acquisition of knowledge (industry-academia collaboration, etc.)

The Group is deepening collaboration with both inside and outside experts in order to acquire knowledge about risks.

The Tokio Marine Research Institute, a Group company, carries out impact analysis based on the possibility for increased insurance losses associated with natural disasters that are becoming more severe in nature. We have an R&D team located in Atlanta in the United States with expertise in natural disasters. This team is leading efforts to upgrade risk management of natural disasters across the entire Group, including various evaluations of natural disaster risk models, management of natural disaster exposure at our overseas business locations, and instantaneous impact prediction for such disasters as hurricanes hitting North America.

In terms of external collaboration, the Group is working with the University of Tokyo, Nagoya University and Kyoto University, among others, to research^{*1} the impacts of climate change on the insurance industry over the short, medium and long term as well as identify and evaluate climate related risks. We also invite experts in the name of sustainability dialogue to regularly share the latest knowledge on sustainability with senior management and discuss the Group's initiatives.

*1: Forecasting of future changes in typhoon risk using climate models, analysis of changes in rainfall trends associated with global warming, and flood risk evaluation under future climate conditions, etc.

(3) Appropriately control risk through risk diversification and reinsurance, etc.

Natural disasters are inevitable in Japan, our home market. For that reason, we have sought to control risk capital by geographic, business, and product risk diversification through M&A overseas (please see pages 18-21). Through these efforts, we managed to keep net incurred losses from natural disasters exceeding our average budget to only around 5%^{*2} of the entire Group's profits for fiscal 2020. In addition, reinsurance, as a hedge against risk, is also

an effective way to protect our capital and stabilize profits. The Group utilizes reinsurance to prepare for natural disasters (capital events) that occur once every few centuries, and we determine earnings coverage from the standpoint of economic rationality and take necessary measures.

*2: Proportion of claim payments related to natural disasters that exceeded the initial forecast

Indicators and Targets

(1) Targets for fiscal 2030

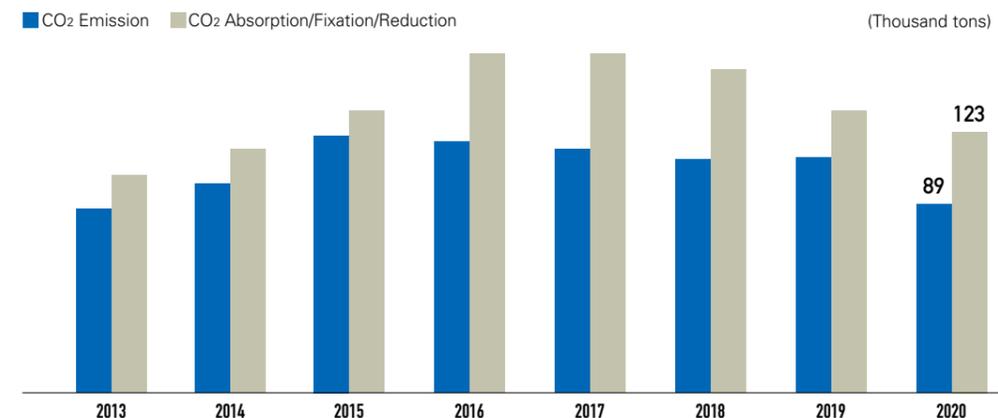
- **Reduction targets for greenhouse gases associated with our own business activities**
Reduce greenhouse gases emitted by the Tokio Marine Group by 60% compared to fiscal 2015 levels^{*1}
- **Target for introduction rate of renewable energy to total electricity consumption**
Source 100% of the electricity used at the Tokio Marine Group's main business locations from renewable energy
- **Electrification of company-owned vehicles (TMNF, TMNL)**
Switch all company-owned vehicles of TMNF and TMNL to EVs, PHVs or HVs, etc.

(2) Targets for fiscal 2023

- **Increase net premiums written for insurance of offshore wind power generation projects by around ¥5 billion (TMNF)**
- **Improve fire insurance earnings by more than ¥26 billion (before tax) (TMNF)**

(3) Others

- **Continue to achieve carbon neutrality on a Groupwide basis^{*1}**
Tokio Marine & Nichido Fire has been implementing a mangrove planting project in the Asia Pacific region together with NGOs since 1999. These planting activities have enabled the Group to achieve carbon neutrality^{*1} in its business activities for eight years running since fiscal 2013. We plan to continue this initiative going forward to sustain our carbon neutrality. The value of ecosystem services produced over the past 20 years (April 1999 to March 31, 2019) through this mangrove planting project cumulatively totals ¥118.5 billion. Estimates also indicate this value will increase to ¥391.2 billion cumulatively by the end of fiscal 2038^{*2}.



*1: Associated with our own business activities (Scope 1 [direct emissions] + Scope 2 [indirect emissions] + Scope 3 [other indirect emissions; categories 1, 3, 5 and 6,] based on the GHG Protocol standards)

*2: Survey contracted out to Mitsubishi Research Institute, Inc. and evaluated following internationally recognized methodologies