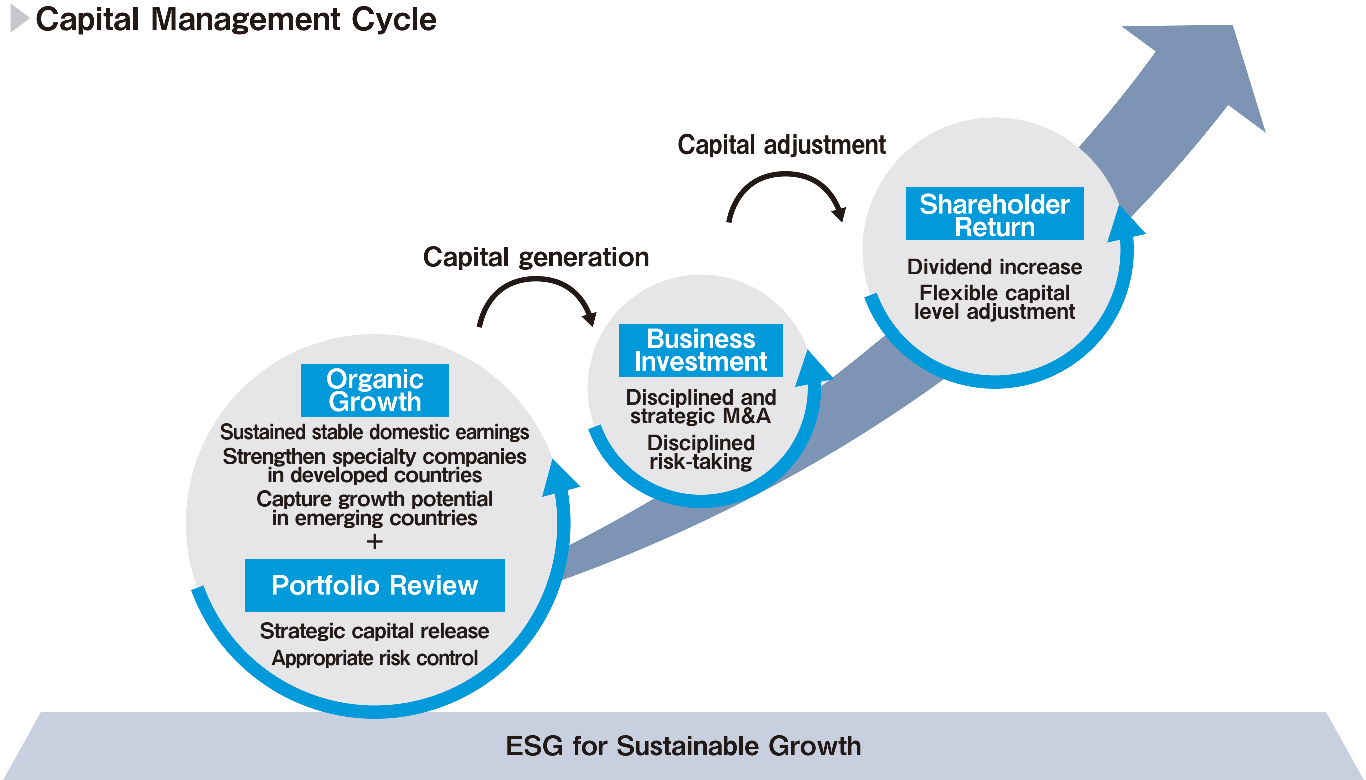
We aim to maintain the world's top-class EPS growth and lift the level of ROE equivalent to global peers through the implementation of a disciplined capital policy.

Kenji Okada
Senior Managing Director
Chief Financial Officer (CFO)

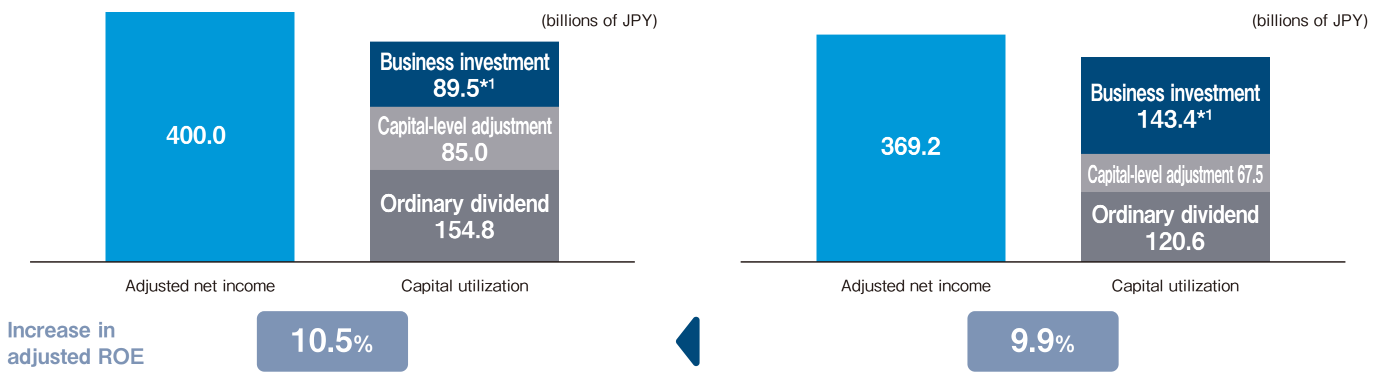
Tokio Marine Group aims to lift the level of ROE by realizing strong profit growth in both insurance underwriting and asset management, while maintaining a disciplined capital policy. Despite increasing adjusted return on equity (ROE) to 15.1% in fiscal 2022, we acknowledge that this result has been influenced by factors such as the reduction in net assets due to rising interest rates, which is applicable to the entire industry. As such, we are not content with this figure alone and are determined to enhance ROE at its core, elevating it to a level that aligns with our global peers. In my capacity as Group CFO, I am devoted to leading these efforts, particularly focusing on capital policy considerations.

Our capital strategy is built upon a three-pronged approach. First, we will strategically review our portfolio based on organic growth and expedite the divestment of business-related equities to generate capital and funds. Second, we will channel the capital and funds into strong business investments. Third, if there are no favorable investment prospects, we will prioritize returning capital to shareholders, aiming to bolster ROE and maintain a balanced capital management cycle. In the following sections, I will provide a comprehensive explanation of each of these components.

Capital Management Cycle



Track Record of Disciplined Capital Management



*1:Combined only with the amounts disclosed (acquired from Refinitiv Eikon)

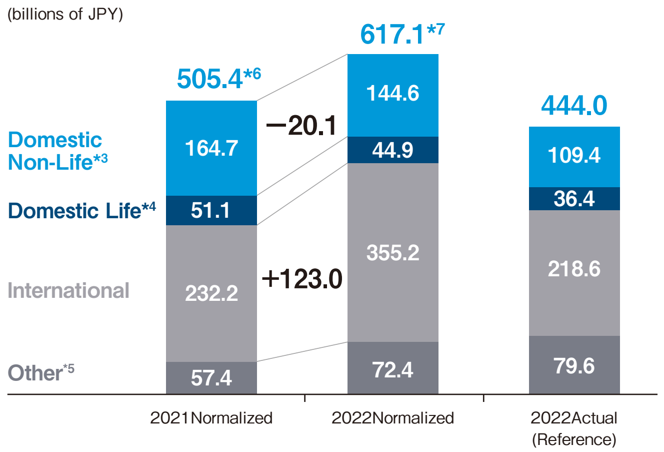
Organic Growth

Our approach does not align with the typical "shrink to grow" strategy. Instead, our key focus for boosting ROE revolves around molecular expansion, or "organic growth," specifically aiming for the world's top-class EPS growth. The characteristics of our portfolio are (1) a domestic market foundation that generates stable earnings, (2) growth of specialty companies in developed countries encompassing less correlated business lines, and (3) high growth in emerging countries such as Brazil and Asia.

In my role as Group CFO, I contribute to the growth of each business by actively engaging in the management strategies developed by each business, which are formulated based on capital allocation and other measures. For instance, I collaborate with the senior leadership of each business to address shifts in the business landscape, evaluate strategic advancements, and determine if any adjustments are warranted. Additionally, I play an active role in shaping the forthcoming Mid-Term Business Plan commencing next fiscal year.

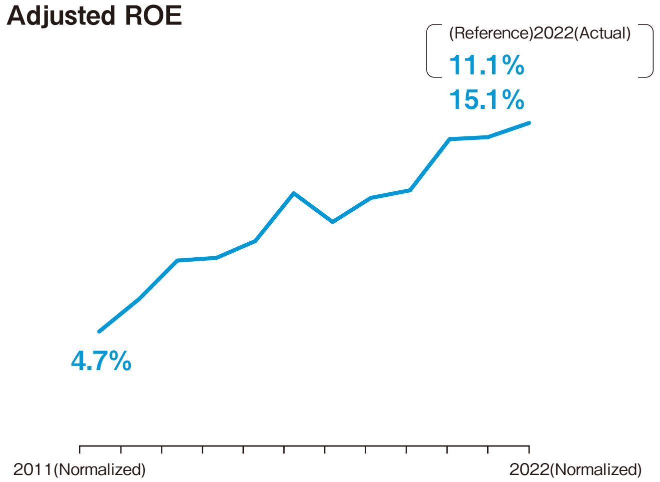
In fiscal 2022, both domestic and overseas Group entities effectively executed their management strategies, achieving growth beyond market norms in appealing sectors. Consequently, on a normalized basis, adjusted net income surged to 617.1 billion yen, a year-on-year gain of 22%, and adjusted ROE rose to 15.1%, up 2.4 percentage points year on year.

Adjusted Net Income*2



*2: The breakdown of adjusted net income is the profit of each business unit.
*3: Domestic non-life insurance = TMNF
*4: Domestic life insurance = TMNL
*5: Other domestic non-life insurance, financial, and other businesses, and gains relating to sales of business-related equities, etc., that are not included in business unit profits

Adjusted ROE



*6: The following one-time effects totaling +72.9 billion yen were excluded from the fiscal 2021 actual result of 578.3 billion yen: 1) Natural disasters: Approximately +17.0 billion yen, 2) North American capital gains, etc.: Approximately +24.0 billion yen, 3) COVID-19: Approximately +23.0 billion yen, and 4) Gains on the sale of business-related equities: Approximately +9.0 billion yen (on the portion of sales exceeding 100.0 billion yen)

*7: The following one-time effects totaling −173.1 billion yen were excluded from the fiscal 2022 actual result of 444.0 billion yen: 1) Natural disasters: Approximately −26.0 billion yen, 2) North American capital gains, etc.: Approximately −10.5 billion yen, 3) COVID-19: Approximately −134.0 billion yen, 4) Conflict: Approximately −14.0 billion yen, 5) South African floods: Approximately −4.0 billion yen, and 6) Gains on the sale of business-related equities: Approximately +15.0 billion yen (on the portion of sales exceeding 100.0 billion yen)

Portfolio Review/Business Investment

As an insurance company, we increase returns by taking risks in insurance underwriting and asset management as a key to our business. We have positioned Enterprise Risk Management (ERM) as the cornerstone of Group management. ERM takes into consideration our risk appetite, to what extent we undertake risks (risk strategy), whether return on risk is sufficient, and whether risks are appropriately diversified (see pp. 50–53). We have also established the ERM Committee to discuss ERM strategy. As the Committee's chair, I assess the growth potential and profitability of all businesses and the risks associated with each strategy in a forward-looking manner and formulate a capital allocation plan to optimize the business portfolio from a Group-wide perspective.

From the standpoint of business investment, we often receive inquiries during our dialogues with the capital market about "the next step in M&A." However, for us, M&A is a "means" for risk diversification and profit growth, rather than being an ultimate "goal." Therefore, we deliberately refrain from setting an "M&A budget" or a "profit plan dependent on M&A." In the case of large-scale M&A opportunities, we generally perceive current valuations to be inflated. Consequently, we believe that exercising patience is crucial as we engage in Market Intelligence activities, constantly monitoring long and short lists of potential acquisition targets, and carefully selecting "promising companies" that offer a sufficient return on investment (ROI). Concurrently, we proactively seize opportunities for smaller-scale bolt-on M&A, capitalizing on the experience and insights within the Group to execute these initiatives consistently.

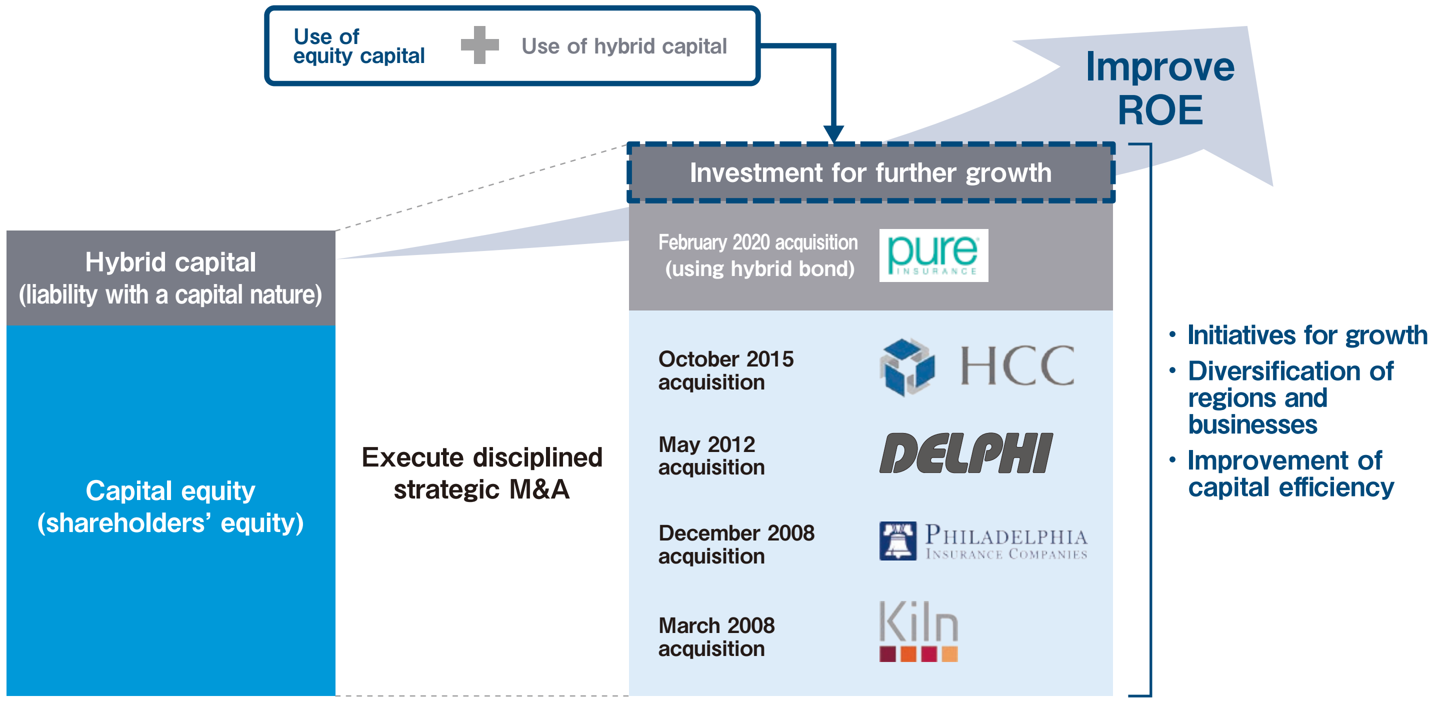
Under this guiding principle, we have pursued disciplined and strategic approaches to various entry (M&A, etc.) and exit (divestment, etc.) opportunities, considering risk diversification and future growth prospects. For instance, we have undertaken initiatives such as the acquisition of Pure Group, establishment of a local entity in Canada, and bolt-on M&A through Delphi Financial Group (Standard Security Life Insurance Company) and Tokio Marine HCC (Gulf Guaranty Employee Benefit Services, Inc.). Simultaneously, we have divested from reinsurance subsidiaries and Tokio Marine Kiln's subsidiary Highland, all aimed at achieving optimal capital allocation.

Following a review of our capital structure, we issued hybrid bonds when we acquired Pure in consideration of capital costs. In the future, we will also explore the use of hybrid bonds as necessary as one of the means for achieving the optimal capital structure while preventing equity dilution.

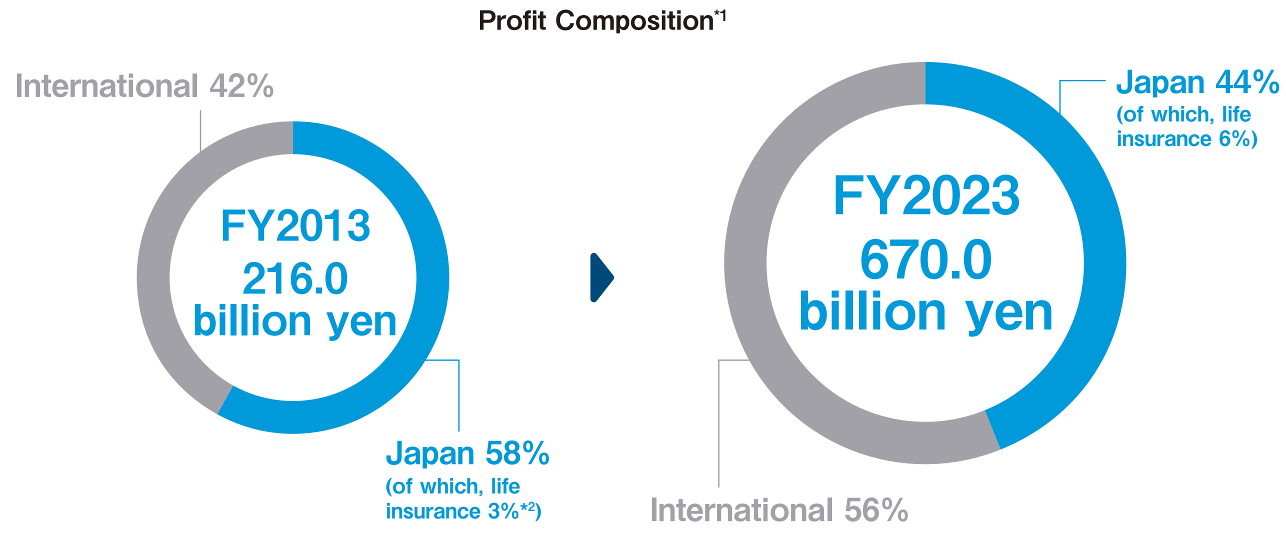
From a capital restructuring perspective, we have been consistently reducing business-related equities for over 20 years. Recently, we announced our intention to sell more than 600 billion yen worth of business-related equities over the next four years, to 2026. We intend to prudently utilize the capital generated from this accelerated divestment.

By following this approach, we have consistently enhanced our corporate value by effectively refreshing our risk portfolio. Looking ahead, we will maintain proper risk control while accelerating growth through well-considered capital allocation.

Achieving Growth through a Flexible Capital Strategy

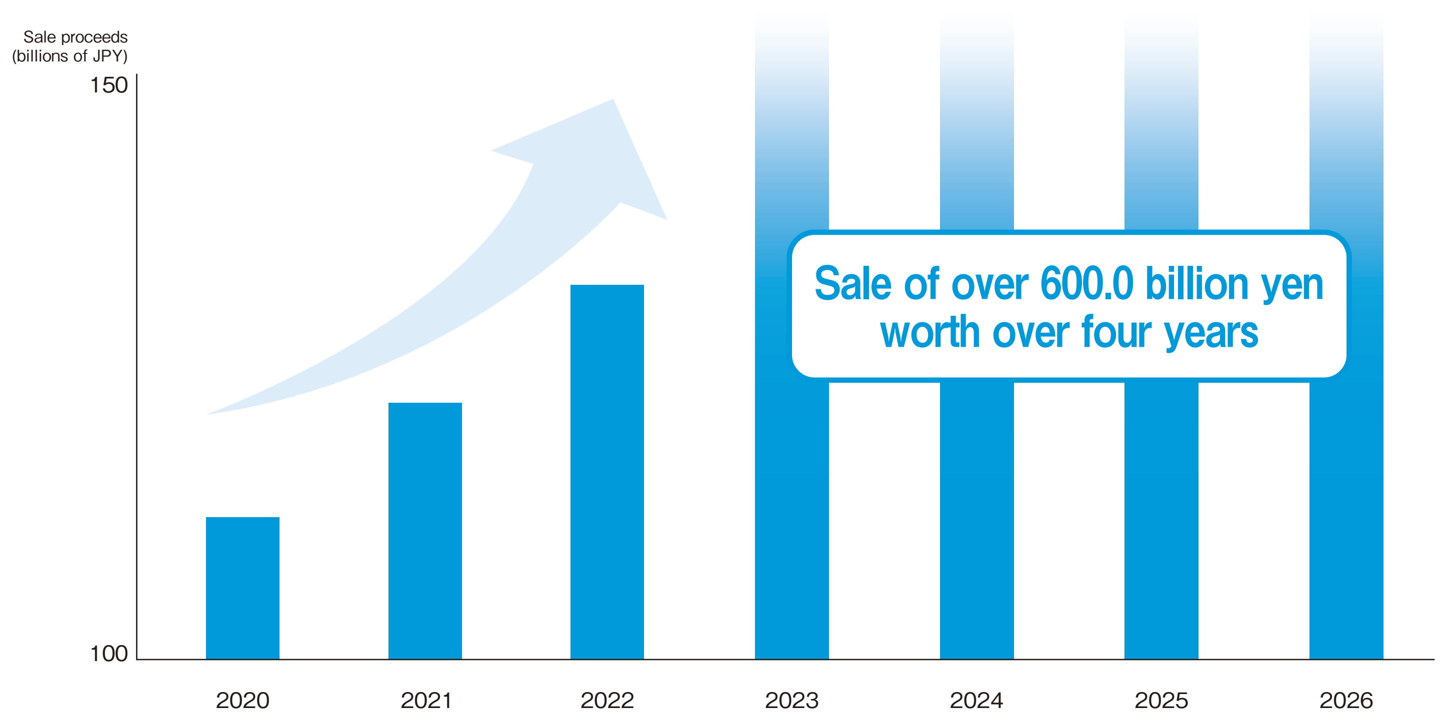


Risk diversification through the expansion of our international business



*1 The breakdown of profit is based on the profit of each business segment (yearly plan), except "Other businesses" are included in "Japan."
*2 Profit on a financial accounting basis for TMNL

Accelerated reduction of business-related equities

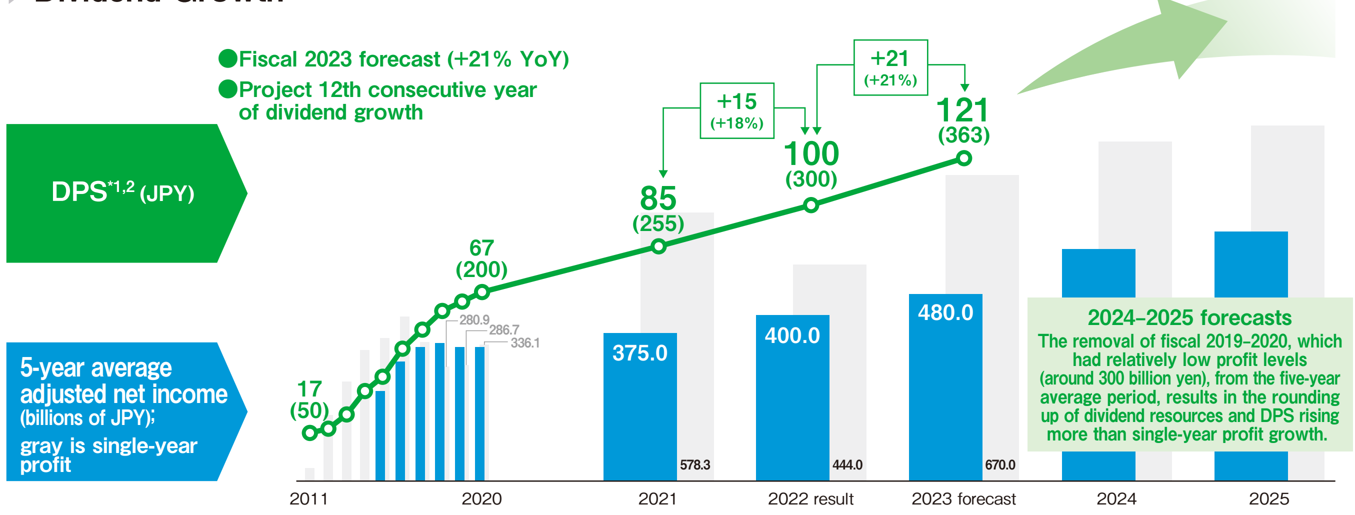


Shareholder Return

Tokio Marine Group regards dividends as the basis of shareholder returns and our basic policy is to sustainably increase dividends per share (DPS) in line with profit growth. Specifically, we calculate ordinary dividends based on our 5-year average adjusted net income to temper volatility and apply a dividend payout ratio that aligns with global peer standards. For fiscal 2023, against the backdrop of consistent profit growth, we have been steadily expanding the foundation for dividends, our 5-year average adjusted net income. As planned, by raising the dividend payout ratio to the targeted global peer level of 50%, we forecast a 21% increase in DPS compared with the previous year, marking the 12th consecutive year of dividend growth.

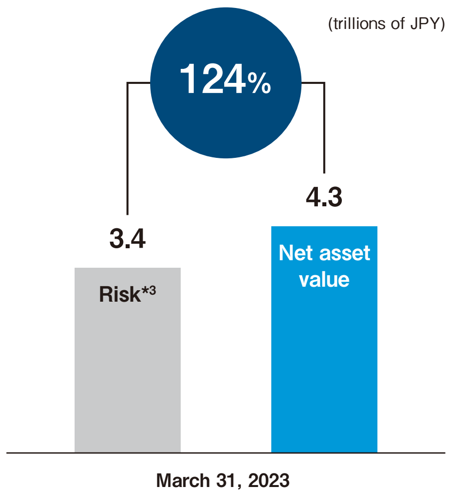
We use share buybacks as a means of adjusting capital levels and decisions will be made based on comprehensive consideration of economic solvency ratio (ESR), market conditions, opportunities for M&A, and additional risk-taking. Given our ESR of 124% as of the end of March 2023, well within the target range, our approach for fiscal 2023 is to implement a flexible share buyback plan of 100 billion yen throughout the year, with an initial resolution of 50 billion yen made in May.

Dividend Growth



*1: DPS = Five-year adjusted net income × Payout ratio / Number of shares
*2: Figures in parentheses are prior to the three-for-one stock split in October 2022.

Status of the Economic Solvency Ratio (ESR)



Concept of capital management based on the Economic Solvency Ratio (ESR)

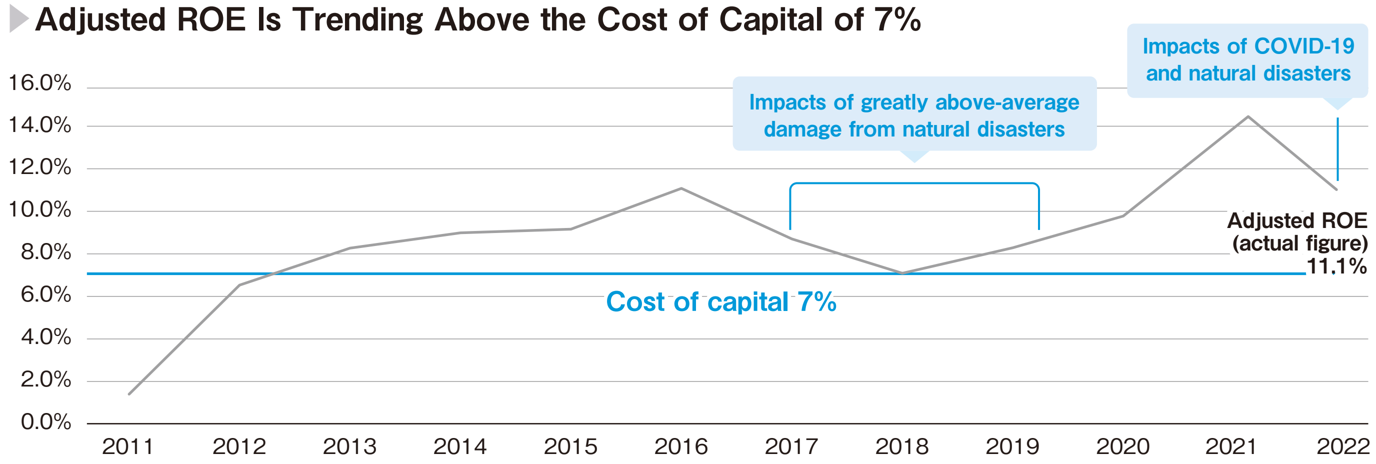
ESR		
		Implement: • Business investment, and/or • Additional risk-taking, and/or • Shareholder return
140%	Target Range	Strategically consider: • Business investment, and/or • Additional risk-taking, and/or • Shareholder return
100%		• Aim to recover the capital level through the accumulation of profit • Control the risk level by reducing risk-taking activities
		• De-risking • Consider capital increase • Review of the shareholder return policy

*3: Amount of risk calculated by a model using 99.95% VaR (AA-rated basis)

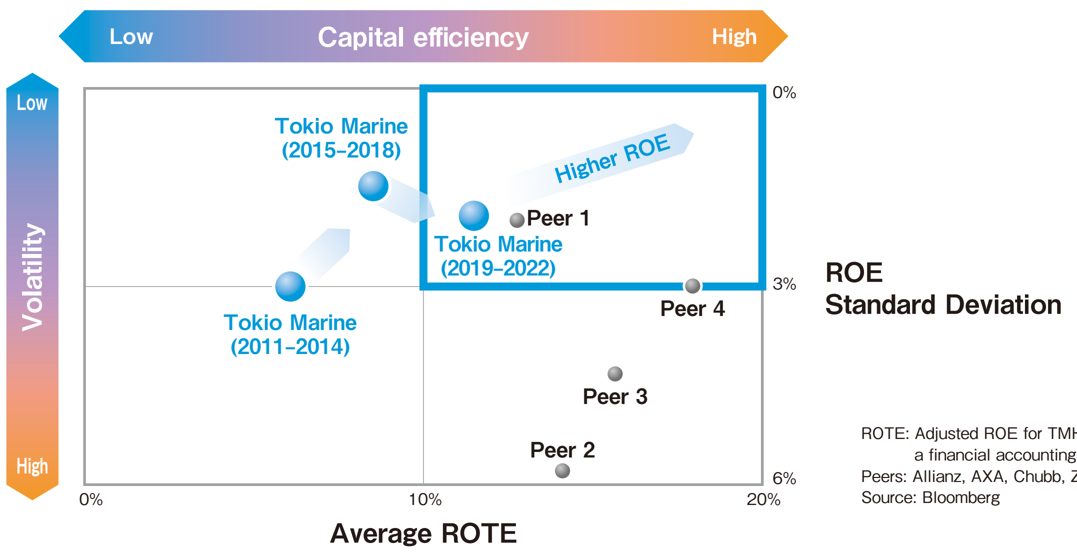
ROE

As a result of these initiatives, our adjusted ROE has been consistently above the 7% cost of capital. However, as mentioned earlier, we recognize that this level is not yet satisfactory. Our goal is to achieve the world's top-class earnings per share (EPS) growth while executing disciplined capital policies, aiming to elevate our ROE to a level on par with our global peers.

Adjusted ROE Is Trending Above the Cost of Capital of 7%

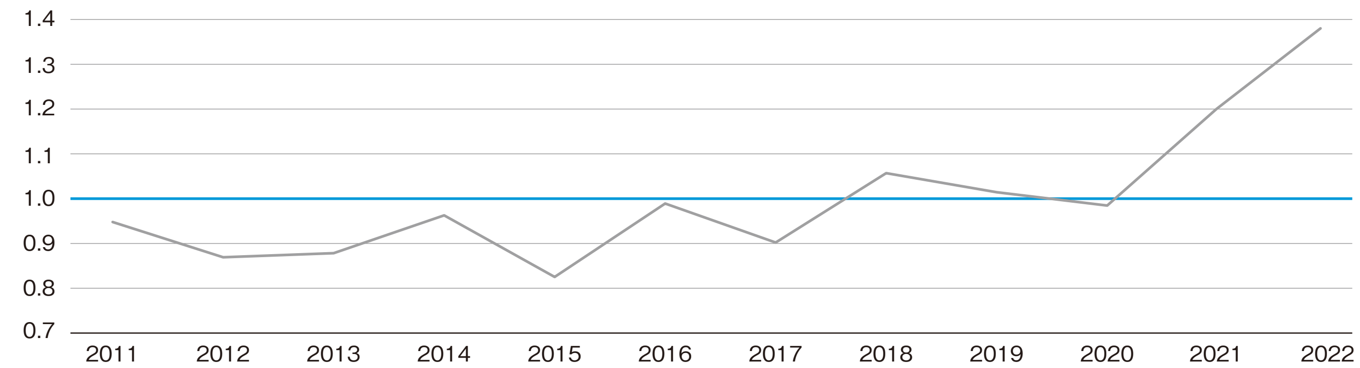


Steady Improvement in ROE



ROTE: Adjusted ROE for TMHD; Peers: average of 2019-2022 on a financial accounting basis
Peers: Allianz, AXA, Chubb, Zurich
Source: Bloomberg

Reference: Price-to-Book Value Ratio (PBR) Is Currently Above One



ERM*1 Framework

Finally, I would like to reiterate our commitment to Enterprise Risk Management (ERM), which serves as a pillar of management. In concrete terms, we always maintain a keen awareness of the interplay between "risk," "capital," and "profit" within the Group. By ensuring the adequacy of capital in relation to risks and achieving high profitability, we aim to sustainably enhance our corporate value.

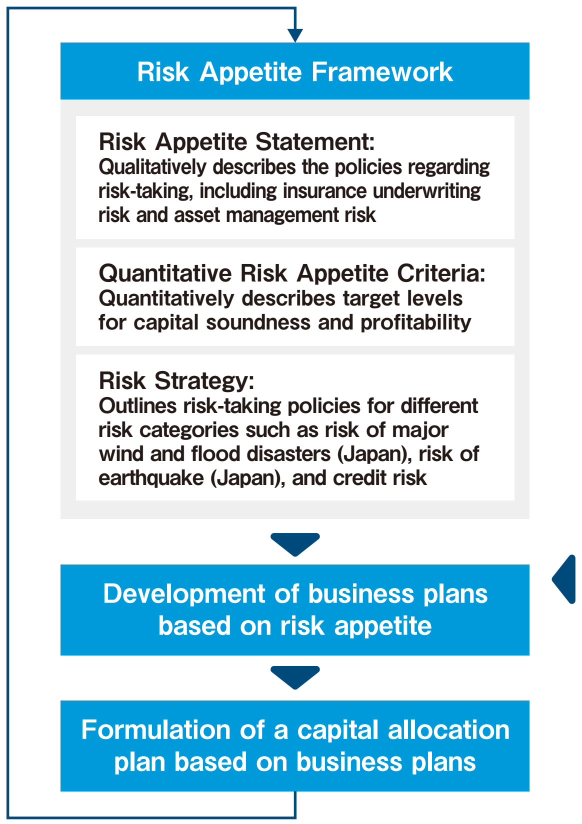
*1: Enterprise Risk Management

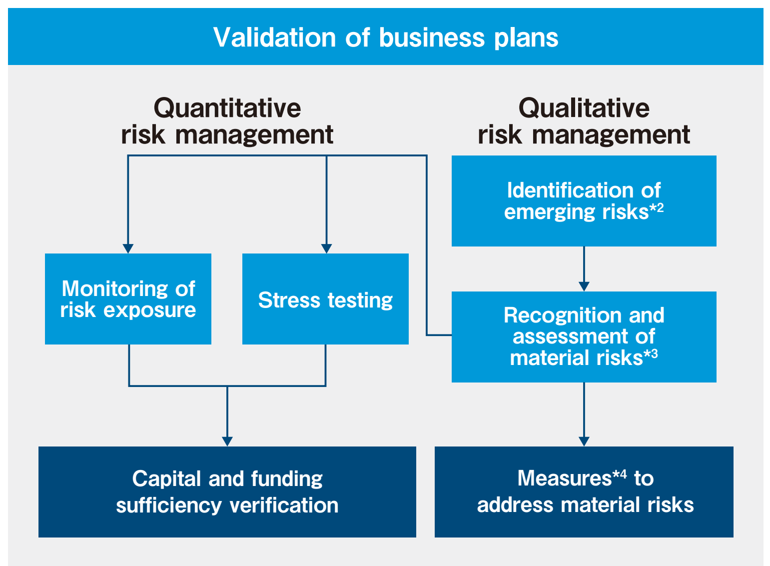
Tokio Marine Group's ERM Structure and Initiatives to Strengthen it

The risks surrounding Tokio Marine Group are becoming more diversified and complex due to global business development and changes in the business environment. In addition, in today's uncertain and rapidly changing political, economic, and social climate, we must constantly watch for the emergence of new risks and take appropriate action. From this point of view, we are not limited to conventional risk management for the purpose of risk mitigation and avoidance, but are comprehensively assessing risk in qualitative and quantitative ways.

In addition, we are continuing our efforts to further strengthen the ERM structure. For instance, we are enhancing risk assessments to include risks that are difficult to quantify, such as cyber risks, and improving natural disaster risk management, including a review of our reinsurance schemes.

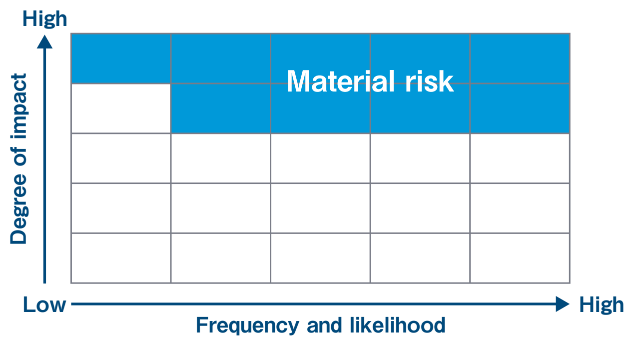
ERM Cycle





*2: Emerging risks are new risks that arise due to changes in the environment or other factors, encompassing those that were not traditionally recognized as risks and those that have increased markedly in severity. Specifically, these risks are identified through internal discussions, considering results from subsidiary assessments and information from external sources.

*3: Material risks refer to risks that could have a substantial impact on financial soundness, business continuity, and other critical aspects. Specifically, we focus on emerging risks as well as material risks from the previous business year within the Group. We assess the impact (evaluating economic, business continuity, and reputational impacts) and consider the frequency and likelihood to identify the most significant factors. We specify these risks using the following 5×5 matrix.



*4: For material risks, we formulate response measures (Plan), implement these measures (Do), assess the outcomes (Check), and make improvements (Act).

Reference: Qualitative Risk Management

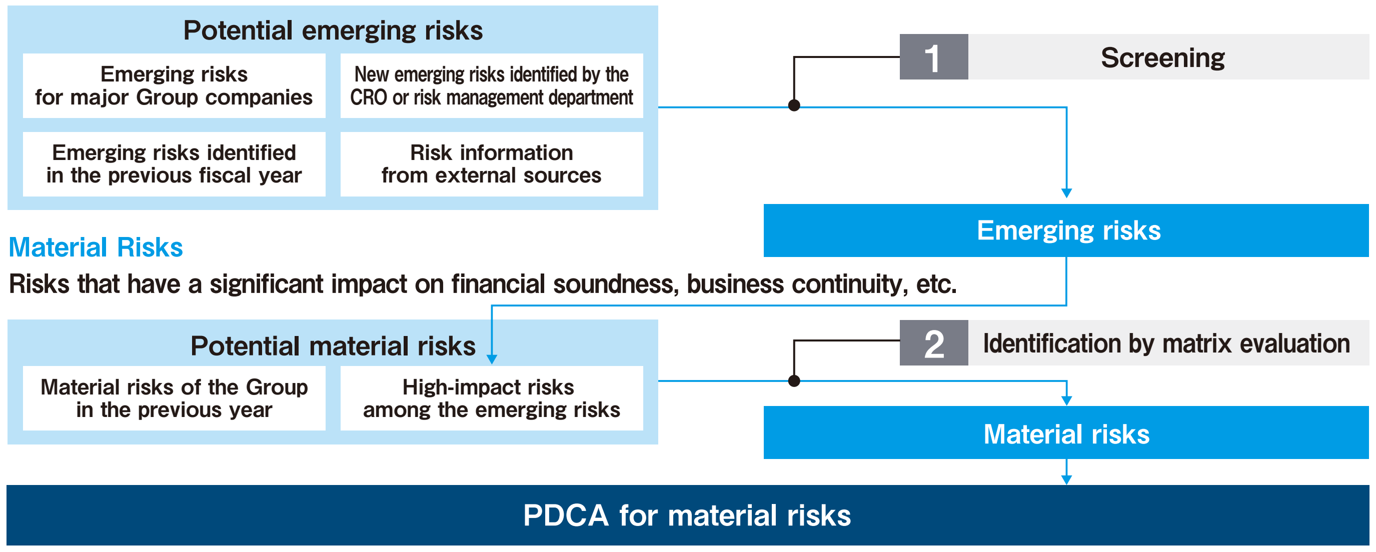
In qualitative risk management, all risks, including risks that emerge due to changes in the environment, are identified and reported to management, while risks to the Group are discussed at the management level as needed. Risks identified in this manner are evaluated not only in terms of the economic loss or frequency of occurrence but also in terms of business continuity and reputation. Risks that have a large impact on the financial soundness and business continuity of the Group or of individual Group companies are identified as "material risks." For identified material risks, we assess the sufficiency of capital through the quantitative risk management process described below, draw up control measures before the risks emerge and countermeasures*5 to be taken if the risks do emerge, and conduct PDCA management.

*5: Pre-emergence risk control measures include monitoring and risk management based on the market environment and regulatory trends, while post-emergence risk response measures include manuals (including business continuity plans) and mock drills.

Detection of Emerging Risks and the Process of Identifying Material Risks

Emerging Risks

New risks that emerge due to changes in the environment or other factors, and that have not been previously recognized as risks, or risks that have increased markedly in severity



Examples of Emerging Risks

Emerging risks/Scenarios	Examples of responses
(1) Progressive deterioration of public infrastructure and corporate facilities ○Risk that insurance payouts will increase as growing deterioration of public infrastructure and corporate facilities leads to frequent major accidents (2) Space risk ○Risk that insurance payouts will increase due to widespread power grid failures caused by geomagnetic storms and frequent communication disruptions resulting from space weather and increased space debris (3) Innovations in medicine and biotechnology ○Risk that insurance payouts will increase due to innovations in cancer diagnosis and genetic diagnosis technologies (4) Global warming (physical risks of climate change) ○Risk that insurance payouts will increase due to intensifying environmental degradation and disasters caused by global warming	Response to economic impact • Appropriately assess risks and develop products that meet customer needs, while generating stable profits through risk-appropriate underwriting, risk diversification, and arranging reinsurance • With respect to (4) shown at left, engage in research and analysis on the impacts of climate change
(5) Inadequate response to decarbonization (climate change transition risk) ○Risk of a decline in value of invested companies that lag behind in transitioning to a decarbonized society, impacting the value of the Group's assets ○Risk that the Group's efforts towards decarbonization are perceived as inadequate by society, damaging our reputation	Response to the impact on business continuity and reputation • Publicly disclose our fundamental approach to climate change, underwriting and investment policies, and the initiatives based on these, and exchange opinions with experts and advisors in the climate field
(6) Delayed response to stricter global focus on human rights ○Risk that Tokio Marine Group's efforts regarding respect for human rights are perceived as inadequate by society, damaging our reputation	Response to the impact on business continuity and reputation • Publicly disclose our fundamental approach to human rights, human rights basic policies, management structure for respect of human rights, guidelines for responsible procurement, and initiatives based on these, and exchange opinions with experts and advisors in the human rights field

Material Risks for Fiscal 2023

Emerging risks/Scenarios	Examples of responses
(1) Domestic or overseas economic crisis, chaos in financial and capital markets 〇The value of the Group's assets may fall substantially due to a global economic crisis on the magnitude of the 2008 global financial crisis, or turmoil in financial and capital markets caused by geopolitical risk.	Response to economic impact • Investigate the impact on the market due to geopolitical risks • Control exposure through credit risk aggregation and management • Conduct stress tests to confirm capital adequacy and funding liquidity • Establish action plans for financial crises and interest rate increase risks
(2) Loss of confidence in JGBs 〇The value of the Group's assets may fall substantially as Japanese government bonds plummet in value due to a decline in the government's creditworthiness or the emergence of hyperinflation.	
(3) Major earthquakes 〇A major earthquake beneath Tokyo or along the Nankai Trough may lead to significant human and material losses, causing widespread disruptions to social and economic activities, including those of the Group, resulting in large insurance payouts.	Response to economic impact • Appropriately assess risks, including risk aggregation, and develop products that meet customer needs, while generating stable profits through risk-appropriate underwriting, risk diversification, and arranging reinsurance • With respect to (3), (4), and (6) shown at left, conduct stress tests to confirm capital adequacy and funding liquidity Response to the impact on business continuity and reputation • Establish crisis management systems and business continuity plans, and verify their effectiveness through emergency drills • With respect to (7) shown at left, develop cybersecurity measures, and verify their effectiveness through emergency drills
(4) Major wind and flooding disasters (including physical risks of climate change) 〇Major typhoons or torrential rains may cause extensive physical damage, leading to significant disruptions in social and economic activities, including those of the Group, resulting in large insurance payouts.	
(5) Volcanic eruptions 〇The eruption of Mount Fuji or similar volcanic activities could result in widespread physical damage due to volcanic ash and other effects, leading to significant disruptions in social and economic activities, including those of the Group, resulting in large insurance payouts.	
(6) Pandemics 〇The widespread outbreak of a new infectious disease could result in significant insurance payouts.	
(7) Cyber risk 〇A cyberattack targeting many Group customers or supply chains may lead to significant insurance payouts. 〇A cyberattack targeting the Group's systems may result in the leakage of sensitive information and disruptions to business operations.	
(8) Inflation 〇Due to soaring raw material costs and rapid increases in global prices, insurance payout costs rise, resulting in diminished underwriting profits from the inability to revise products in line with risks or secure reinsurance.	Response to economic impact • Analyze the impact of inflation on insurance products and undertake product revisions and underwriting commensurate with risk
(9) Disruptive innovation 〇Innovations that drastically reshape industry structures through digital transformation and innovative new entrants may erode the Group's competitive advantage and lead to significant reductions in premium income and profits.	Response to economic impact • Ensure the competitive advantage of our insurance business by implementing basic strategies and executing projects for digital transformation • Expand into new businesses, primarily in areas closely aligned with our insurance operations
(10) Continued mutation of the COVID-19 virus 〇The continued mutation and sustained spread of COVID-19 may lead to disruptions in business activities.	Response to the impact on business continuity and reputation • Establish crisis management systems and business continuity plans, and verify their effectiveness through emergency drills (Response to economic impact is detailed in (1) shown at left)
(11) Geopolitical risk 〇Escalation of tensions between nations into military conflicts could lead to extensive human and material damages, leading to significant disruptions in social and economic activities, including those of the Group.	
(12) Conduct risk 〇Deviation between industry and corporate practices and societal norms could lead to the perception that the initiatives of the Tokio Marine Group are inadequate by society, damaging our reputation.	Response to the impact on business continuity and reputation • Conduct surveys on employee awareness and behavior, and enhance the efforts of the Group by compiling and sharing best practices
(13) Violation of laws and regulations 〇Non-compliance with regulations concerning personal data protection, anti-money laundering, and the reinforcement of economic sanctions related to the U.S.-China tensions and the Ukraine conflict may result in the imposition of fines and penalties and harm the Group's reputation.	Response to the impact on business continuity and reputation • Monitor domestic and international social environments, trends in government agencies, and changes in regulatory requirements, and take necessary measures accordingly

Reference: Quantitative Risk Management

In quantitative risk management, the Company measures risk amounts and conducts stress tests using risk models based on the latest knowledge available, verifying from multiple perspectives that its capital is sufficient relative to the risks it holds, with the aim of maintaining its credit ratings and preventing bankruptcy.

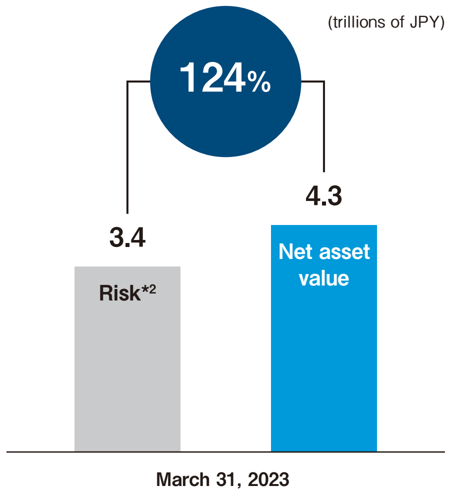
Specifically, the Company quantifies potential risks using a statistical metric called "Value at Risk (VaR)" on a 99.95% confidence level, which corresponds to an AA credit rating, and verifies its capital adequacy based on the Economic Solvency Ratio (ESR) arrived at by dividing net asset value*1 by risk capital. A 99.95% VaR is equivalent to the damage caused by an occurrence of a risk that happens once in 2,000 years. Although many insurance companies around the world use 99.5% VaR (once in 200 years), Tokio Marine Group uses a much more stringent standard to evaluate risk capital.

The target range of the Group's ESR is 100%–140%, and as of March 31, 2023, the Group's ESR was 124%, confirming that the Group is adequately capitalized.

We also conduct stress tests based on scenarios involving significant economic losses from material risks such as domestic and international economic crises, disruptions in financial and capital markets, loss of confidence in Japanese government bonds, major earthquakes, major wind and water-related disasters, and widespread outbreaks of new viruses. We also assess scenarios where multiple critical risks materialize simultaneously. Through these stress tests, we confirm separately that there are no issues regarding capital adequacy and liquidity.

*1: Calculated by adding the value of catastrophe loss reserves, deducting for goodwill, and making other adjustments to consolidated net assets on a financial accounting basis.

Status of the Economic Solvency Ratio (ESR)



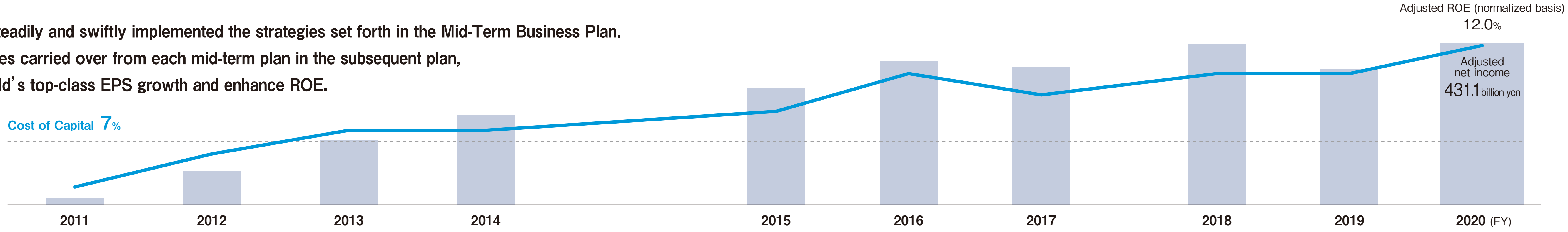
Concept of capital management based on the Economic Solvency Ratio (ESR)

ESR		
		Implement: • Business investment, and/or • Additional risk-taking, and/or • Shareholder return
140%	Target Range	Strategically consider: • Business investment, and/or • Additional risk-taking, and/or • Shareholder return
100%		• Aim to recover the capital level through the accumulation of profit • Control the risk level by reducing risk-taking activities
		• De-risking • Consider capital increase • Review of the shareholder return policy

*2: Amount of risk calculated by a model using 99.95% VaR (AA-rated basis)

Review of the Mid-Term Business Plan to Date

Tokio Marine Group has steadily and swiftly implemented the strategies set forth in the Mid-Term Business Plan. By addressing the challenges carried over from each mid-term plan in the subsequent plan, we aim to achieve the world's top-class EPS growth and enhance ROE.



Mid-Term Business Plan

Innovation and Execution 2014

Vision

A "global insurance group" that realizes sustainable growth by offering quality that wins over customers

Priority Strategies

- Structural reform to businesses that generate profit
- Transformation into a well-balanced business portfolio

Main KPIs

- Adjusted ROE of 7% or higher
- Improve the combined ratio (C/R) of the domestic non-life insurance business to 95%
- Increase the embedded value (EV) in the domestic life insurance business by 180 billion yen (three-year total)
- Adjusted earnings of 100 billion yen in the international insurance business

「To Be a Good Company 2017」 / 「To Be a Good Company 2020」

Vision

A global insurance group that delivers "sustainable growth by providing safety and security to customers worldwide" —Our timeless endeavor to be a Good Company—

Priority Strategies (2017)

- Unlock our potential
- Pursue growth opportunities
- Capitalize on changes
- Advance our business platform

Priority Strategies (2020)

- Further diversification of the portfolio
- Enhancement of the business structure
- Strengthening of integrated group management

Main KPIs (2017)

- Adjusted ROE of approximately 9%
- Adjusted net income of 350—400 billion yen
- Steady growth of dividends in line with profit growth

Main KPIs (2020)

- Adjusted ROE of 10% or more
- Adjusted net income of 400—450 billion yen
- Payout ratio of 35% or higher

Review of the Mid-Term Business Plan

Review of the Priority Strategies

Innovation and Execution 2014: Realized ROE exceeding the cost of capital (7%) through the following measures

- Significantly increased profitability in the domestic non-life insurance business, which was a major issue, led by auto insurance
- Realized stable profit growth in the domestic life insurance business by focusing on the highly profitable living protection field
- Realized strong profit growth and contributed to Group business and geographic diversification through the organic growth of the international insurance business and the acquisition of the Delphi Financial Group
- Continually reduced risk, for example, by selling business-related equities in the amount of 336 billion yen over three years

To Be a Good Company 2017: Realized sustainable profit growth and higher ROE primarily through the following measures

- Enhanced the business model mainly by strengthening life and non-life cross-selling initiatives, providing products and creating a service system that is resilient to wide-area disasters
- Reinforced R&D functions by providing products and services in anticipation of changes (such as insurance designed to promote health improvement and auto insurance using drive recorders) and establishing the Digital Strategy Division
- Advanced business through both organic growth and M&A, including the expansion of specialty insurance in Japan and the acquisition of HCC
- Enhanced the business platform by strengthening integrated group management, especially by establishing a Group Chief Officer system and launching and bolstering our global committees

To Be a Good Company 2020: Steadily strengthen the earnings base primarily through the following measures

- Make strategic changes to the portfolio that include the acquisition of Pure, continued bolt-on M&A, and the sale of Tokio Millennium Re Ag (TMR)
- Enhance the business structure with the creation of claim services using satellite images and AI, the launch of digital labs in five locations worldwide, and a system to promote the use of technology
- Strengthen integrated group management by promoting the use of talent and spreading the Group culture on a global basis. As a result, we have expanded more Group synergies

Achievement of Main KPIs

	2014 Results	Mid-Term Business Plan (2014)	Achieved
Adjusted ROE	9.3%	7% or higher	✓
C/R (TMNF)	90.6%	95.0%	✓
EV increase (three-year total, TMNL)	357.5 billion yen	180 billion yen	✓
Adjusted earnings (international insurance business)	145.5 billion yen	100 billion yen	✓

	2017 Results	Mid-Term Business Plan (2017)	Achieved
Adjusted ROE	10.0%*1	Approximately 9%	✓
Adjusted net income	397 billion yen*1	350—400 billion yen	✓
Annual dividend per share	160 yen	Steady growth (95 yen in fiscal 2014)	✓

	2020 Results	Mid-Term Business Plan (2020)	Achieved
Adjusted ROE	12.0%*2	10% or higher*3	✓
Adjusted net income	431.1 billion yen*2	400—450 billion yen*3	✓
Payout ratio*4	42%	35% or higher	✓

[Issues remaining from the 2009-2011 Mid-Term Business Plan]
ROE exceeding the cost of capital
(A critical challenge is to realize profitability in the domestic non-life insurance business.)

[Remaining issue]
Build a foundation that enables sustainable profit growth and higher ROE

[Remaining issue]
Profit growth by establishing an earnings base

[Remaining issue]
Advancement of greater risk diversification as well as further improvement of profitability in the insurance business, and the ability to respond to an increasingly diverse range of issues

*1 Figures based on the market environment as of March 31, 2015, excluding FX effects and the one-time impact of U.S. tax reform after the impact of natural disasters normalized to an average annual level.
*2 Figures based on the market environment as of March 31, 2018, after adjusting for normal years of natural disasters and excluding the impact of the COVID-19 pandemic.
*3 Figures based on the market environment as of March 31, 2018, after adjusting for normal years of natural disasters.
*4 The payout ratio is based on five-year average adjusted net income. Based on original projections.

Current Mid-Term Business Plan 2023 —Adapt, Lead, Innovate—

Through our “2 + 1 Growth Strategy” under the Mid-Term Business Plan (MTP) 2021–2025, we set the medium- to long-term goals of a win-win situation with stakeholders, the implementation of a “Glocal × Synergy” strategy, as well as growth and stable high profit, represented by adjusted net income above 500 billion yen and adjusted ROE of around 12%.

In pursuit of these objectives, we set initial MTP targets of adjusted net income with a CAGR of +3%–7% (approximately 480–540 billion yen) and adjusted ROE of around 12%. However, for fiscal 2023, the final year of the MTP, we anticipate surpassing these targets significantly, as well as exceeding our medium- to long-term expectations with adjusted net income of 670.0 billion yen and ROE of 17.1%. These projections are underpinned by enhanced revenue from domestic fire insurance and a rise in investment income across developed nations, excluding Japan.

Long-term vision

A global insurance group that delivers sustainable growth by providing safety and security to customers worldwide —Our timeless endeavor to be a Good Company—

Condition Realized in the Long-Term Vision

- Win-Win situation with stakeholders
- Glocal × Synergy
- Growth and stable high profit (Medium- to long-term targets of more than 500 billion yen in adjusted net income and around 12% in adjusted ROE)

2+1 Growth Strategy

New Markets × New Approach
- Precisely respond to quickly changing customer needs and implement products/services and channel strategies reflecting the market

Enhance the profitability of the insurance business
- Optimize premium rates and increase rates based on market hardening
- Streamline operations while thoroughly utilizing digitalization

+

Business investment for the next growth stage

Business Platform

Technology —Mission Driven—

ERM —Risk Culture—

Human Resources
- Expert talent development
- Global talent/management development
- Diversity & Inclusion

Integrated Group Management
- Sharing of best practices
- Synergy-inducing system
- Global management framework

Corporate Culture
- To Be a Good Company
- Resolution of issues for society/customers
- Robust and agile organization

Progress of the Current MTP

In fiscal 2022, we posted adjusted net income of 444.0 billion yen and adjusted ROE of 11.1%. On a normalized basis, excluding transient factors, adjusted net income was 617.1 billion yen and adjusted ROE was 15.1%.

For fiscal 2023, we are projecting figures above our MTP with adjusted net income of 670.0 billion yen and adjusted ROE of 17.1%.

	FY2023 Plan (announced in May 2021)	FY2023 Projections	FY2022 Results (normalized, with actual in parentheses)	FY2020 Results (normalized, with actual in parentheses)
Adjusted net income	CAGR*1 +3%–7%	CAGR*2 +15% 670.0 billion yen	617.1 billion yen (444.0 billion yen)	446.0 billion yen*3 (399.6 billion yen)
Adjusted ROE	Around 12%	17.1%	15.1% (11.1%)	11.5%*3 (11.3%)
Shareholder return				
Payout ratio*4	40% or higher ▼ 50% (revised in Nov. 2021)	50%	48.5%	40%
Capital level adjustment	Flexible execution	100.0 billion yen (set 50.0 billion yen as first step in May 2023)	100.0 billion yen	50.0 billion yen

Breakdown by Business

Business unit profits for the fiscal 2022 results and the fiscal 2023 projections have both been progressing well, centered on domestic non-life insurance and our overseas businesses.

In the domestic non-life insurance segment, the challenges posed by the increase in automobile loss costs had an impact, yet our disciplined underwriting practices, encompassing rate increases for fire insurance, led to improved revenue. In the international insurance segment, our disciplined underwriting leveraging the hard market environment combined with expansion of investment income serve as catalysts for profit growth (see pp. 133–147) .

		FY2023 Plan (announced in May 2021)	FY2023 Projections	FY2022 Results (normalized, with actual in parentheses)	FY2020 Results (normalized*3, with actual in parentheses)
Adjusted net income		CAGR*1 +3%–7%	CAGR*2 +15% 670.0 billion yen	617.1 billion yen (444.0 billion yen)	446.0 billion yen (399.6 billion yen)
Business Unit Profits, etc.	Domestic Non-Life Insurance*5	CAGR*2 +6% or higher	CAGR*2 +5% (of which, underwriting profit +10%) 161.0 billion yen	144.6 billion yen excl. FX 171.1 billion yen (109.4 billion yen)	138.5 billion yen (175.3 billion yen)
	Domestic Life Insurance*6	Stably secure 50.0 billion yen level	39.0 billion yen	44.9 billion yen excl. FX 46.0 billion yen (36.4 billion)	52.7 billion yen (52.7 billion yen)
	International Insurance	CAGR*2 around +9%	CAGR*2 +28% 376.0 billion yen	355.2 billion yen (218.6 billion yen)	180.1 billion yen (91.6 billion yen)
	Other Businesses*7	About 70.0 billion yen	94.0 billion yen	72.4 billion yen (79.6 billion yen)	74.7 billion yen (80.0 billion yen)

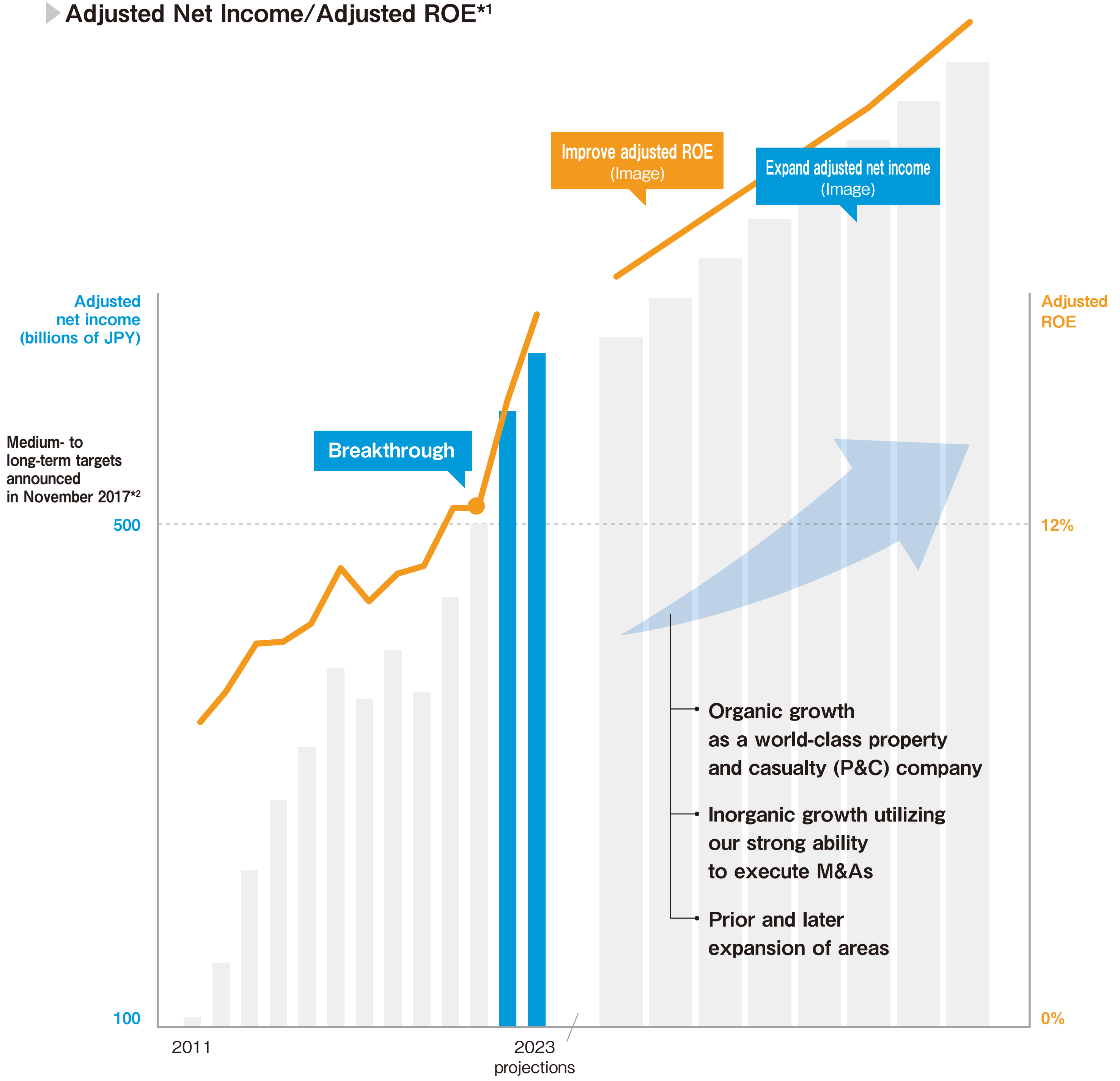
*1: Compared with FY2020. It was explained that OG was more than 5% at the IR briefing in May 2021.
*2: Compared with FY2020
*3: Launch figures to serve as starting points for the current MTP (setting impacts from natural catastrophes as the level for a normal year and excluding the impact of COVID-19 and exchange fluctuations)
*4: The payout ratio is on five-year average adjusted net income. Based on projections at the beginning of the year. The payout ratio will be boosted to 50% in fiscal 2023. DPS will be boosted with growth in profits as a key driver (dividends will not be cut, in principle).
*5: Domestic non-life insurance = TMNF
*6: Domestic life insurance = TMNL
*7: Other domestic non-life insurance, financial and other businesses, and gains on the sale of business-related equities, etc., that are not included in business unit profits

Beyond the Mid-Term Business Plan

Having surpassed our medium- to long-term targets of adjusted net income above 500 billion yen and adjusted ROE of around 12%, we are now looking beyond these goals.

Specifically, we aim to continue achieving world-class EPS growth organically (currently at around +5–7%) and raise our ROE level slightly to be on par with our European and American peers, thus expanding our equity spread.

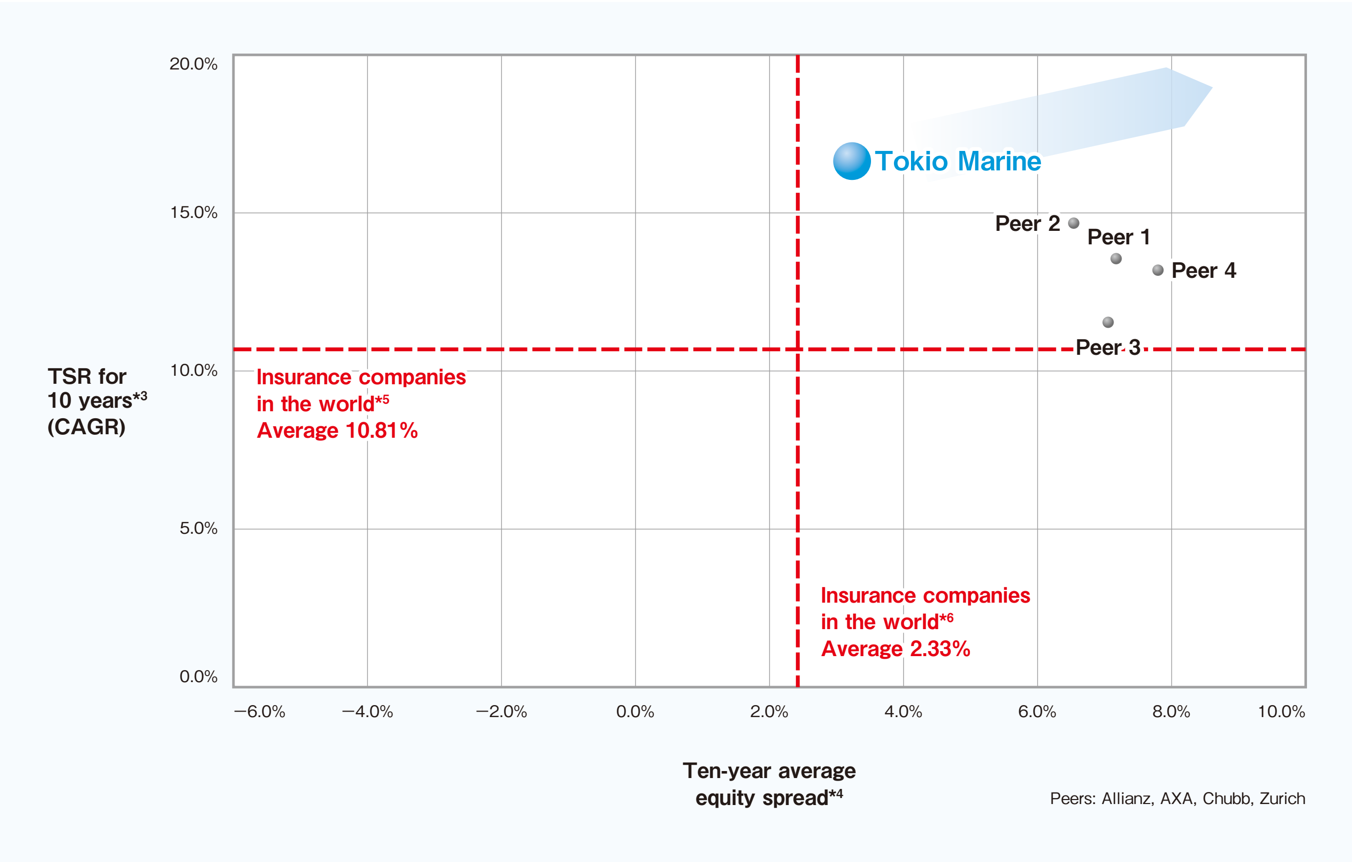
Adjusted Net Income/Adjusted ROE*1



*1: Adjusted for natural disasters in normal years; excludes the impact of COVID-19 in 2020, North American capital gains, etc., and gains on the sale of business-related equities (on the portion of sales exceeding 100 billion yen) in 2021, and the war in Ukraine and South African floods in 2022

*2: Adjusted ROE of 12%, adjusted net income of 500 billion yen

Improvement of the Equity Spread



*3: CAGR between April 1, 2013, and March 31, 2023. Source: Bloomberg

*4: ROTE is calculated with capital costs. We use adjusted ROE for our ROTE. The capital costs of the five listed companies are calculated with CAPM (= risk free rate + β × market risk premium), with 6% for the market risk premium. Source: Bloomberg

*5: MSCI World Insurance Index. TSR Source: Bloomberg

*6: Average of 176 listed global insurance companies

By contributing to building a better society through constantly seeking and offering solutions to ever-changing global issues as only Tokio Marine can, we will accelerate the upward spiral of resolving social issues while growing our business.

Kiyoshi Wada

Managing Director
Group Chief Sustainability Office (CSUO)

Protecting customers and society in their times of need has been Tokio Marine Group's raison d'etre since our founding, aiming to be a global insurance group that delivers sustainable growth by providing safety and security to customers worldwide. Based on this purpose, we have confronted evolving social challenges head-on and offered solutions that only we can. Our historical contributions, from supporting Japan's modernization as a trading nation through maritime insurance to aiding postwar motorization with automobile insurance and promoting renewable energy through tailored insurance packages, illustrate how our core business activities inherently address social issues and embody sustainability. The spirit of sustainability ingrained in our 40,000 employees worldwide is the very essence of our DNA, a legacy passed down through generations since our founding.

Environmental Changes Surrounding Sustainability

In this rapidly changing and unpredictable era, the environment surrounding sustainability is also undergoing constant shifts. The scope of societal issues we need to address has expanded beyond global warming and climate change and the increasing frequency and intensity of natural disasters to encompass such areas as human rights and biodiversity preservation. Against this backdrop, my mission as CSUO is to make sure we continue to embody this long-established DNA of solving social problems and directly connect that to growth for society and the Company. That is, "to continue building a sustainable society by balancing our corporate activities and the resolution of social issues." Despite the changing times, the core concept of our deeply rooted sustainability strategy has remained unchanged since our inception. We must continue to step up our efforts and capacity to solve issues. As these challenges become increasingly diverse and complex, it is important that we employ our expertise and know-how globally and mobilize as "one team" to combat them. It is imperative that we unite the individual contributions of each Group company and carry out collective activities with a greater sense of urgency.

Establishment of Promotional Framework and Penetration of Global Sustainability Strategy

To swiftly execute this strategy across the board, in fiscal 2021 we enacted the Group Sustainability Policy applicable to all Group companies and identified eight key areas (materiality) for focused initiatives based on our purpose. We also established the Sustainability Committee, which includes executives from overseas Group companies, to actively engage in discussion regarding our global sustainability strategy and initiatives.

The Sustainability Committee goes beyond discussing overarching policies; it also focuses on showcasing how social challenges are tackled through both domestic and international business operations. This approach has led to increased communication between Japanese and overseas branches and played a crucial role in expediting strategic decision-making and implementation throughout the Group. These initiatives have effectively propelled the permeation of sustainability policies and strategies across the Group. Centered on the eight key areas (materiality), efforts to address social challenges through business activities are gaining global momentum.

In addressing climate change, we are not only developing and offering products and services that contribute to the growth of renewable energy, but also engaging with more than 250 companies on climate change and environmental themes and operating a renewable energy fund to promote green investments. Furthermore, we have established the GX Round Table to foster collaboration across the Group in the green transformation (GX) field, advancing support for the global transition to a decarbonized society.

Within the domain of disaster resilience, we are actively broadening our efforts across pre-emptive and post-incident strategies, with the goals of accident prevention, mitigating burdens during incidents, and expediting recovery while averting future recurrences. Harnessing digital technology, we have established streamlined and automated insurance claim procedures, ensuring swift delivery of benefits to those impacted. In the United States, we provide accident-detection sensors free of charge, integrating digital innovation into product evolution and launch to forestall accidents and curtail losses through data-driven insights. Our commitment extends to collaborative efforts in disaster prevention and mitigation across diverse industries through CORE, a disaster prevention consortium. This consortium has generated specific solutions such as the Real Time Hazzard and resilient information delivery services, garnering support from over 100 participating companies and magnifying its societal impact.

We are also making consistent strides in other crucial domains, such as broadening Environmental, Social, and Governance (ESG) investment and financing, making contributions towards future generations, improving disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and crafting a policy for human rights due diligence.

Accelerated Integration with Business Activities and Response to New Social Challenges

These initiatives have contributed to the incremental global adoption of our sustainability strategy, and we will take steps to further refine it going forward. Specifically, we aim to create a state where exceptional ideas arising from each workplace, which contribute to solving social challenges, are transformed into unique businesses and services distinctive to the Group through effective communication among diverse employees and persistent hypothesis testing. To achieve this, we are enhancing the incorporation of our sustainability strategy into business plans and establishing a mechanism to review initiatives based on key performance indicators (KPIs). This initiative takes center stage in 2023. Furthermore, we recognize the importance of cultivating individuals who can drive the execution of strategies at each Group company. These individuals should embrace the sustainability strategy as their own, integrate it into their organizational plans, and champion its implementation by involving their peers. To this end, we are developing a systematic curriculum for talent development in the theory and practice of sustainability strategy, scheduled for implementation this fiscal year.

As new social issues related to human rights and biodiversity conservation emerge, we remain attuned to changing perspectives and societal expectations, responding promptly. Addressing human rights concerns, we have already created a human rights risk map, identifying priority areas for action among "business partners," "value chains," and "employees." In terms of biodiversity conservation, we continue to advance activities emblematic of the Group, such as mangrove planting and ocean conservation, while considering the forthcoming Taskforce on Nature-related Financial Disclosures (TNFD) framework for assessing impacts on ecosystems and natural capital resulting from business activities.

These endeavors do not operate in isolation, however. By proactively disclosing our various initiatives, such as our TCFD Report and Human Capital Report, we seek to invigorate dialogue with stakeholders, leveraging insights gained to further elevate our sustainability strategy.

Enhancing Value by Circulating Corporate Activities and the Resolution of Social Issues

Guided by our enduring purpose of protecting customers and society in times of need, we will combine the collective capabilities of the Group and take pride in our commitment to be a front-runner in solving social issues. At the same time, we will strive to increase both social value and economic value (profit growth) by circulating our corporate activities against the resolution of social issues.

We sincerely appreciate the ongoing understanding and support of all our stakeholders.

Changes in Major Areas of Activity

FY2021 (Results)

Establishment of Global Sustainability Promotion Structure

Establishment of a promotion structure	• Established the Sustainability Committee • Reflected ESG performance in executive compensation • Revised the sustainability award system
Establishment of sustainability-related policies	• Organized a basic policy structure for ESG • Established basic policies for the Group
Strengthening of the connection with business operations	• Developed sustainability strategies • Established a PDCA cycle
Strengthening of disclosures and commitments	• Revised the sustainability report • Disclosed the KPIs and enhanced the TCFD disclosures (physical risks related to underwriting) • Revised our "Basic Approach to Climate Change"

FY2022 (Results)

Global Penetration of Sustainability Strategy Initiatives in Key Areas

Penetration of sustainability strategy	• Embedded sustainability strategy and policy (released summaries and videos related to environmental and human rights policies)	• Enhanced communication with overseas sites (provided quarterly action plans)
Steady implementation of initiatives related to ongoing issues	• Clarified initiatives for future generations and executed them globally • Enhanced engagement and ensured strict compliance with our Climate Policy	• Expanded ESG investment and financing • Boosted score from key ESG rating agencies
Response to current issues given changes in the external environment	• Contributed to the establishment of an international framework for addressing climate change • Enhanced the TCFD disclosures (physical risk, transition risk)	• Started human rights due diligence initiatives • Launched Diversity & Inclusion (D&I) communities in Japan, Asia, and Europe

FY2023 (Plans)

Further integration of sustainability strategy and business operations
Strengthening of efforts in key areas and strategic disclosures

Further integration of sustainability strategy and business operations	• Integrate sustainability strategy into business plans • Develop a support program for sustainability promotion officers • Establish quarterly follow-up sessions for action plans
Strengthening of efforts in key areas Response to current issues given changes in the external environment	• Take steps to realize a decarbonized society • Undertake initiatives for future generations globally • Respect human rights • Expand ESG investment and financing • Make efforts to conserve biodiversity • Invest in human capital and further promote D&I

Sustainability Strategy Promotion Structure

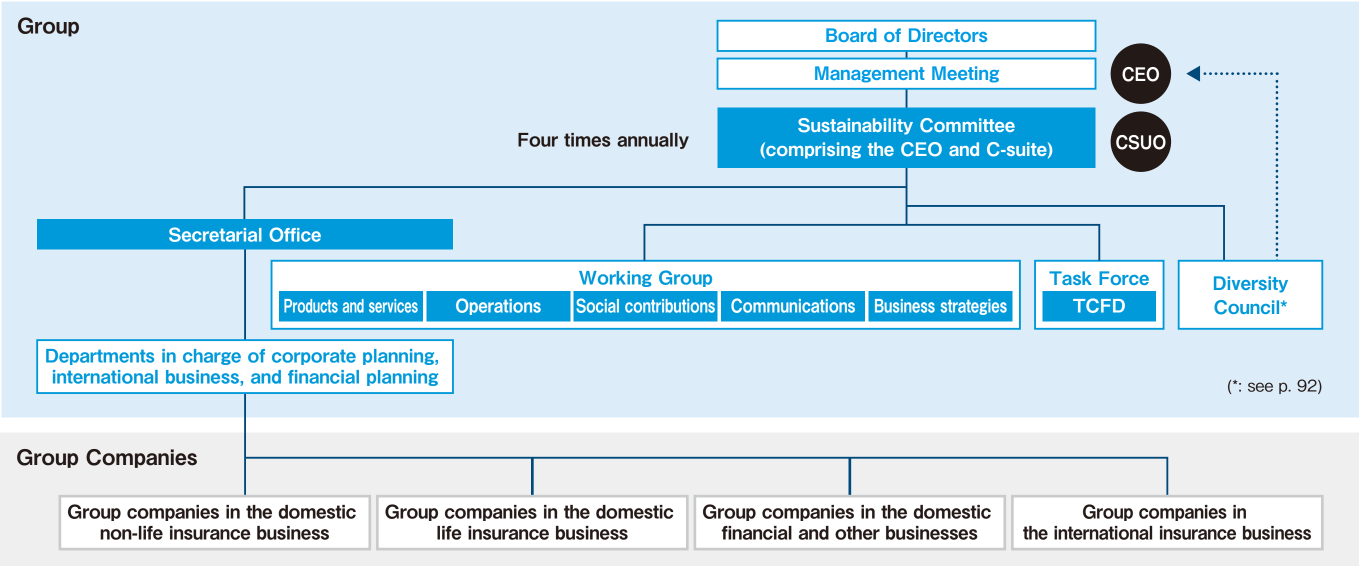
Structure for Promoting Effective Sustainability

To further embed our sustainability strategy in these rapidly changing times, every employee must understand and resonate with related policies and strategies, while at the same time considering them as their own and taking concrete actions accordingly.

To drive and support such a transformation of employee and organizational behavior, we established the Sustainability Committee led by the CSUO. Launched in 2021, this committee includes not only the CEO, CFO, CSO, and CHRO but also non-Japanese chief officers. By creating working groups and task force under this framework, we have created a flexible structure to address the very essence of social challenges and facilitate coordinated efforts on a global and Group-wide level.

The Sustainability Committee convened four times in fiscal 2022, setting plans and challenges, executing initiatives, and reviewing outcomes. Deliberations were promptly reported to the Management Meeting and Board of Directors, and the feedback obtained there has been instrumental in enhancing subsequent discussions, assessments, and strategic advancements.

Organizational Structure for Promoting Sustainability



(1) Role of the Sustainability Committee

- Deliberates on 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 in fiscal 2022	
April 2022	Review of fiscal 2021 initiatives and formulation of new plan for fiscal 2022 Overview of new initiatives for contributions to future generations
August 2022	Contributions to future generations (identification and development of initiatives) Proposed revisions to strengthen the Climate Policy
November 2022	Penetration of sustainability strategy within the Group Progress in response to key ESG rating agencies and future areas of focus
February 2023	Review of fiscal 2022 initiatives and formulation of new plan for fiscal 2023 Progress and development of human rights due diligence

(2) Roles of Other Organizations

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

Strengthening the Integration of Sustainability Strategy and Business Operations through an Effective Promotion System

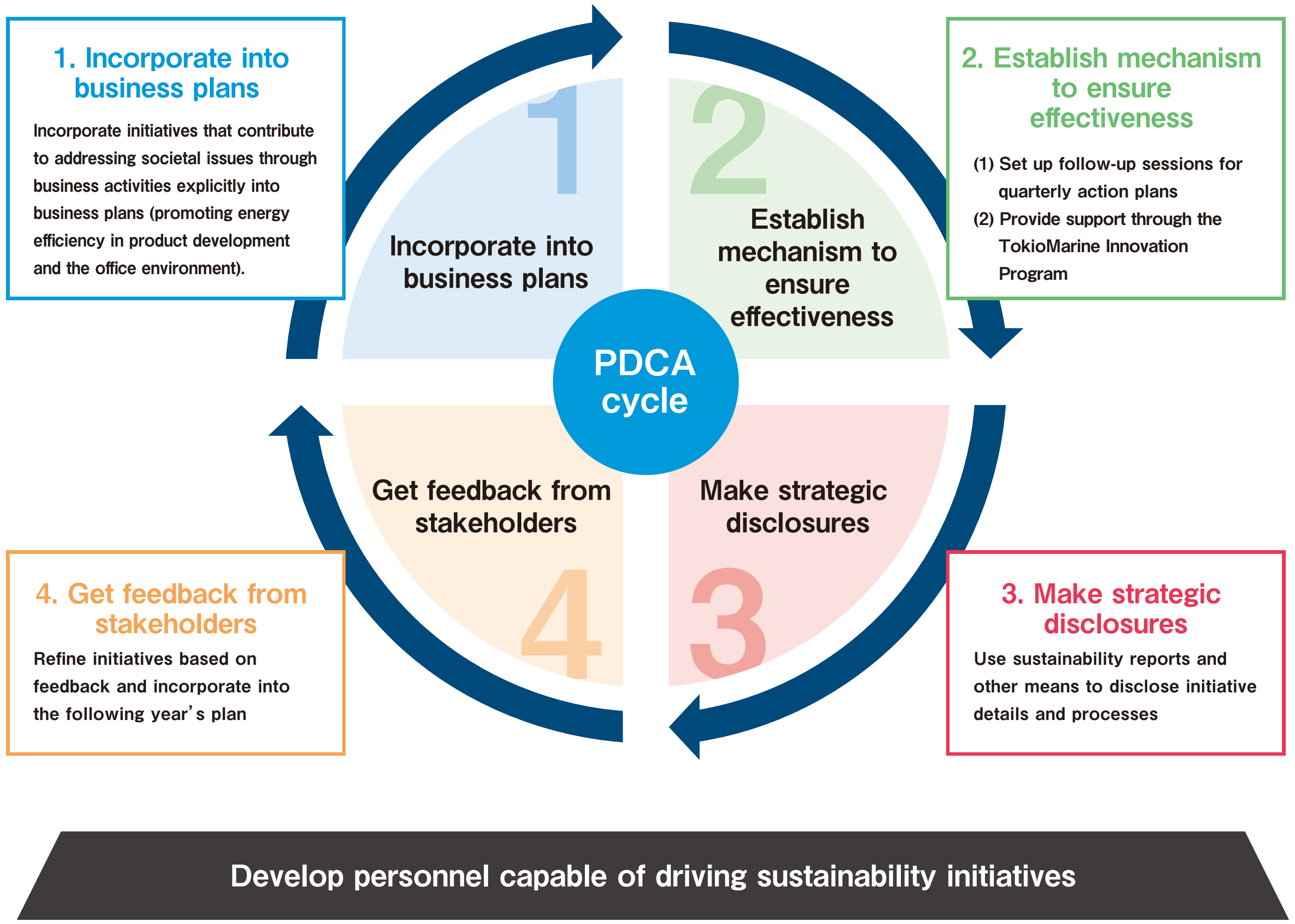
To further strengthen and accelerate the integrated management of sustainability strategy and business operations, it is imperative to establish a robust PDCA cycle anchored in our promotion framework, which includes the establishment of the CSUO position and the Sustainability Committee.

Both domestic and international Group companies are explicitly incorporating efforts to address social challenges through business activities into their business plans. We have also developed mechanisms to ensure effectiveness, such as creating a process for reviewing these initiatives and building a system to recognize outstanding ideas and initiatives into the TokioMarine Innovation Program*. Additionally, by externally disclosing specific initiatives and processes that emerge from these efforts, we aim to engage in dialogue with our stakeholders, incorporating their feedback into the following year's initiatives.

By setting this PDCA cycle in a positive feedback loop throughout the Group, we further embed our sustainability strategy and elevate the content and insights of our initiatives, enabling us to accelerate our sustainability strategy across the Group.

* An initiative where ideas from employees of Group companies are solicited for addressing social challenges through business activities, and applicants themselves bring these ideas to fruition.

Accelerating the Sustainability Strategy through a PDCA Cycle



Eight Material Issues (Materiality) and Four Priority Issues Specified

Taking into account discussions within our Sustainability Committee and advice from external experts, we identified eight material issues (materiality) and four priority issues to be addressed ("What"), beginning with our purpose ("Why"). The selection of these eight material issues was guided by the value we seek to deliver to stakeholders, considering the changing environment, and referencing key frameworks addressing social concerns. Further assessment was undertaken based on the dual axes of "stakeholder expectations and interests" and "relevance to Tokio Marine Group's business," leading us to pinpoint four priority issues that warrant focus. For each material issue, we implement diverse measures depending on their impact on the Group's operations in terms of risk and opportunity ("How"). Our strategy goes beyond risk mitigation and opportunity capture as we seek to transform risks into opportunities, thereby elevating both our "social value" and "economic value (profit growth)" toward solving social issues.

Approach

Why	What	How
Environmental changes	Important business matters	Risks and opportunities
Purpose	Materiality	Value creation

Identification Process of Materiality and Priority Issues【Why/What】

Why

STEP 1 Defining Value to Provide to Our Stakeholders

In light of recent changes in the environment, we identified the value that we provide on an individual stakeholder basis. Providing these values is indeed our raison d'etre and the ideal we hope to realize.

Stakeholders	Value Provided
For customers	• Contribute to making customers' lives healthy and enriching through products that provide security and assistance with future-oriented challenges
For society	• Contribute to building a sustainable society that can overcome any challenge and ensure the safety and security of all its members
For employees	• Help employees reach their highest potential through engagement and opportunities for them to thrive
For shareholders and investors	• 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
For future generations	• Hand down a sustainable environment and society to future generations by engaging in climate change countermeasures and the preservation of biodiversity • Support the challenges of future generations by providing education and enlightenment to children

What

STEP 2 Identifying Eight Material Issues (Materiality)

Tokio Marine Group has identified eight material issues on which the Group should focus as it works to provide value to each of the aforementioned stakeholders while referencing the scope of principal frameworks on social issues in and outside Japan, including the Sustainable Development Goals (SDGs), ISO 26000, and new industry visions.

STEP 3 Selecting Four Priority Issues

Based on an assessment along the lines of the following two axes, we selected four priority issues on which to focus from among the eight material issues.

(1) Expectations and the interest of stakeholders
Assessment based on the content of a stakeholder survey while also taking into consideration such factors as social perceptions toward each issue and status of incorporation into various ratings.

(2) Importance for Tokio Marine Group
Assessment based on the relationships with the degree of contribution to the Group's purpose, business strategy, sustainability strategy, and other factors.

What

Materiality (four designated as priority issues)	Reasons for selection
(1) Combat climate change (priority) (2) Improve disaster resilience (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. 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.
(3) Support people's healthy and enriching lives (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. 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.
(4) Promote and support diversity and inclusion (priority)	Amid major changes in the economic environment, social issues are becoming increasingly complex and diverse. For 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.
(5) Facilitate and foster innovation through digitalization	Rapid progress in technological innovations is 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. 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 might require insurance claims. In these ways, the Group will work to support corporate growth and economic development.
(6) Protect the natural environment	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.
(7) Provide education to children	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, 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.
(8) Disclose highly transparent and timely information	As an original participant in the Task Force on Climate-related Financial Disclosures (TCFD), 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.

Metrics and Targets

How

Stakeholders	Materiality	How the Group can contribute	Value creation What are the Group's goals (qualitative or quantitative)?	Value creation Achievements so far and future plans	Progress and evaluation*4
For customers	1 Combat climate change (priority)	Reduce CO_2 emissions from the Group's operations and meet the RE100 criteria	Targets for fiscal 2030 1) Reduce the Group's greenhouse gas emissions by 60%*1 compared with fiscal 2015 2) Have renewable energy account for 100% of electricity consumption at main workplaces 3) Switch all company-owned vehicles to electric vehicles*2 (Tokio Marine & Nichido Fire, Tokio Marine & Nichido Life)	1) Fiscal 2022 results: 34% reduction (compared with fiscal 2015) 2) Adopt renewable energy at workplaces in Japan, the United States, and Europe (Tokio Marine & Nichido Fire, Tokio Marine & Nichido Life, PHLY, TMK, etc.) Fiscal 2022 result: 26% (compared with fiscal 2020) 3) Tokio Marine & Nichido Fire and Tokio Marine & Nichido Life are gradually making the shift.	○
		Realize carbon neutrality through engagement with investors and insurance underwriters	Fiscal 2050 target Net-zero greenhouse gas emissions (including insurance customers and investment and financing recipients)	Promote engagement on climate change and the environment (Tokio Marine & Nichido Fire, fiscal 2022 results: dialogue with more than 250 companies)	○
				Create decarbonization plans and strategies for underwriting and investment portfolios (fiscal 2022 initiative)	Major initiatives for fiscal 2023 (ongoing)
		Develop and offer products and services that contribute to renewable energy development	Increase written premium from green transformation (GX)-related insurance products by around 7 billion yen in fiscal 2023*3 (Tokio Marine & Nichido Fire; compared with fiscal 2020)	Fiscal 2022 result: Increased written premium in GX-related insurance products by 6.3 billion yen (compared with fiscal 2020)	○
			Continue to facilitate green investing	Strengthened commitment to and involvement in renewable energy funds (62 billion yen committed and 45 development projects as of the end of fiscal 2022)	○
		Combat global warming and mitigate damage from environmental disasters through mangrove plantations (CO_2 fixation)	Continue to maintain carbon neutrality Surpass 300 billion yen in cumulative economic value from mangrove plantations by fiscal 2038	Achieved carbon neutrality in fiscal 2022 (10 consecutive year since fiscal 2013)	○
	2 Improve disaster resilience (priority)	Enhance response to natural disasters	Develop products and services that provide swift insurance payments in the event of a large-scale disaster	Reduce time for insurance payment by automating the payment process (from fiscal 2022)	○
		Provide security for customers before and after disasters in ways besides insurance payments	Collaborate with various industries and companies on disaster prevention and mitigation projects	The number of member companies in the disaster prevention consortium CORE has increased to 100, and the number of working groups has expanded to 10 (as of June 30, 2023)	○
		Establish sustainable fire insurance systems	Improve profitability of fire insurance by more than 45 billion yen in fiscal 2023 (Tokio Marine & Nichido Fire; business unit profit compared with fiscal 2020)	Increased revenue in fire insurance in fiscal 2022 (up by 36.6 billion yen compared with fiscal 2020); cumulative improvement of approximately 60 billion yen projected in fiscal 2023	○
			Develop and provide products and services useful for disaster prevention/mitigation, early recovery, etc.	Conducted joint research into measures for addressing issues such as aging condominiums with the University of Hawaii Plan to provide Real Time Hazzard, which captures flood depth with AI analysis of CCTV footage and sends alert information (fiscal 2023) Launched an initiative in South Africa promoting adoption of fire insurance and fire alarms bundled together for low-income housing (fiscal 2022)	○
		Assist with business continuity planning (BCP) in partnership with government bodies and businesses	Continue providing support to BCP	Cumulative number of agreements with governments (as of the end of February 2023) ·42 prefectures ·13 major cities ·76 municipalities	○
For society	3 Support people's healthy and enriching lives (priority)	Respond to asset building and savings needs in response to longevity risk (Develop and provide new healthcare services)	Increase revenue by 20-30 billion yen in the healthcare domain in fiscal 2023*3 (Tokio Marine & Nichido Fire) Increase the CAGR of new policy premiums by approximately 5% in fiscal 2023 (Tokio Marine & Nichido Life)	Established a preparatory company to conduct validation experiments for new business in the healthcare domain (April 2023) Expanded ancillary insurance services (including services for early detection of cancer, and direct payment of benefits to affiliated hospitals from February 2022) Developed and provide new solutions contributing to disease precursor detection (validation experiments for early detection using Apple Watch started in October 2021) Achieved CAGR of 11% in new policy annualized premiums at Tokio Marine & Nichido Life in fiscal 2022 (compared with fiscal 2020) Established a health promotion consortium in China and collaborating with Japanese and Chinese companies to develop products and services that enhance healthcare	○
		Widely promote services for facilitating Health and Productivity Management	Continued selection in the Health & Productivity Stock Selection Continue health management support (Tokio Marine & Nichido Fire)	Included in the Health & Productivity Stock Selection 2023 (for the eighth consecutive year) Provided health management support to approximately 2,000 companies (in fiscal 2022)	○

*1: Based on our business activities (Scope 1, 2, and 3 (Categories 1, 3, 5, and 6)) *2: EVs, PHVs, HVs, etc. *3: Net premiums written *4: Generally progressing well

How

Stakeholders	Materiality	How the Group can contribute	Value creation What are the Group's goals (qualitative or quantitative)?	Value creation Achievements so far and future plans	Progress and evaluation*2
For employees	4 Promote and support diversity and inclusion (priority)	Promote diversity and foster an inclusive corporate culture	Promote and support diversity and inclusion through the Diversity Council, etc. Continue to conduct the Culture & Values Survey KPIs 1) Percentage of female directors and Audit & Supervisory Board members: 30% (fiscal 2027 target) 2) Percentage of female managers at Tokio Marine & Nichido Fire: 30% (fiscal 2030 target) 3) Percentage of female sub-leaders at Tokio Marine & Nichido Fire: Maintain above 50%	Created the Diversity Council and the Group Diversity and Inclusion Officer (CDIO) position (fiscal 2021) Established D&I communities in Japan, Asia, Europe, and the United States (fiscal 2022) Scored 4.0 out of 5 in the Culture & Values Survey in fiscal 2022*1 Recent progress: 1) Percentage of female directors and Audit & Supervisory Board members: 20% (Tokio Marine Holdings, following the 2023 Ordinary General Meeting of Shareholders) 2) Percentage of female managers at Tokio Marine & Nichido Fire: 11.2% (realized 31.6% on a global basis; as of April 2023) 3) Percentage of female sub-leaders at Tokio Marine & Nichido Fire: 58.9% (as of the end of fiscal 2022)	○
		Share best practices and activities for improvement throughout the Group	Carry out human rights due diligence and improvement initiatives based on the UN Guiding Principles on Business and Human Rights	Created and published a human rights due diligence and improvement policy in line with the UN Guiding Principles on Business and Human Rights, etc. (December 2021) Further promote human rights due diligence among employees, our businesses (insurance underwriting, investment, and loans), and the value chain	Major initiatives for fiscal 2023 (ongoing)
For society	5 Facilitate and foster innovation through digitalization	Apply advancements in digitalization and data to increase security for customers in ways besides insurance payments	Accelerate data strategies through initiatives started by core data company Tokio Marine dR Co., Ltd., in July 2021 (expand provision of pre- and post-incident assurance)	Launch specific initiatives for the comprehensive disaster prevention and mitigation solutions business, such as Real Time Hazzard, with the disaster prevention consortium CORE—which began in April 2022 led by the Group—as its engine (from August 2023) Develop data-driven products in collaboration with Tokio Marine dR Started accident prevention and loss reduction efforts in the United States through the distribution of telematics and temperature sensors	○
		Address increasing cyber risks amid digital advancements	Increase written premium by around 5 billion yen through cyber risk insurance by fiscal 2023*3 (Tokio Marine & Nichido Fire; compared with fiscal 2020)	Achieve double-digit growth in cyber risk insurance each fiscal year (Tokio Marine & Nichido Fire) Started offering incident response services (from April 2022, the first in the industry) Expanded emergency hotline services and started responding to cyber-related issues 24/7 (from April 2022)	○
		Use digitalization to support small and medium-sized enterprises (SMEs)	Increase written premium by 15–25 billion yen through insurance for small and medium-sized enterprises by fiscal 2023 (Tokio Marine & Nichido Fire; same as above)*3	Promote additional compensation based on specially packaged products for small and medium-sized enterprises Launched a website (BUDDY+) that offers one-stop solutions from information provision to issue resolution, strengthening our approach to customers	○
		Improve business efficiency with digital technology	Enhance the efficiency of operations with a one-percentage-point improvement in the combined ratio by fiscal 2023 (Tokio Marine & Nichido Fire; same as above)	Combined ratio of 92.5% as per the fiscal 2023 plan (Tokio Marine & Nichido Fire, 0.9-percentage-point improvement from fiscal 2020 on a normalized basis)	○
For future generations	6 Protect the natural environment	Conserve biodiversity and wetlands through activities such as mangrove reforestation and marine protection efforts	Maintain carbon neutrality Surpass 300 billion yen in cumulative economic value from mangrove plantations by fiscal 2038	Achieved carbon neutrality in fiscal 2022 (10th consecutive year since fiscal 2013)	○
		Promote social programs such as the Green Gift Global Vitality Program	Have 100% of employees participate in social contribution activities	100% of employees participated in social contribution activities (fiscal 2022)	○
	7 Provide education to children	Provide various educational programs	Continue providing green classes	Green classes were held approximately 900 times and attended by 59,000 people (cumulative total as of March 31, 2023)	○
			Continue providing classes on disaster prevention	Disaster prevention classes were held approximately 1,195 times and attended by approximately 77,000 people (same as above) Chinese version of disaster prevention classes held 25 times and attended by approximately 1,800 people (same as above)	○
			Continue providing classes on risk and the future	Risk and the future classes held 59 times and attended by approximately 1,900 people (same as above)	○
			Continue implementing StreetWise Finance, a financial insurance education program	Approximately 170,000 participants (cumulative total as of June 30, 2023)	○
			Create pillars other than those above	Creation of new pillars to contribute to future generations (see p. 70)	○
For shareholders and investors	8 Disclose highly transparent and timely information	Properly disclose information by strengthening compliance with the TCFD and other guidelines	Disclose information based on the TCFD recommendations through comprehensive reports, sustainability reports, etc.	Held themed presentations, "Tokio Marine Group's Contribution and Growth Strategy in the Renewable Energy Market (June 2021)" and "Our Climate Strategy & the TCFD (January 2021)" Revised our "Basic Approach to Climate Change" on September 30, 2022 Released the Human Capital Report and TCFD Report 2023 (June 2023) Looked into disclosing information related to natural capital in line with the TNFD framework	○ Major initiatives for fiscal 2023

*1 Totals for Tokio Marine Holdings and its Group companies worldwide *2 Generally progressing well *3 Net premiums written

Special Feature: Initiatives for Future Generations

Based on the strong belief that "it is our duty to pass on a bright future to the next generation," we have positioned "future generations" as stakeholders and are dedicated to entrusting them with a sustainable environment through endeavors such as mitigating climate change and conserving biodiversity. In fiscal 2022, we established a cross-functional global task force to discuss initiatives for contributing to future generations, which identified three key themes and five priority initiatives to focus on. In fiscal 2023, we will promote these efforts both domestically and internationally.

Areas of focus	Outline of key initiatives
Restoration of natural capital and response to climate change	Disclosure of information on biodiversity conservation and natural capital (planting of mangrove trees and other reforestation efforts, restoration of seagrass beds)
	Investment in natural capital (ESG investment and financing) (impact investment targeting natural capital, development of general business investment and financial products)
Nurturing the leaders of tomorrow	Educational support for children and students and industry-academia collaboration (conducting educational classes and fostering talent through collaboration with educational institutions)
	Support for participation in business activities (providing opportunities for high school students to intern and young employees to participate in management)
Supporting the transition to a circular economy	Support for waste reduction and recycling through insurance (promoting regeneration and reuse of damaged goods through property insurance)

Restoration of Natural Capital and Response to Climate Change

The preservation of biodiversity and the natural environment is a global priority. Tokio Marine Group started planting mangroves in 1999, and since then we have been engaging in this distinctive endeavor as "insurance for the future of the earth" to pass down a safe and secure environment to future generations (total of 12,261 hectares as of March 31, 2023). In fiscal 2022, we initiated efforts to preserve seagrass beds, which possess a high capacity for absorbing and sequestering atmospheric CO_2, along with their water purification capabilities. Across the Group, we are committed to advancing initiatives that safeguard the global environment. Also in 2022, we established a team at TMNF dedicated to impact investments that harmonize both social and economic value, specifically targeting investments in natural capital. In addition to renewable energy funds and environmental funds, we also committed to investing in a new field, forest funds, in fiscal 2023. Through these endeavors, we are exploring approaches for disclosing information about natural capital and conducting assessments of the effects (including economic value) on ecosystems, such as mangrove reforestation. We are also looking into disclosures that align with the guidelines set forth by the Taskforce on Nature-related Financial Disclosures (TNFD).

Nurturing the Leaders of Tomorrow

Regardless of the era, it is our profound duty to educate and instill awareness in the young minds destined to shape the future. We have been conducting disaster prevention classes in Japan since 2012 to empower children with the essential skills for disaster readiness, with around 77,000 participants as of March 31, 2023. Moreover, we have recently extended comparable initiatives on a global scale. For instance, in Vietnam, we introduced an educational program addressing the prevention of water-related accidents, a critical social concern. Additionally, at TMNF, we are committed to continuing our educational and awareness initiatives for children. This includes organizing junior internships centered on addressing social challenges for high school students.

Supporting the Transition to a Circular Economy

We are engaged in efforts to reduce food waste and promote recycling through insurance. In Japan, TMNF has formed a consortium to combat food loss with three private companies, collecting data related to food waste and developing insurance policies to compensate for the costs of food recycling. In Southeast Asia, we offer cargo insurance that provides compensation for food products that have lost commercial value due to damage to outer packaging in transit with the condition of donating them. This supports the circular economy by contributing to the promotion of sustainable practices for still-edible food items.

Special Feature: Commitment to Respecting Human Rights

Tokio Marine Group is dedicated to respecting human rights across all business endeavors. Guided by principles such as the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, the ILO International Labor Standards, and the United Nations Guiding Principles on Business and Human Rights, we established the Tokio Marine Group Basic Policy on Human Rights and are actively advancing initiatives based on this. We have also established the Human Rights Subcommittee as part of a promotion structure, conducting risk assessments and impact evaluations regarding human rights issues concerning our stakeholders to clearly identify high-priority challenges. In the future, we will continue to engage in dialogue with our stakeholders, enhancing the sensitivity of our leadership and each employee towards human rights to enable swift response to human rights issues.

Steps for Initiatives	Summary of Key Initiatives
Policy formulation and establishment of promotion structure	Formulated the Basic Policy on Human Rights and established the Human Rights Subcommittee Formulated the Policy to Address Environmental and Social Risks Developed the Responsible Procurement Guidelines
Risk assessments	Formulated a human rights risk map Held human rights workshops
Impact evaluations	Conducted interviews and surveys with rights holders in the value chain Performed self-assessments using a checklist of humans rights issues within the Group
Mitigation measures	Implemented employee education and training Established a hotline (internal reporting channel)
Stakeholder dialogue	Issued the Integrated Report and the Sustainability Report Engaged in dialogue with external experts

Promotion Structure

Board of Directors

Report on progress ↑ ↓ Guidance and oversight

Sustainability Committee

Human Rights Working Group

Devise and implement initiatives

Establishment of Policies

In December 2021, we formulated the Tokio Marine Group Basic Policy on Human Rights aligned with the United Nations Guiding Principles on Business and Human Rights, clarifying our commitment as a Group to respect human rights across employers, businesses, and the value chain. Additionally, we developed the Responsible Procurement Guidelines as a normative framework towards promoting responsible procurement and procurement practices throughout the value chain.

Risk Assessment

■Development of Human Rights Risk Map
We have identified the risks related to human rights issues of key stakeholders relevant to our business.

■Human Rights Workshop
In November 2022, a human rights workshop was organized and held by members of the Planning and Administrative Section. Taking into account the insights of external experts, we conducted an assessment of risks within our business areas (insurance underwriting and investment, value chain, and Company employees).

Key Areas of Focus for Each Business Area Identified in the Workshop

Business Areas	Areas of Focus
Insurance underwriting and investment	Insured companies and individuals as insurance customers and financing recipients
Value chain	Insurance agents Foreign technical trainees and workers engaged in automotive maintenance The Group's suppliers and service providers
Company employees	Employees

Impact Evaluation

Based on the results of the workshops, we pinpoint key areas of focus considering the impact and potential risks to our stakeholders and conduct an impact evaluation. In fiscal 2022, we focused on foreign technical trainees engaged in automotive repairs within our value chain. With guidance from external experts, we conducted interviews to gain a better understanding of the actual situation. Based on the findings, we will work on addressing the challenges identified.

As a founding member of the Task Force on Climate-related Financial Disclosures (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 United Kingdom 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 affects 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 an 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 | Page

Taking into account the increasing importance of climate change mitigation in the international community, in June 2023, we issued the comprehensive "TCFD Report 2023" outlining our efforts related to climate change in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The report can be found on the Tokio Marine Holdings website.

Climate-related Financial Disclosures Based on the TCFD Recommendations

Governance

Board of Directors

The Board of Directors recognizes responding to climate change as a material management issue and assumes the role of supervising our sustainability strategy and initiatives. The Board deliberates on the Group's sustainability policies encompassing climate action, as well as evaluates and determines mid-term and single-year plans. The Board also holds discussions on corporate strategy on the themes of the management environment and management issues, including climate change countermeasures, and also fully leverages the insights of outside directors and outside Audit & Supervisory Board members.

Group Chief Sustainability Officer (CSUO)

We established the new position of CSUO in April 2021 to accelerate the promotion of sustainability strategy, including climate action, across the entire Group. The CSUO, a Director, oversees the promotion and permeation of the sustainability strategy, presents related policies to the Board of Directors and the Management Meeting for discussion, and takes on the role of reporting the progress to these bodies.

Sustainability Committee

We established the Sustainability Committee in April 2021 to accelerate our sustainability strategy, including climate action, across the entire Group. Chaired by the CSUO and comprising such members as the CEO, chief officers, and management of overseas Group companies, the Sustainability Committee deliberates on details of our sustainability initiatives and policies on a global basis and monitors the progress of each initiative. The committee met four times in fiscal 2022 to promote and execute the sustainability strategy, formulate medium- to long-term targets (KPIs) related to sustainability, formulate and review annual plans, and deliberate on other items.

Division Dedicated to Promoting Sustainability

Tokio Marine Holdings has a division dedicated to the promotion of the Group's sustainability including climate action (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.

Compensation System for Directors and Executive Officers

In fiscal 2022, we started incorporating non-financial indicators concerning the tasks on climate action and other key issues in our sustainability strategy into the performance-linked compensation for Directors and Executive Officers. We use the progress of each task toward our vision as an indicator, and after performing the first assessment of compensation amounts at the Sustainability Committee, hold a deliberation and give a final decision at the Compensation Committee.

Strategies

Recognition of Risks and Opportunities

Tokio Marine Group anticipates an increase in climate-related risks and is identifying and assessing their impact on our operations. Climate-related risks include risks related to the physical impacts of climate change (physical risks) and risks related to the transition to a decarbonized society (transition risks). Moreover, as demand for insurance in the renewable energy sector grows, it presents potential opportunities for our business. The following are some examples of risks and opportunities in the Group's business activities.

		Examples of events	Examples of risks to the Group's business activities
Physical risks	Acute	Potential for growing frequency and scale of typhoons, floods, and other weather events	• Impact on insurance payouts • Impact on business continuity caused by damage to buildings and other facilities at bases
	Chronic	Rising temperatures Other weather changes, such as droughts and heat waves Rising sea levels Impact on arthropod-borne infectious diseases	
Transition risks	Policies and regulations	Increase in carbon prices Strengthening of environment-related regulations and standards Increase in climate-related legislation	• Decreases in the corporate value of portfolio companies and in the value of the assets held by the Company due to higher carbon prices • Influence in liability insurance payments
	Technology	Technological innovation toward the transition to a decarbonized society	• Decreases in the corporate value of portfolio companies that have missed the transition to a decarbonized society and in the value of the assets held by the Company • Decline in revenue due to technological innovation and inability to ascertain changes in customer needs
	Markets	Changes in the demand for and supply of products and services	
	Reputation	Changing customer and societal awareness of initiatives surrounding the transition to a decarbonized society	• Reputational damage due to the Company's efforts being deemed inadequate
Opportunities	Resource efficiency, energy sources, products and services, markets and resilience	Demand for products and services aligned with changes in energy sources and designed to increase resilience; changes in public awareness	• Drastic increase in the need for insurance for renewable energy projects • Increase in investment and financing opportunities on the back of companies' increasing funding needs associated with response to decarbonization • Increase in disaster prevention and mitigation needs toward increasing resilience against disasters

As is described in the "risk management" items below, we identify the "risk of major wind and flood disasters" as a "material risk" that will have an extremely large impact on our financial soundness and business continuity. We believe such risks could increase in frequency and severity, owing to the effects of climate change.

Scenario Analysis

Scenario analysis is the process of identifying and evaluating the potential impact of climate change based on certain scenarios. The Group believes it can be flexible and resilient to these impacts, as most non-life insurance policies are relatively short term and the Group's assets under management are highly liquid financial assets.

(1) Physical Risks

Physical risks are those related to physical impacts of climate change. Climate change increases the frequency and intensity of natural disasters, which could impact claims payments and business continuity. We conduct a scenario analysis of physical risks as part of our efforts to identify and assess their impact. The Group takes part in the United Nations Environment Programme Finance Initiative (UNEP FI). Using analysis and assessment tools developed by UNEP FI's climate change impact assessment project, we have created the following assessment of the impact of changes in the intensity (wind speed) and number of tropical cyclones on our insurance payments under the IPCC's Representative Concentration Pathway (RCP) 8.5 scenario forecast as of 2050.

Changes in Insurance Payments in 2050

	Intensity (wind speed)	Number
Japan (typhoons)	+5% to +53%	-30% to +28%
United States (hurricanes)	0% to +37%	-36% to +30%

* The figures above reflect economic losses, assuming the same impact on insurance payments.
* The figures above show the rate of change from current weather conditions (1980–2000) to those in around 2050.

The Tokio Marine Research Institute, a Group company, began conducting research in 2007 to evaluate and calculate the impact on insurance loss of changes in wind disaster risk associated with typhoons under future climate conditions (impact under the IPCC's RCP4.5 and RCP8.5 scenarios) and changes in flood risk due to increased rainfall (impact resulting from temperature increases of 2°C and 4°C). Referring to the results of this scenario analysis, we assess the impact on underwriting of natural disasters resulting from increasingly severe climate change.

Future projections of climate change scenarios are subject to uncertainties, as described later (see p. 77). In assessing the impact of climate change, it is also important to evaluate not only weather phenomena but also the vulnerability of society to disasters as well as the extent to which real estate and personal properties will be concentrated in areas exposed to natural disaster risk in the future and the extent to which their asset values will increase (in other words, the extent to which asset concentration will change). The basis for these projections and assessments is indicated in the following pages.

a. Change in Weather Events

How a weather event will change due to the impact of climate change and the degree of confidence of such an impact forecast will vary depending on the type of weather event. Figure 1 shows the confidence of climate change impact projections by weather event type. Notably, the confidence in impact projections is greater for extreme rainfall compared to tropical cyclones, such as typhoons and hurricanes. However, the impact on extreme rainfall entails more uncertainty compared to temperature variations such as extreme heat or extreme cold.

For extreme rainfall and tropical cyclones (typhoons in Japan and hurricanes in the United States), which are two weather events that considerably affect Tokio Marine Group, we consider the impact of climate change as follows.

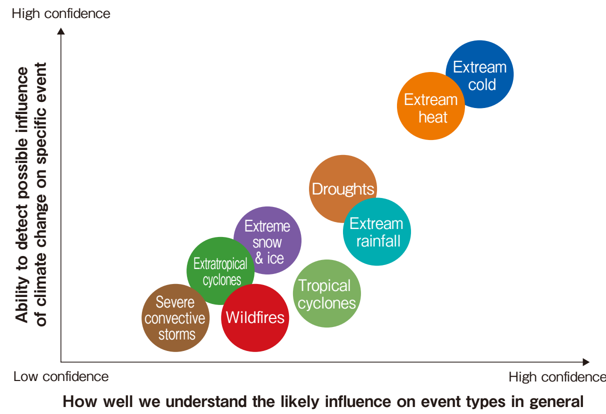


Figure 1: Confidence of impact forecasts of climate change
Source: Created by Tokio Marine Holdings based on material prepared by the U.S. National Oceanic and Atmospheric Administration

Impact of Climate Change on Heavy Rains

In Japan, the frequency of heavy rains has been on the rise since 1900 (Figure 2). The IPCC Sixth Assessment Report released in August 2021 states that heavy rains will become more severe in the future in step with a temperature rise and that for every temperature rise of about 1°C, the intensity (precipitation) of heavy rains will increase by approximately 7%.

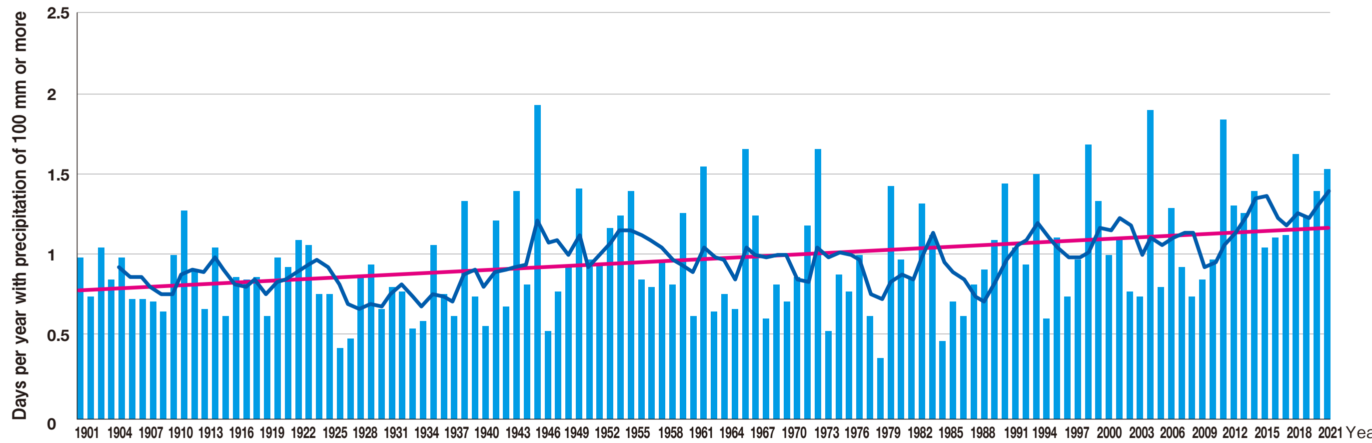


Figure 2: Days per year with precipitation of 100 mm or more Source: Tokio Marine Holdings based on materials from the Japan Meteorological Agency (website)

Impact of Climate Change on Tropical Cyclones

Atmospheric and oceanic large-scale circulations (e.g., El Niño and monsoons) are closely related to the formation, development, and movement of tropical cyclones. As climate change affects each of these factors, the impact of climate change on tropical cyclones consequently becomes more uncertain. Looking at past trends, the IPCC Sixth Assessment Report reported an increase in the number of strong typhoons in Japan. However, the certainty level is not yet high, and longer-term, higher-quality observations will be needed to monitor changes in long-term trends (Japan Meteorological Agency).

As for hurricanes making landfall in the United States, even though the ratio of intense hurricanes has risen over the past 40 years, a longer-term survey covering the period from 1900 revealed that there is no discernible trend either in the number of hurricanes or the intensity of those hurricanes (IPCC Sixth Assessment Report).

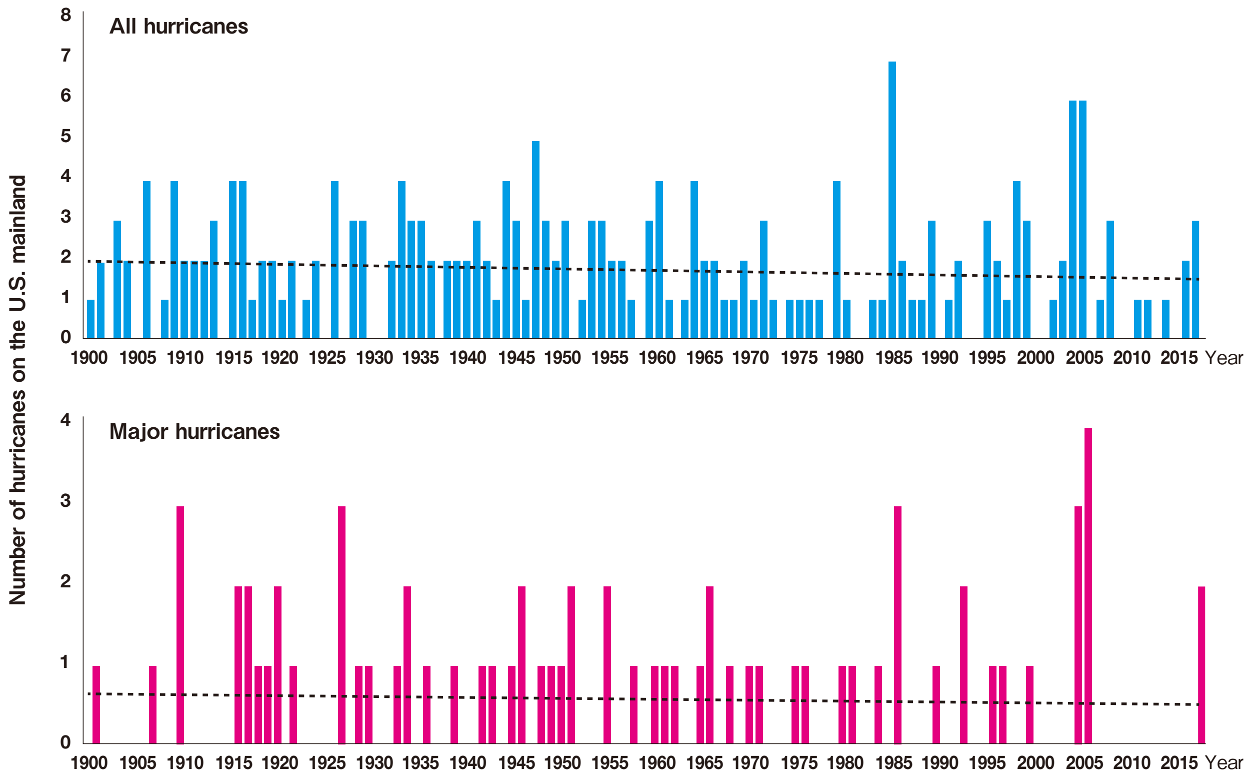


Figure 3: Number of hurricanes in the United States Source: Created by Tokio Marine based on Klotzbach et al. 2018*

*: Philip J. Klotzbach, Steven G. Bowen, Roger Pielke Jr., and Michael Bell, 2018: Continental U.S. hurricane landfall frequency and associated damage. *Bull. Amer. Meteor. Soc.*, 99, 1359–1376, https://doi.org/10.1175/BAMS-D-17-0184.1 (© American Meteorological Society. Used with permission.)

In the future, while the number of tropical cyclones is expected to level off or decrease overall, the ratio of intense tropical cyclones is forecast to increase. As such, there are both decrease and increase projections for the number of intense tropical cyclones (IPCC Sixth Assessment Report).

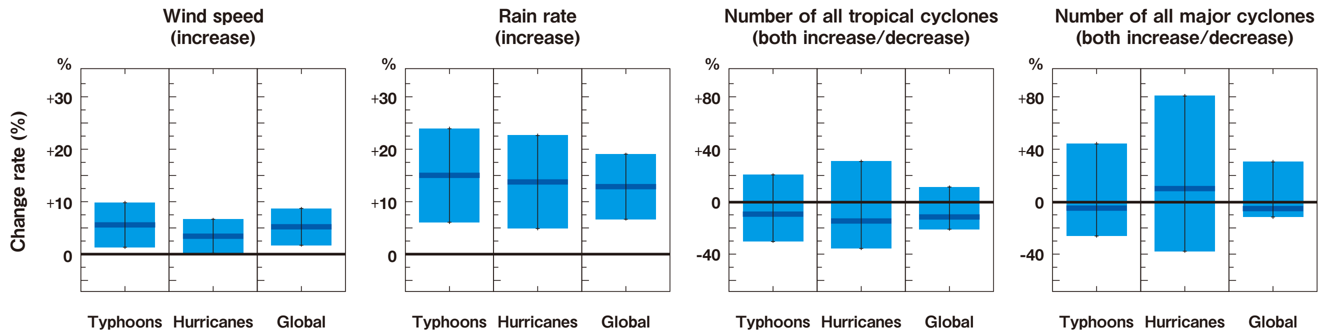


Figure 4: Changes in tropical cyclones due to a temperature change of +2°C Source: Created by Tokio Marine Holdings based on Knutson et al. 2020*

*: Thomas Knutson, Suzana J. Camargo, Johnny C. L. Chan, Kerry Emanuel, Chang-Hoi Ho, James Kossin, Mrutyunjay Mohapatra, Masaki Satoh, Masato Sugi, Kevin Walsh, and Liguang Wu, 2020: Tropical cyclones and climate change assessment part II: Projected response to anthropogenic warming. *Bull. Amer. Meteor. Soc.*, 101, E303–E322, https://doi.org/10.1175/BAMS-D-18-0194.1 © American Meteorological Society.Used with permission.

b. Changes in Vulnerabilities in Society and Asset Exposure

As shown in Figure 2 on p. 75, the frequency of heavy rains in Japan has been increasing since 1900. Figure 5 below, on the other hand, shows a declining trend for flooded areas. This is because Japan's disaster prevention infrastructure, including embankments, has improved since the mid-19th century and is effectively reducing the occurrence of floods during heavy rains.

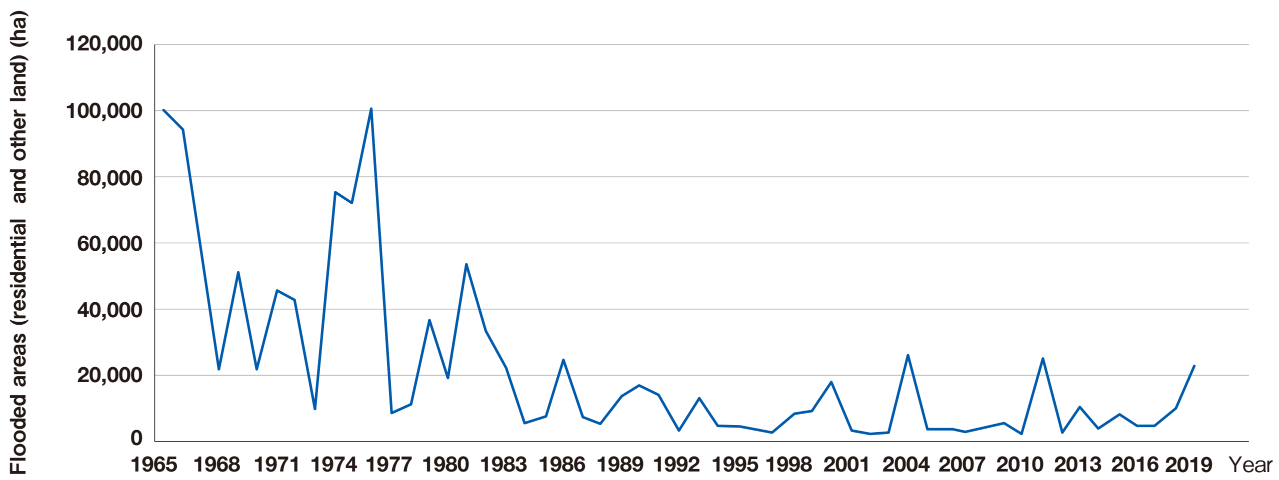


Figure 5: Areas inundated by floods (ha) Source: Tokio Marine Holdings based on materials from the Ministry of Land, Infrastructure, Transport and Tourism (flood statistics)

The amount of damage will vary significantly if there is a change in asset exposure, that is, a change in the degree of concentration of assets or in the value of assets in areas exposed to natural disaster risk. In this way, we recognize that identifying changes in weather events themselves, such as heavy rains and typhoons, as well as society's vulnerabilities to disasters and changes in asset exposure are essential in predicting damage due to natural disasters.

Change of Vulnerabilities in Society

In Japan, revisions to the Building Standards Act have proved to directly translate into the better resilience of society. In fact, revisions made in 1981 to the seismic building codes and in 2000 to the wind pressure resistance building codes have greatly contributed to the improved resistance of buildings against natural disasters. More recently, Typhoon Faxai, which made landfall in 2019 and caused damage to the roofs of many houses, has prompted revisions to the standards for roofing on countermeasures against intense winds that were enacted in January 2022. In addition, the Ministry of Land, Infrastructure, Transport and Tourism has announced its policy that the anticipated intensification of natural disasters should be considered in improving disaster prevention infrastructure in the future, making its recommendations for rivers in 2019 and for high tides in 2020.

Overseas, efforts to increase resilience throughout society have also been under way. The United States, for example, has improved its disaster prevention infrastructure and revised building codes following huge natural disasters, including Hurricanes Katrina in 2005, Sandy in 2012, and Irma in 2017.

In keeping with the move toward strengthening resilience in and outside Japan, Tokio Marine Group has been contributing to greater resilience of the entire society by supporting customers to cope with disasters through the dissemination of disaster information.

Recognition of Changes in Asset Exposure

In Japan, an influx of people into urban areas is expected to continue in the future. Over the period from 2015 to 2040, even though the number of households in the country is projected to decline 4.8% on a national average, an increase is expected in some prefectures, including Tokyo. As such, the trend of changes in asset exposure varies from region to region.

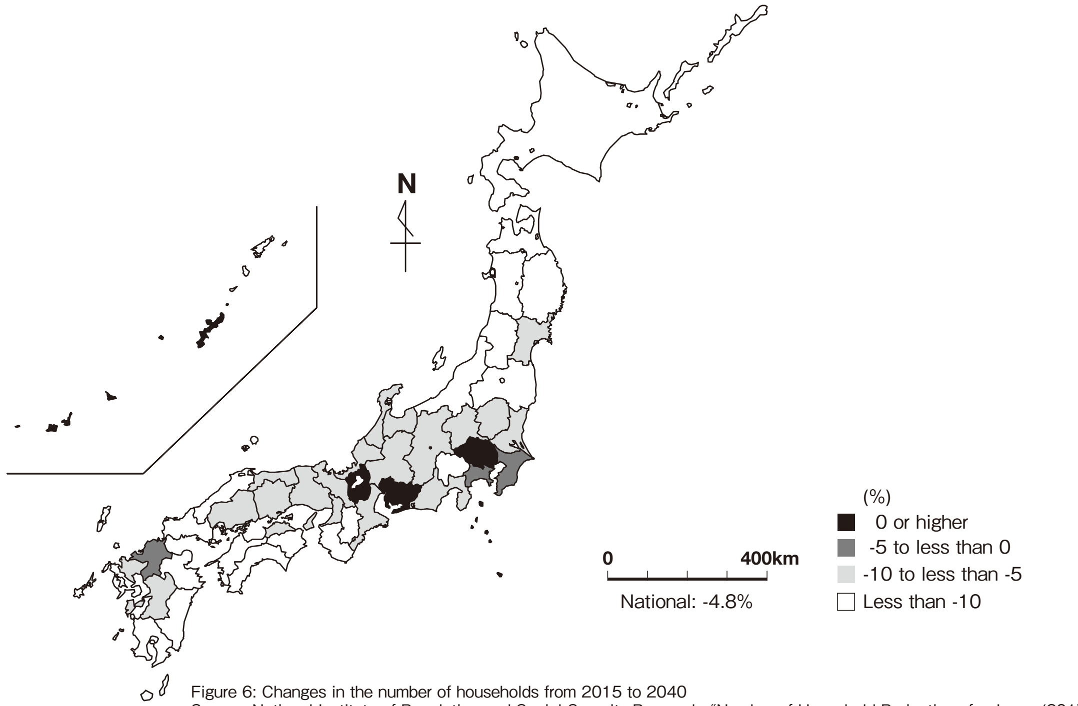


Figure 6: Changes in the number of households from 2015 to 2040
Source: National Institute of Population and Social Security Research, "Number of Household Projections for Japan (2017 Estimates)"

From the viewpoint of damage due to natural disasters, an important factor is the exact location of assets (whether within a hazardous area). In response to the frequent occurrence of natural disasters in recent years, Japan's Ministry of Land, Infrastructure, Transport and Tourism has stated that it is important to consider flood risk reduction when determining the locations of housing districts and city functions. Accordingly, Tokio Marine Group is monitoring the policy trends of the national and local governments.

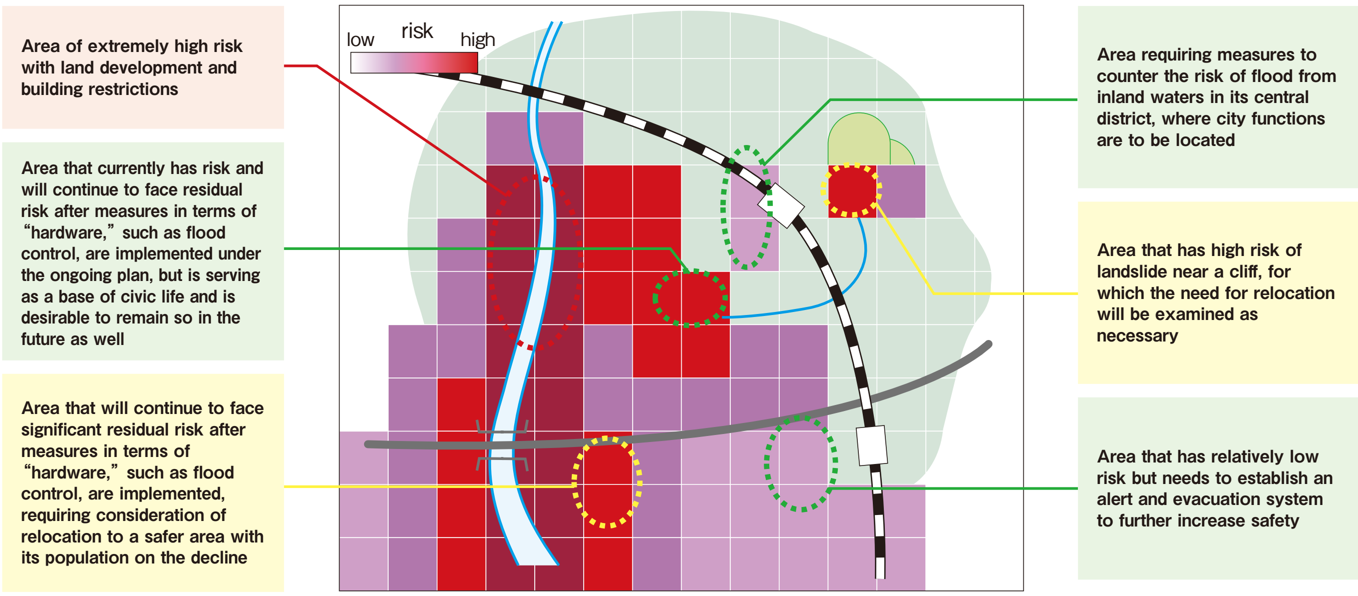


Figure 7: Direction of urban development based on the risk of water-related disasters
Source: Tokio Marine Holdings based on materials from the Ministry of Land, Infrastructure, Transport and Tourism (website)

The importance of changes in asset accumulation when considering the damages caused by natural disasters is a common factor, both domestically and internationally. While it is known that the economic losses from past hurricanes have been on the rise in the United States, adjusting for the influence of asset accumulation reveals a reduced trend of significant changes. This emphasizes that the increase in economic losses is largely attributed to asset accumulation.

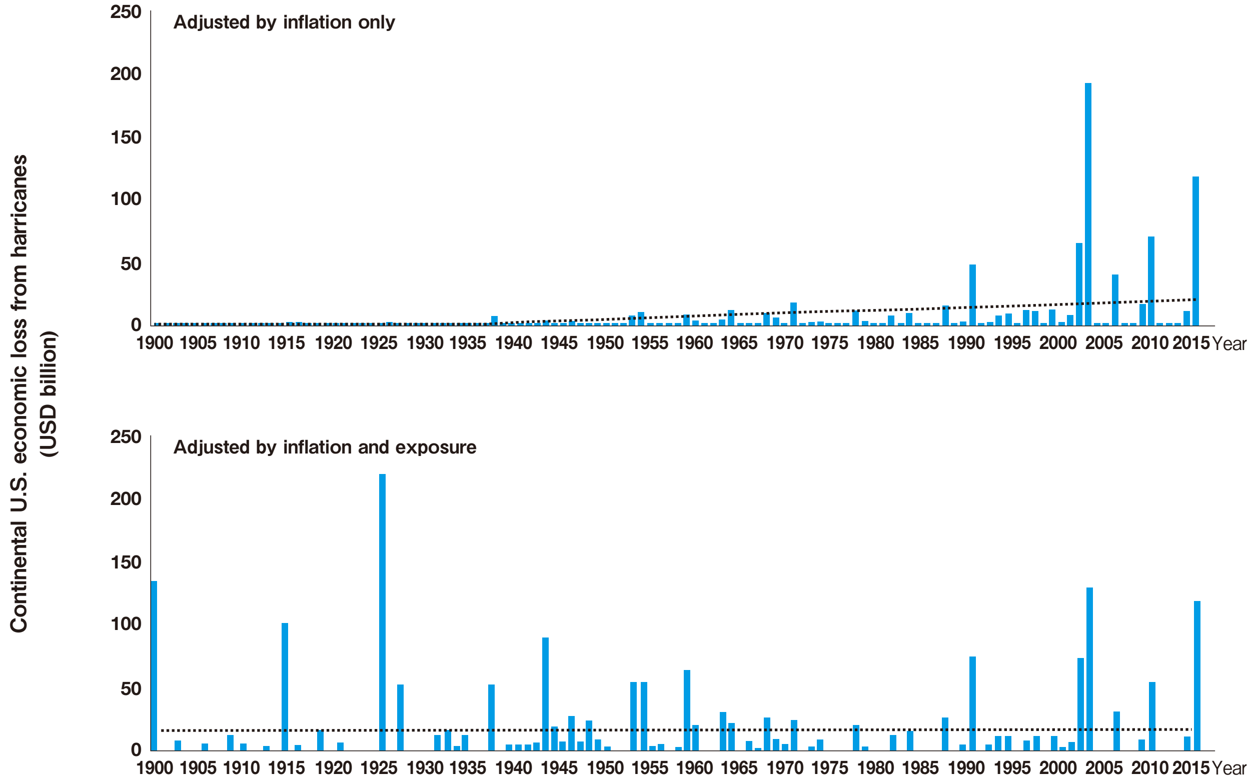


Figure 8: Economic loss due to hurricanes on the U.S. mainland Source: Created by Tokio Marine based on Klotzbach et al. 2018*

*: Philip J. Klotzbach, Steven G. Bowen, Roger Pielke Jr., and Michael Bell, 2018: Continental U.S. hurricane landfall frequency and associated damage. *Bull. Amer. Meteor. Soc.*, 99, 1359–1376, https://doi.org/10.1175/BAMS-D-17-0184.1 (©American Meteorological Society. Used with permission.)

c. Impact on Business Continuity: Promoting Climate Change Adaptation Measures

Tokio Marine Group uses multiple scenarios*1 to perform analysis and evaluation*2 on the impact of climate change risk on our operations using holistic and context-specific approaches. By doing so, we are promoting climate action and initiatives to increase resilience against disasters.

*1 Including IPCC's Shared Socioeconomic Pathway (SSP) 5-8.5, SSP3-7.0, SSP2-3.5, SSP1-2.6, SSP1-9, RCP8.5, RCP6.0, RCP4.5, and RCP2.6 scenarios
*2 Climate change risk analysis and evaluation conducted in collaboration with Risilience Limited of the United Kingdom

Holistic Approach

Based on a holistic approach, we use multiple scenarios to analyze and evaluate, both quantitatively and qualitatively, the impact of an increase in weather disasters (such as heavy rains and floods) on our operations and have been implementing related measures. On the whole, we have concluded that an increase in weather disasters will not have a profound impact on our operations as compared to the manufacturing and other industries for a number of reasons. For example, insurance products represent an intangible service and do not necessarily require physical sales bases, and their development and production involve minor supply chain risks in the procurement of raw materials.

Context-Specific Approach

Based on a context-specific approach, we use multiple scenarios to analyze and evaluate, both qualitatively and quantitatively, the impact of an increase in weather disasters (such as heavy rains and floods) on our operations and have been promoting initiatives to protect our own assets from weather disasters, which are expected to become more severe due to climate change.

Specifically, we are implementing measures against flood disasters, such as installing emergency power generators and more water bars at our major bases.

(2) Transition Risks

Transition risks are risks associated with the transition to a decarbonized society. As the global momentum toward decarbonization accelerates and the transition to a decarbonized society progresses, we anticipate more stringent regulations, technological innovation, asset value fluctuations and changes in the investment environment as well as in customer needs, which could affect the Group's businesses.

Transition risks include impact on the corporate value of investee companies and the value of assets held by the Company due to increased costs associated with GHG emissions resulting from climate change. To reduce the impact of these factors, we are decreasing total holdings of business-related equities and promoting engagement with investee companies.

We have estimated the impact of transition risks on assets under management by Tokio Marine Group (equities, corporate bonds, commercial mortgage-backed securities (CMBS), and government bonds) using "Aladdin Climate," a model provided by BlackRock Solutions. With the model, we have quantified the impact on corporate value due to changes in scenario variables (carbon prices, energy demand, fuel prices, emissions, etc.) based on scenarios provided by The Network of Central Banks and Supervisors for Greening the Financial System (NGFS). More specifically, the quantification of the impact on corporate value has been conducted by comparing the scenario where current policies continue to 2050 (NGFS's Hot House World–Current Policies scenario, assuming limited policy changes and a 3.3°C temperature rise at the end of this century) with the following two scenarios, also of NGFS.

(1) Orderly: Net Zero 2050 (assuming a temperature rise suppressed to 1.5°C and net zero CO_2 emissions both by 2050)
(2) Disorderly: Delayed Transition (assuming a 1.8°C temperature rise by 2050 due to delayed policy changes)

The following shows the results of the model-based estimates of transition risks of assets (equities, corporate bonds, CMBS, and government bonds) (impact analysis on asset prices based on scenarios up to 2050) held by Tokio Marine Group as of March 31, 2023.

	Transition risks	
	Orderly	Disorderly
Total	-1.5%	-1.3%
Equities	-7.7%	-5.6%
Corporate bonds	-2.4%	-1.8%
CMBS	-0.0%	-0.2%
Government bonds	-0.0%	-0.4%

* The Aladdin Climate analytics of BlackRock Solutions contained in this report should not be construed as a characterization of the materiality or financial impact of the corresponding information. The Aladdin Climate analytics include non-financial metrics and involve measurement uncertainties resulting from limitations inherent to the nature of the corresponding data and the methods used for determining such data.
The Aladdin Climate analytics are not fixed and are likely to change and evolve over time. The Aladdin Climate analytics rely on relatively new analysis methods, and there are limited peer reviews or comparable data available. BlackRock Solutions does not guarantee and shall not be responsible for the content, accuracy, timeliness, non-infringement, or completeness of the Aladdin Climate analytics contained herein or have any liability resulting from the use of the Aladdin Climate analytics in this report or any actions taken in reliance on any information herein.

It should be noted that the model results used by Tokio Marine Group do not separately calculate the positive effects (market superiority or business opportunities) generated by technically implementing climate change mitigation and adaptation measures as we transition to a low-carbon society. Moreover, we believe that this and other quantification models of climate change are still in the development stage, undergoing upgrades based on the latest research findings. We thus have no plan, at this point, to use the data in our management decision-making process, but will continue to carry out research and investigations to explore more appropriate ways to utilize such quantification modeling methods.

Implementation of Climate Change Strategy

(1) Initiatives of Tokio Marine Group

Tokio Marine Group assumes the roles of an insurance company, institutional investor, asset manager, global company, and good corporate citizen. In every role, we are promoting the creation of a safe, secure, and sustainable future to protect our customers and local communities in times of need even 100 years from now. In the following sections, we describe our initiatives in each role.

a. Initiatives as an Insurance Company (Insurance Products and Services)

Tokio Marine Group engages in the development and provision of insurance products and services that support the transition to a decarbonized society. As one example, we provide insurance related to renewable energy. There is momentum toward decarbonization worldwide and a shift to renewable energy in major countries for a more efficient electricity supply. In building and expanding the use of offshore wind power generation plants, for example, insurance is indispensable as project financing will not be extended without insurance. However, offshore construction work is never easy, and there is also a need to reduce work errors and prepare for typhoons. It thus represents a challenging domain requiring high levels of underwriting and claims services capabilities.

Tokio Marine Group has acquired GCube Insurance Services, Inc., a leading company offering insurance to renewable energy operators. Based on its advanced underwriting and claims services capabilities, we are driving the more widespread use of renewable energy on a global basis through insurance underwriting and insurance payments, seamlessly covering everything from the construction phase to the operational phase after the launch.

In February 2021, Tokio Marine & Nichido (TMNF), a Group company, established the company-wide Green Transformation (GX) Task Force to support customers' efforts to become carbon neutral and transition to a decarbonized society and contribute to the growth and development of the industry.

The Task Force is engaging in the development and provision of insurance products and solutions that will contribute to the more widespread use of renewable energy, including offshore wind power and solar power, the spread of storage batteries, and the promotion of the use of hydrogen. Specific efforts to contribute to customers' transition to a decarbonized society are multifaceted. They include developing defect warranty insurance for the liability of contractors constructing offshore wind power generation plants; undertaking an initiative to support local communities in achieving decarbonization by utilizing a solar power purchase agreement (PPA) model; developing insurance products to help electricity retailers to stabilize their management and secure a power supply capacity; and providing a service to support information disclosures based on the TCFD recommendations.

We believe that engagement on the theme of the environment with business partners is essential to shift to a decarbonized society and realize carbon neutrality. To date, TMNF has made engagement and held dialogue with more than 250 companies. Of these, the company has offered solutions to resolve various issues to more than 120 companies while leveraging its expertise.

As one engagement example, TMNF has been holding dialogue with power plants for which the company has provided insurance. The company encourages them to consider the environment through the adoption of innovative high-efficiency power generation technologies and carbon dioxide capture, utilization, and storage technologies (CCUS/carbon recycling) that reduce GHG emissions and supports their transition by providing relevant products and consulting services.

In November 2022, TMNF also launched, jointly with MUFG Bank, Ltd., a service to support disclosures of climate change risks and opportunities and other related information in accordance with the TCFD recommendations as a service solution to help companies promote GX.

b. Initiatives as an Institutional Investor (Investment and Financing)

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

Specifically, we are undertaking ESG engagement to support increased corporate value and the sustainable growth of investee companies through constructive and purposeful dialogue that considers non-financial factors including ESG elements in addition to their financial data as well as ESG integration where both financial data and non-financial data are used in the investment decision-making process.

In fiscal 2022, TMNF established a team to carry out impact investment that generates both social and economic value and has made investment commitments to renewable energy, environmental, and other funds conducive to countering climate change. In fiscal 2023, the company committed to investment in a new field, specifically a forestry fund, to promote the passing down of valuable forest resources to future generations.

As for our ongoing themed investment and financing efforts, such as those related to green bonds and sustainability bonds, we are also promoting the creation of social and economic value in new fields. In fiscal 2022, we invested in Japan's first blue bonds to support the investee companies' efforts related to environmentally sustainable fishery and aquafarming businesses. We have also invested in transition bonds issued by gas, iron and steel, and other companies. In this way, we have been providing a broad range of support for the realization of a decarbonized society in the investment and financing field.

The total balance of ESG-themed investments and financing, including green bonds, sustainability bonds, and green loans, was about 109 billion yen as of March 31, 2023, for TMNF, TMNL, and NF. In fiscal 2022, TMNF started making impact investments in funds with measurable social returns, such as renewable energy funds. Such commitments amounted to approximately 13 billion yen as of March 31, 2023.

We have also begun using data providers to conduct quantitative analyses of the GHG emissions of our investee companies.

c. Initiatives as an Asset Manager (Fund Formation)

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

Performance of renewable energy funds (total as of March 31, 2023)

Amount committed	Approx. 62 billion yen
Units installed	45
Power generation capacity (DC)	Approx. 280 MW

d. Initiatives as a Global Company (Leading Discussions at International Climate Change Conferences)

As climate change is an important social issue that needs to be addressed by the entire world, Tokio Marine Group actively engages in dialogue with international organizations, governments, industries, academic communities, NPOs, and NGOs.

We have led discussions at international conferences, which includes co-chairing a climate change–related working group for the Geneva Association since 2008. We have also joined the Association's climate change task force and have been engaging in the formulation of scenario analysis and stress test guidelines to perform forward-looking impact assessment of climate change.

In July 2018, TMNF became a founding member of the insurer pilot group, launched by the United Nations Environment Programme Finance Initiative (UNEP FI) under the Principles for Sustainable Insurance (PSI) framework to examine and develop methodologies and analytical tools for the insurance industry to make climate-related disclosures based on the TCFD recommendations. The company has contributed to the publication of the final report of the UNEP FI pilot project, titled "Insuring the climate transition," in January 2021.

Tokio Marine Kiln(TMK) and Tokio Marine HCC International from Tokio Marine Group have joined ClimateWise, a climate change–related international initiative in the insurance industry. They have been carrying out studies and research on various risks and opportunities related to climate change jointly with about 30 leading insurers in the world.

TMK is also a member of the Sustainable Markets Initiative, an insurance industry task force envisioned by the then Prince Charles of England and established in June 2021.

In Japan, the then Chairman of the Board of Tokio Marine Holdings worked as one of the founders and contributed to the establishment of the TCFD Consortium in May 2019. Since the establishment, Tokio Marine Holdings has been a member of the Planning Committee to deliberate on the consortium's course of action. We have contributed to the creation of the three versions of the TCFD Guidance released in December 2018, July 2020, and October 2022, respectively, and "A Guide to Flood Risk Assessments for Enhanced TCFD Disclosures" released by the Ministry of Land, Infrastructure, Transport and Tourism in March 2023. We also participate in discussion on effective ways for companies to disclose climate-related information and how to link the disclosed information to appropriate investment decision-making of financial and other organizations.

Additionally, through industry-academia collaboration with The University of Tokyo, Nagoya University, Kyoto University, and Tohoku University, we engage in research on climate change and natural disaster risks in an effort to gain deeper scientific insight into disaster prevention and mitigation and to raise the sophistication of measuring methods through risk modeling to ascertain risk volume in even greater detail. Our efforts in this area include development of a stochastic risk assessment approach. We believe that in addition to providing products and services in developed countries it is also important to disseminate the ideas of an insurance mechanism and risk management practices in developing countries and regions particularly vulnerable to the impact of climate change and natural disasters in accordance with the Sendai Framework for Disaster Risk Reduction 2015–2030, which provides new world guidelines for disaster risk reduction.

Tokio Marine Group is contributing to the creation of international rules and the progress in research on climate change and natural disaster risks through these initiatives.

e. Initiatives as a Good Corporate Citizen (Social Contribution)

Mangrove forests have an effect on the prevention and mitigation of global warming by absorbing and fixing a significant volume of CO_2. Under the concept of "Insurance for the Future of the Earth," TMNF has engaged in the Mangrove Planting Project since 1999. As of March 31, 2023, approximately 12,261 hectares of mangrove forest have been planted through this project in nine countries, primarily in Asia. In addition to TMNF, other Group companies are now planting mangroves. We have also announced the Mangrove-Based Value Co-creation 100-Year Declaration, which aims to create value through the blessings of nature brought by mangroves in collaboration with forestry NGOs. Under the declaration, we will continue to undertake this project in the future.

In 2022, we launched activities to protect eelgrass beds. Eelgrass is a type of seagrass, which grows in sandy, shallow waters with sunlight and gentle waves. It has a high ability to absorb and fixate CO_2 from the atmosphere as well as purify water. Together with mangroves, we will promote this initiative as an effort to protect the global environment.

At every age, educating and enlightening children who will lead the future is a great responsibility adults must assume. Around the world, Tokio Marine Group is visiting schools to provide Green Lessons and Disaster Prevention Lessons to children to raise their environmental awareness and disaster preparedness.

With our strong belief that "it is our responsibility to pass on a bright future to future generations," Tokio Marine Holdings has positioned future generations as its stakeholders in addition to customers, society, employees, shareholders, and investors since 2021. We will step up our tree planting, education, and other efforts to pass on a sustainable environment and society to these future generations.

(2) Policies Concerning Insurance Underwriting as well as Investment and Financing

Our basic policy on climate change is to support the decarbonization of customers and local communities through insurance products and services as well as investments and financing through constructive dialogue with stakeholders. We individually set up a policy on each transaction for the areas that could cause significant, negative impacts on the environment or society.

At the end of September 2020, we published "Tokio Marine: Our Climate Strategy," which we revised at the end of September 2021 and the end of September 2022. The following sections describe our policies concerning insurance underwriting as well as investment and financing to achieve the goals of the Paris Agreement.

a. Insurance Underwriting

Tokio Marine Group has not provided new insurance underwriting capacities to coal-fired power generation projects since September 2020 or thermal coal mining projects since September 2021, regardless of whether they are newly constructed. However, we might grant exceptions after careful consideration for projects with innovative technologies and approaches, such as CCS/CCUS*1 and mixed combustion, aiming to achieve the goals of the Paris Agreement.

Since September 2022, Tokio Marine Group has also strengthened its commitment by protecting the environment and supporting the transition to a decarbonized society by no longer providing new insurance underwriting capacities to oil and gas company extraction projects*2 in the Arctic Circle (all areas north of latitude 66°33, including the Arctic National Wildlife Refuge, ANWR) and oil sands mining.

*1 Carbon dioxide capture and storage/Carbon dioxide capture, utilization, and storage
*2 Exemptions for projects/companies with decarbonization plans that are aligned with the Paris Agreement

b. Investment and Financing

With respect to investment and financing, Tokio Marine Group will not provide new financing for coal-fired power generation projects or thermal coal mining projects. However, as with our insurance underwriting policy, we might grant exceptions after careful consideration for projects with innovative technologies and approaches, such as CCS/CCUS and mixed combustion, aiming to achieve the goals of the Paris Agreement.

In aligning with our insurance underwriting policy, we also no longer provide new financing for oil and gas extraction projects in the Arctic Circle and oil sands mining and are stepping up our efforts to support the protection of the natural environment and transition to a decarbonized society.

Risk Management

Managing Climate-Related Risk Based on Enterprise Risk Management (ERM)

Tokio Marine Group conducts enterprise risk management (ERM), which includes the management of climate risks. Through the ERM cycle, we comprehensively identify and assess risks, using both qualitative and quantitative approaches. In the insurance business, which pursues profit through risk-taking, risk assessment is the foundation of our business. The Group has been working for many years to assess material risks (including those due to natural disasters) both quantitatively and qualitatively. Specific initiatives are as follows.

(1) Qualitative Risk Management

We identify all forms of risks comprehensively, including those for natural disasters such as major storms, and emerging risks due to environmental changes. Of these risks, we define risks that will have an extremely large impact on our financial soundness and business continuity as "material risks." We include the risk of major wind and flooding disasters (including climate change physical risks) in the "material risks" category, which we believe could become more frequent and severe due to the effects of climate change. For these material risks, we also formulate control measures prior to risk emergence and response measures for after risks occur.

(2) Quantitative Risk Management

For material risks, through measuring risk amounts and implementing stress tests, we are able to perform a multifaceted review of the adequacy of capital relative to the risks held for the purpose of maintaining ratings and preventing bankruptcy. 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 independently analyze past tropical cyclones (typhoons in Japan and hurricanes in the United States), torrential rains, and other changing trends and incorporate this data as necessary in order to properly assess current weather phenomena. Furthermore, within material risks, we conduct stress tests based on scenarios in which extreme economic losses are expected and scenarios where multiple material risks occur at the same time. As for risks involving major wind and flood disasters, for example, we assume these scenarios to be 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 taking into account stress tests released by regulatory authorities of every country, the latest knowledge (including that of climate change), and recent case studies.

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. 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.

Acquisition of Knowledge (Industry-Academia Collaboration, etc.)

Tokio Marine Group is deepening collaboration with both inside and outside experts to acquire knowledge about risks. Tokio Marine Research Institute collaborates with The University of Tokyo, Nagoya University, and Kyoto University, among others, to carry out impact analysis based on the possibility for increased insurance losses associated with natural disasters that are becoming more severe in nature. Moreover, Tokio Marine dR and a team of experts in natural disasters working in Atlanta, the United States, are leading efforts to upgrade natural disaster risk management across the entire Group, including various evaluations of natural disaster risk models.

Metrics and Targets

While Tokio Marine withdrew from the international initiative, the Net-Zero Insurance Alliance (NZIA), in May 2023, our commitment to contributing to the transition towards a decarbonized society based on the Paris Agreement remains unchanged.

Metrics and Targets for Fiscal 2050

● **Reduction of GHG emissions**
Aiming to reduce GHG (CO_2) emissions from Tokio Marine Group to net zero by fiscal 2050 for our own operations (including insurance customers and investment and financing recipients)*[1,2]

Metrics and Targets for Fiscal 2030

● **Reduction of GHG emissions**
Reducing GHG emissions (CO_2) for operations from Tokio Marine Group by 60% (vs. 2015)*[3]

● **Renewable electricity use**
Using 100% of renewable electricity at Tokio Marine Group's major business facilities

● **Electrification of company-owned vehicles (TMNF, TMNL, and NF)**
Switching all vehicles owned by TMNF, TMNL, and NF to electrified vehicles (EV, PHV, HV, etc.)

Metrics and Targets for Fiscal 2023 (Increase or Improvement vs. Fiscal 2020)

● **Increase in insurance products that will contribute to green transformation (GX)**
Increasing income from insurance premiums on GX-related insurance products by around 7 billion yen (TMNF)

● **Improvement of profitability of fire insurance**
Improving profitability of fire insurance by more than 45 billion yen*[4] (TMNF)

*1: Medium-term targets still under consideration
*2: Scope 3, Category 15, based on the GHG Protocol standards
*3: 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)
Scope 3 includes categories of importance to the Group for which numerical values can be obtained.
*4: Supposing natural catastrophe claims in an average year

GHG Emission Reduction Record

Achieve Carbon Neutrality in Business Activities

● **Reduction of GHG (CO_2) emissions from Tokio Marine Group operations*[5]: 80,201 tons (34% reduction vs. fiscal 2015) (Scope 1: 13,362 tons; Scope 2: 41,190 tons; Scope 3*[6]: 25,649 tons)**

● **Amount of GHG (CO_2) fixed and reduced: 93,000 tons**

Tokio Marine Group is working to reduce the environmental impact (domestic and international) and become carbon neutral by (1) conserving energy and using energy more efficiently, (2) planting mangroves to absorb and fix CO_2, (3) using renewable energy (such as by procuring green electricity), and (4) amortizing carbon credits. As a result of these efforts, in fiscal 2022 we achieved carbon neutrality for the tenth consecutive year (since fiscal 2013) thanks to the absorption and fixation effects of mangrove planting and the use of carbon credits outperforming the CO_2 emissions generated by the Group's overall business activities.

GHG Emissions for Investment Portfolio

To assess the climate change–related risks and opportunities of its investee companies and financing recipients, TMNF has performed analysis of total GHG emissions and weighted average carbon intensity (WACI) on its domestic listed equity and bond portfolios as of March 31, 2022, the disclosure of which is recommended by the TCFD (see p. 26 of the TCFD Report). We will continue to urge our investee companies to fully disclose climate change–related information and work toward a decarbonized society through engagement, while also making use of this analysis.

*5: 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)
*6: Amount of paper used, etc. (Categories 1, 3, 5, and 6)