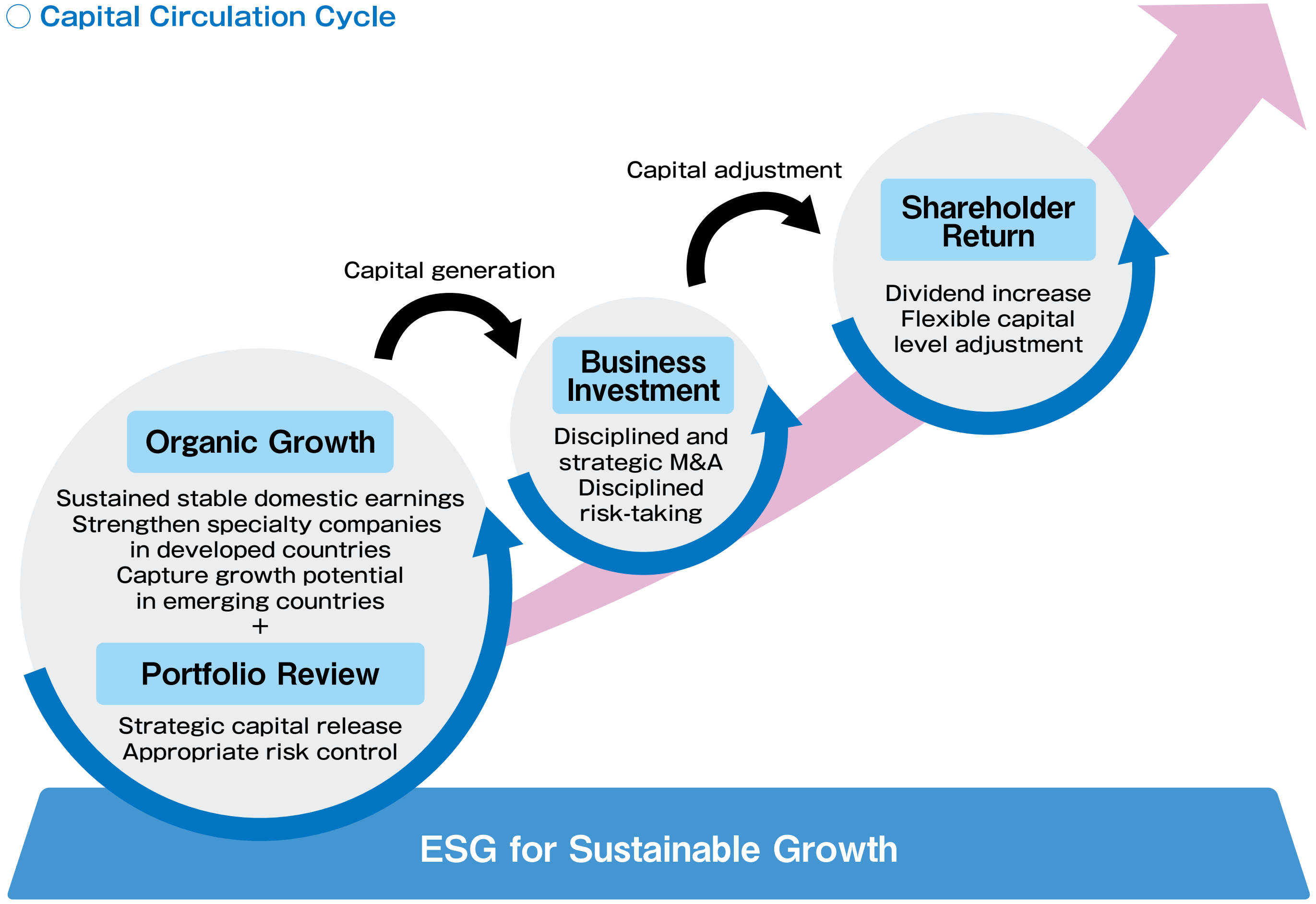
Continue to achieve top-tier EPS growth and aim to raise ROE further to a level of global peers through implementing a disciplined capital policy.

Kenji Okada
Senior Managing Director
Chief Financial Officer (CFO)

Our long-term aspiration is to continue achieving "top-tier EPS growth" through sustained strong profit expansion in both insurance underwriting and asset management. In addition, we aim to raise our ROE to a level of global peers by implementing a disciplined capital policy (capital circulation cycle).

Specifically, we will implement a three-pronged approach. First, we will strategically review our portfolio based on organic growth to generate capital and funds. Second, we will allocate these resources to strong business investments. Third, if no favorable investment opportunities arise, we will prioritize returning capital to shareholders, aiming to enhance ROE while maintaining a balanced capital circulation cycle. This approach will be continued in our new Mid-Term Business Plan starting in fiscal 2024. In the following sections, I will provide a comprehensive explanation of our capital policy, with a focus on the new Mid-Term Business Plan.

○ Capital Circulation Cycle



Mid-Term Business Plan 2026 -Inspiring confidence. Accelerating progress.-

I will begin by outlining the qualitative aspects of our strategy for the Mid-Term Business Plan 2026—"Inspiring confidence. Accelerating progress."—which commenced in fiscal 2024.

In the past, we have based the development of our mid-term business plans on a review of the current plan and recognition of its challenges, then formulated key strategies and measures for the next plan. However, the business environment surrounding us is undergoing rapid changes, and our operations could be more significantly impacted than ever before. In this context, particularly from the perspective of "growth," there was a concern that continuing with existing strategies and initiatives might not adequately address future environmental changes. Therefore, in developing the new Mid-Term Business Plan, we adopted a backcasting approach.

In concrete terms, we analyzed medium- to long-term changes in the business environment and, based on that analysis, envisioned "Our Long-term Aspiration 2035" for the Tokio Marine Group. We then examined what actions are necessary over the next three years to achieve that vision and developed our plan accordingly. In addition, we considered which issues need to be prioritized in the current context and identified further strengthening of discipline as one of the key strategies for the new Mid-Term Business Plan. First, I will explain the "3 Pillars" of "Growth" and the "2 Pillars" of "Discipline" that are central to the "Group Major Strategies."

Group Major Strategies in the New MTP

As the business environment evolves more rapidly than ever—due to factors such as technological advancements and the increasing severity of natural disasters—existing auto and fire insurance profitability could be impacted. Moreover, there are growing opportunities and needs for new solutions and coverage for emerging societal issues and risks. To continue fulfilling our purpose in this changing landscape, we must diversify our revenue sources further to achieve growth beyond our previous trajectory while also strengthening governance at the Group level. Recognizing the need to balance growth and governance at a high level, we have established "growth" and "discipline" as the central pillars of our major strategies in the new MTP.

"3 Pillars" of "Growth"

Given the rapidly changing business environment, we aim to achieve sustainable profit growth by (1) dramatically expanding the domains where we deliver our value, (2) providing this value through a highly specialized and diverse distribution model to ensure we are chosen by customers, and (3) extensively improving productivity.

(1) Drastic expansion of domains where we can deliver our value

- Accurately analyze customer risks and needs and develop and provide optimal insurance products while also creating and offering new solutions beyond insurance (pp. 18, 19)

(2) Diversification of distribution model

- Expand and develop a highly specialized sales system
- Build new direct models and expand initiatives such as embedded insurance that meet customer needs

(3) Extensive improvement of productivity

- Develop a highly productive sales model utilizing digital tools and AI
- Reduce costs and optimize operations

"2 Pillars" of "Discipline"

Based on the series of incidents that occurred during the previous MTP, we will strengthen our internal controls and governance at the Group level while continuing to enhance disciplined management of our business portfolio and capital.

(1) Strengthening and improvement of internal controls/governance

- Further utilize external perspectives on internal controls and governance
- Recruit and bolster experts for implementing governance improvements
- Promote the consolidation of headquarters functions across domestic Group companies
- Strengthen internal control functions at overseas Group companies based on their maturity level, and advance Group-wide support through consolidation of common functions and personnel deployment, etc.

(2) Enhancement of business portfolio and capital management

- Strengthen disciplined underwriting, including rate and product revisions, and enhance reinsurance policies
- Continuously review existing businesses and execute disciplined "In/Out" strategies (p. 57)

KPI Targets under the New MTP*1

Next, I will outline the quantitative goals and KPI targets for the new MTP. We have consistently achieved top-tier EPS growth while managing volatility, and we will continue this through the implementation of our "Group Core Strategies" and "Group Major Strategies" under the plan. Specifically, the EPS growth target of the plan is a CAGR of +8% or more, excluding gains from the sale of business-related equities, which we continue to recognize as world top tier. 8% EPS growth will be driven by a CAGR of +7% or more profit growth with an additional +1–2% from share buybacks. Furthermore, the target for adjusted ROE in fiscal 2026is set at 14% or more, excluding gains from the sale of business-related equities.

The drivers of our growth remain unchanged: a globally diversified and robust underwriting portfolio and strong investment returns leveraging its predictable insurance cashflows (AUM) which together constitute a solid basis for organic growth. Specifically, for the Japan P&C business, we plan for a CAGR of +5% or more through improvements in auto and fire insurance profitability, expansion of specialty insurance products, and further operational efficiency. For the international business, we aim for a CAGR of +5% or more through balanced growth in underwriting and investment focusing on developed markets. It is important to note that the performance of the international business in fiscal 2023, the launch year of the new MTP, includes significant gains from the takedown of prior-year loss reserves, which are not factored into the plan. Excluding these reserves, the international business is expected to achieve a CAGR of +7% or more. Our plan aims for balanced growth across our top-tier regional insurance businesses, leveraging strengths in each area to achieve organic growth comparable to our peers (see pp. 129–143 for details).

In addition, the strong base profit from organic growth will be significantly enhanced by accelerating the sale of business-related equities. As a result, the projected overall EPS growth will be CAGR of +16% or more, while the adjusted ROE is expected to be 20% or more. Given the high level of interest in business-related equity sales, I will provide a detailed explanation in the following section.

KPI	Target
Adjusted EPS	CAGR*2 +8% or more (Incl. capital gains from sale of business-related equities +16% or more)
=	
Adjusted net income	CAGR*2 +7% or more (Incl. capital gains from sale of business-related equities +15% or more)
+	
Share buybacks*3	+1%–2%
Adjusted ROE	14% or more (Incl. capital gains from sale of business-related equities 20% or more)

*1: The KPIs are based on the current definitions.
*2: CAGR compared to fiscal 2023, the starting point for the new MTP. For adjusted EPS, adjusted net income, and business unit profits for fiscal 2023, the figures are on a normalized basis (adjusted for Nat Cats to an average annual level and excluding capital gains from the sale of business-related equities and capital gains/losses in North American, etc.).
*3: Effect of share buybacks on EPS growth

◯ KPI Targets by Business Unit Profits*1

Adjusted net income: CAGR*2 +7% or more (Incl. capital gains from sale of business-related equities +15% or more)

Business Unit Profits

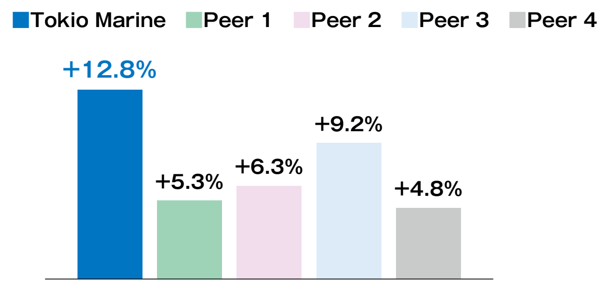
- **Japan P&C*3**: CAGR*2 +5% or more (pp. 130–135)
- **Japan Life*4**: CAGR*2 +3% or more (p. 136)
- **International*5**: CAGR*2 +5% or more (Excl. prior-year reserves: +7% or more) (pp. 137–143)

The impact of absence of negative FX effect*6 for Japan P&C included in the base figure for MTP in fiscal 2023: c. +JPY46.0bn.

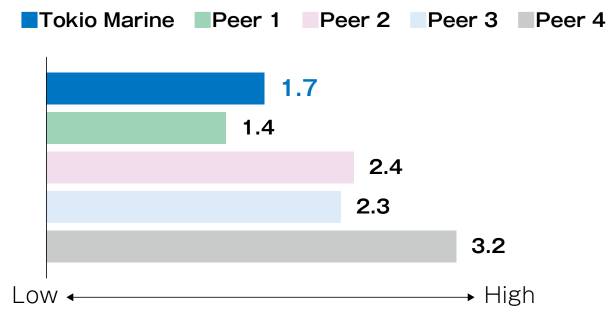
*1: The KPIs are based on the current definitions.
*2: CAGR compared to fiscal 2023, the starting point for the new MTP. For adjusted EPS, adjusted net income, and business unit profits for fiscal 2023, the figures are on a normalized basis (adjusted for Nat Cats to an average annual level and excluding capital gains from the sale of business-related equities and capital gains/losses in North American, etc.).
*3: Japan P&C = TMNF, excluding FX effects
*4: Japan Life = TMNL
*5: Excluding FX effects
*6: Increase in provision for foreign currency denominated loss reserves and losses on foreign exchange derivatives at TMNF due to depreciation of the yen in fiscal 2023

◯ (Reference) Track Record of Stable EPS Growth

EPS Growth (2013-2023 CAGR)



EPS Growth Volatility (2013-2023)



EPS: Profit in the numerator is adjusted net income for Tokio Marine Holdings and KPI-based profit for peers
Volatility: Coefficient of variation
Peers: Allianz, AXA, Chubb, Zurich
Source: Company disclosures, Bloomberg

Elimination of Business-Related Equities*1

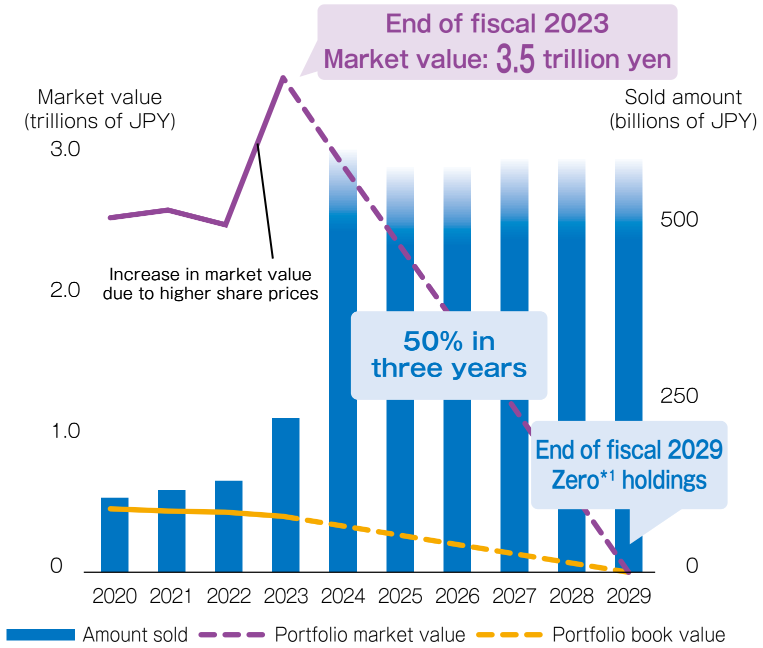
For more than 20 years, we have been selling business-related equities and reallocating the released capital into high-quality investments to boost ROE as well as M&A and risk-taking activities, which has contributed to profit growth and improved capital efficiency. We are now committed to bring down business-related equities to "zero*1" in six years, with an intermediate goal of halving them within the next three years as part of our new MTP.

As a result, we anticipate higher profits from these sales in the coming six years. However, as the unrealized gains from these equities are already included in our capital, the sales themselves will not generate new capital. The true impact on corporate value will depend on how effectively we use the released risk amounts (approximately 1.2 trillion yen out of the total 4.3 trillion yen in post-diversified risk) for high-quality investments and risk-taking.

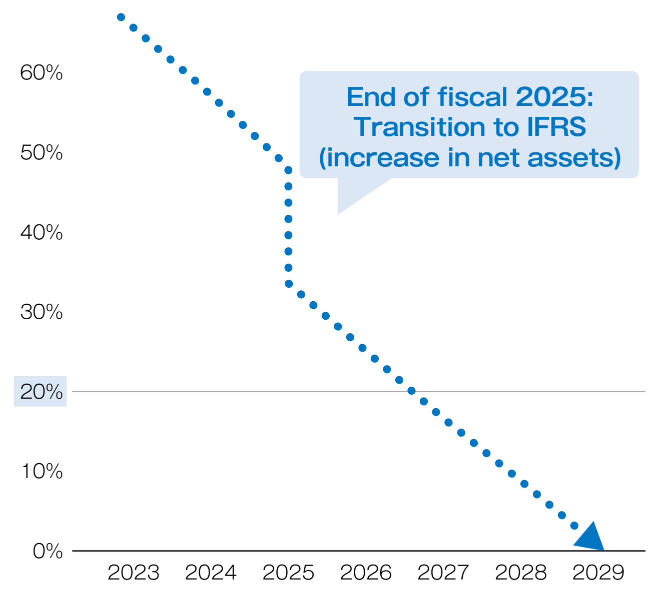
To achieve the organic growth target (CAGR of +7% or more) in the new MTP, we will engage in substantial risk-taking within our existing operations. We will also explore inorganic (M&A) opportunities. However, M&A is a means to achieve risk diversification and profit growth, not an end in itself. Therefore, the released capital from accelerating the sale of business-related equities will be used with ongoing discipline. Given that current valuations for large-scale M&A are still high, we will continue to conduct market intelligence, maintaining a long and short list of potential acquisition targets, and carefully select companies that offer a high Return on Investment (ROI). At the same time, we will actively pursue small to mid-sized bolt-on M&A opportunities, leveraging the Group's experience and expertise.

◯ Accelerating the Sales of Business-Related Equities

Business-Related Equity Sales and Timeline



Ratio of Holdings to Net Assets*2



*1: Excluding non-listed stocks (circa 22.5 billion yen in market/book value as of March 31, 2024) and investments related to capital and business alliances
*2: Based on share prices as of March 31, 2024. Net assets at the end of fiscal 2024 onward are estimates.

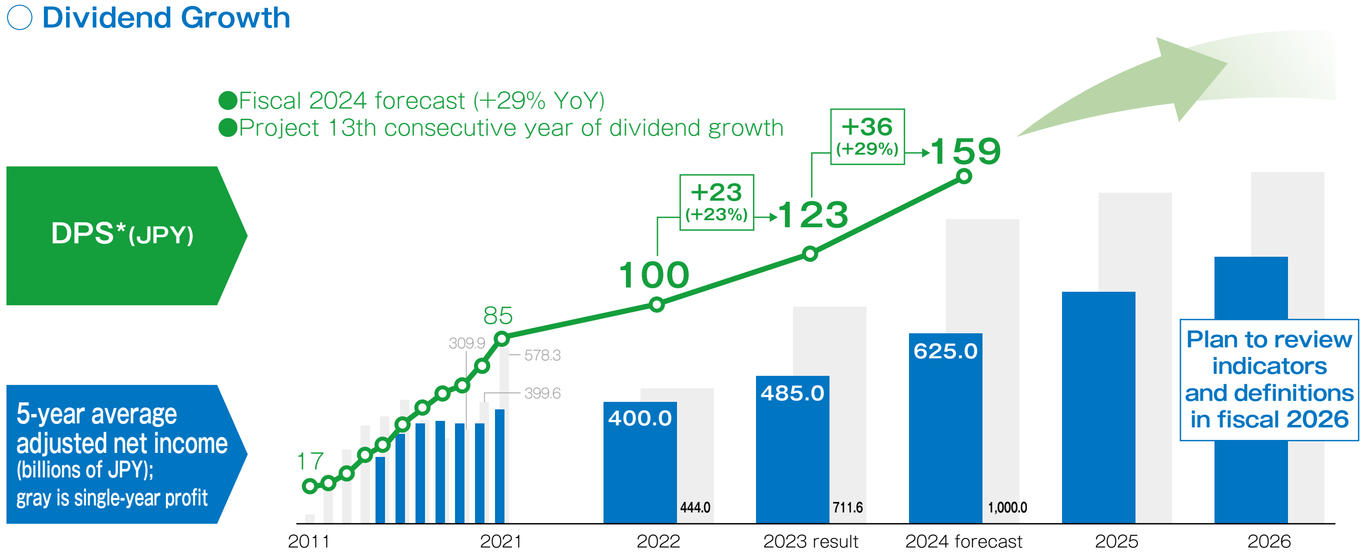
Shareholder Return

Our shareholder returns will continue to prioritize ordinary dividends under the new MTP, aiming to sustainably increase DPS in line with profit growth. Specifically, the dividend base will be set as the five-year average of adjusted net income to minimize volatility, with ordinary dividends calculated by applying a 50% payout ratio, which aligns with global peer standards. For fiscal 2024, due to significant gains from the sale of business-related equities, the profit plan is set at 1 trillion yen, substantially increasing the five-year average of adjusted net income. Consequently, the DPS for fiscal 2024 is projected to be 159 yen, reflecting a +29% increase from the previous year and marking the 13th consecutive year of dividend growth.

Looking ahead, we plan to adopt the International Financial Reporting Standards (IFRS) by the end of fiscal 2025, alongside the introduction of the new International Capital Standard (ICS). With these changes, we expect to review various indicators and definitions, including for profit, starting from fiscal 2026. Despite the new standards, we remain committed to achieving top-tier EPS growth and aligning DPS growth accordingly. We will carefully assess the dividend payout ratio and other related factors, engaging in discussions with stakeholders in the capital market. We aim to provide a comprehensive update on these changes and our strategy in the fall of 2025.

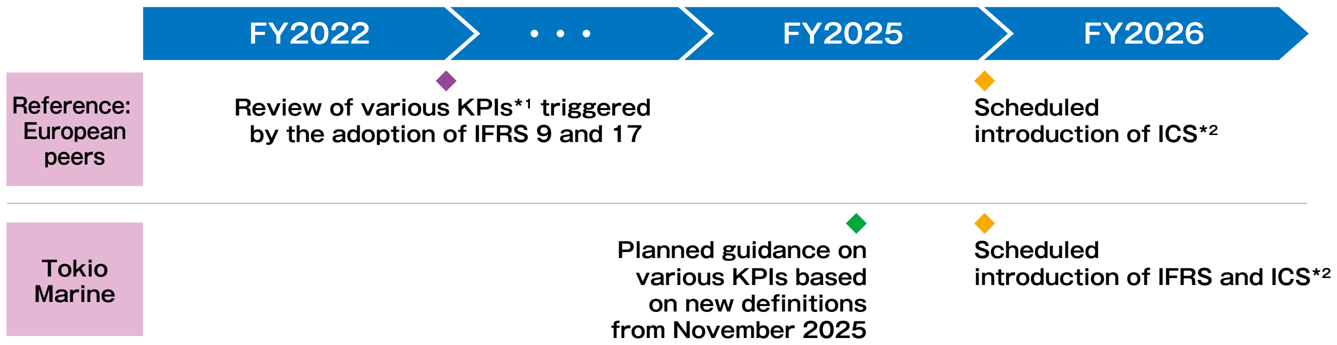
Our approach to share buybacks remains unchanged as a means of adjusting our capital levels. We make decisions based on a comprehensive assessment of factors such as ESR, market conditions, opportunities for M&A and additional risk-taking, and the common practice among global peers of executing share buybacks amounting to approximately 2% of market capitalization annually. Given that our ESR was 140% as of March 31, 2024, we plan to conduct share buybacks totaling 200 billion yen throughout fiscal 2024, with an initial resolution of 100 billion yen in May.

◯ Dividend Growth



* DPS = Five-year adjusted net income × Payout ratio / Number of shares

◯ Review of Indicators for the Introduction of IFRS and ICS

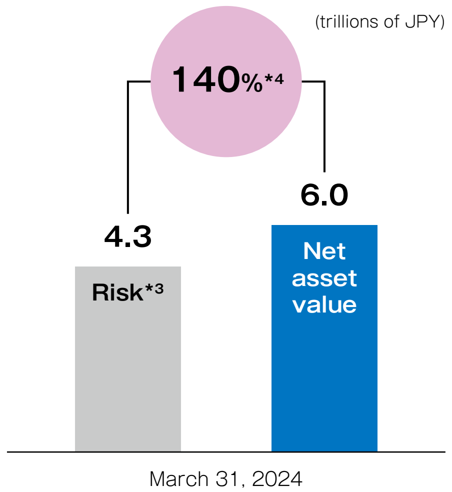


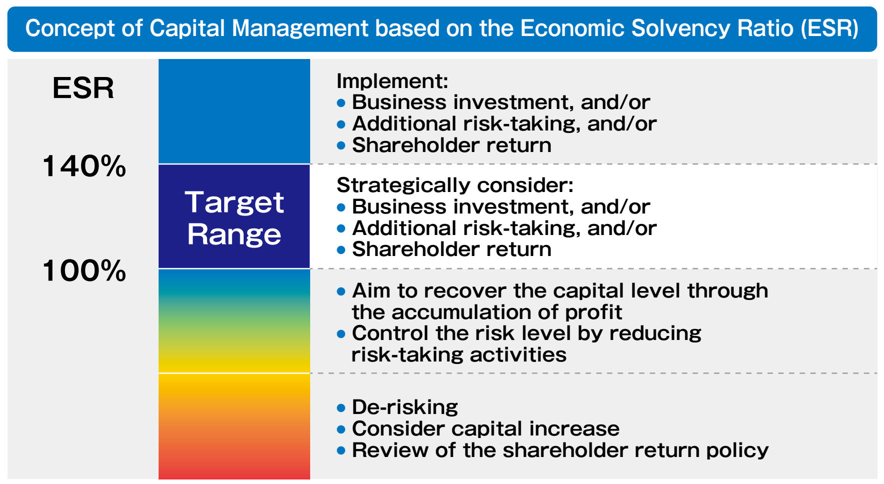
<Current KPIs and Definitions> | <FY2026->

Profit Indicators	Adjusted net income, business unit profit	New definition
ROE	Adjusted ROE	
Dividend Policy	Adjusted net income (5-year average) × dividend payout ratio (currently 50%)	
ESR	Current ESR (Confidence level: 99.95% VaR)	
Target	100%-140%	

*1: Profit indicators, etc.: European peers: Allianz, AXA, Zurich Source: Company disclosures
*2: International Capital Standard (ICS). The International Association of Insurance Supervisors (IAIS) plans to introduce a prescribed capital requirement for Internationally Active Insurance Groups by the end of fiscal 2025. In Japan, it is expected to be introduced as the "Economic Value-Based Solvency Framework"

◯ Status of the Economic Solvency Ratio (ESR)



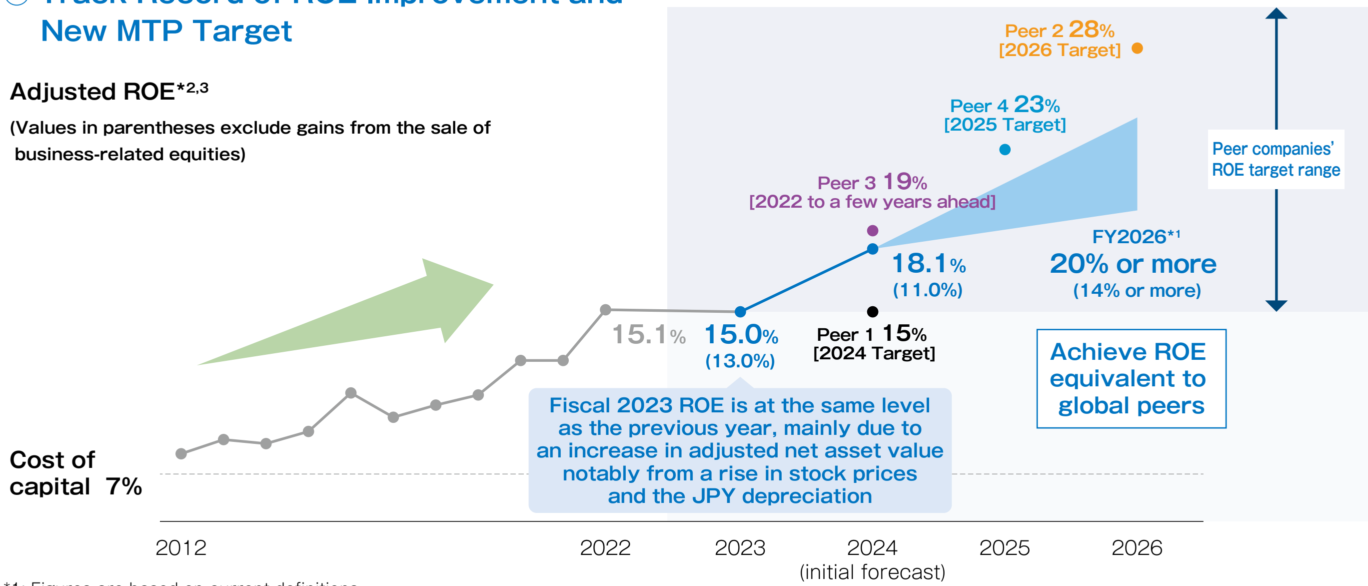


*3: Amount of risk calculated by a model using 99.95% VaR (AA-rated basis)
*4: The ESR after implementing the 200 billion yen share buyback is 135%.

Raising ROE to Global Peer Levels

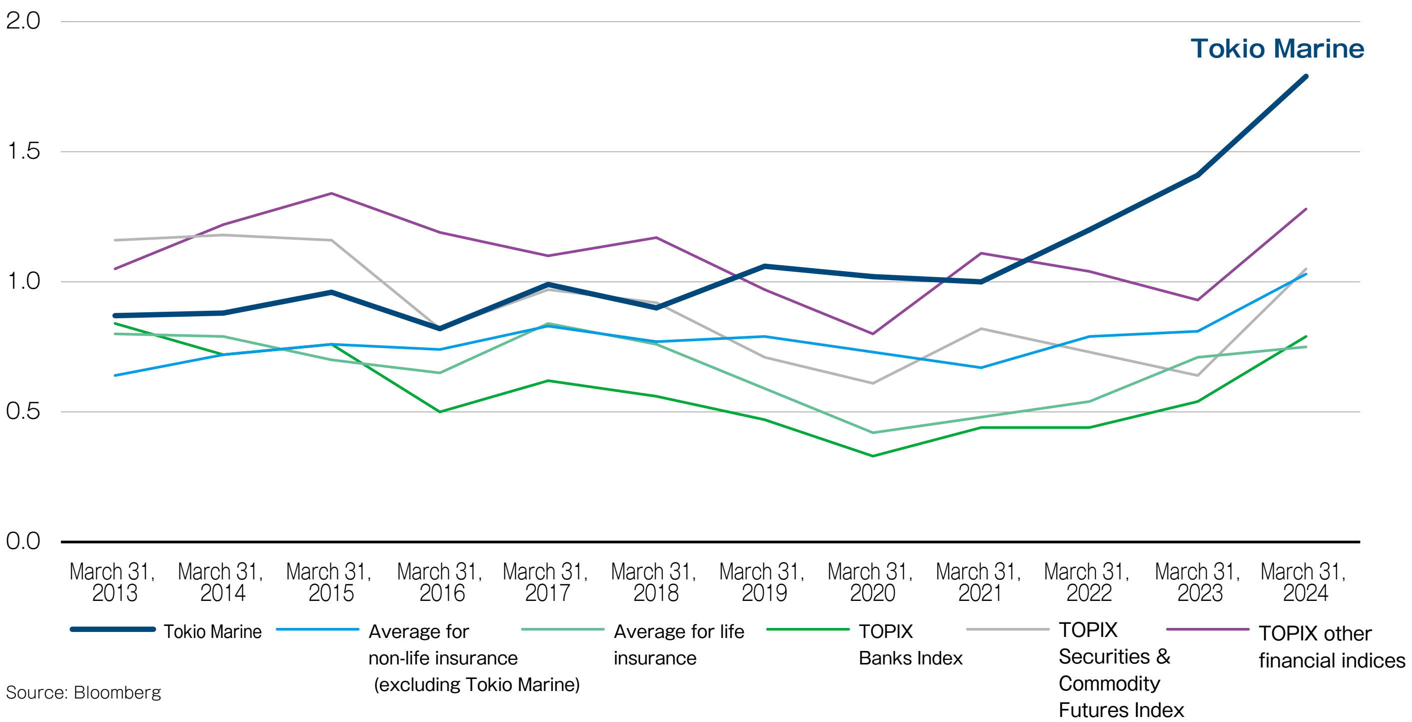
As a result of these efforts, the current adjusted ROE has improved to 15.0% for fiscal 2023. However, this improvement includes some impact on net assets from external factors such as rising interest rates, alongside profit growth. The target for adjusted ROE in the new MTP is set at 20% or more*1 for fiscal 2026 (excluding gains from business-related equities, 14% or more*1). We aim to fundamentally enhance ROE through both profit growth and effective utilization of capital, thereby raising it to levels comparable with global peers.

◯ Track Record of ROE Improvement and New MTP Target



*1: Figures are based on current definitions.
*2: Adjust Nat Cats to an average annual level and exclude the impact of COVID-19 for 2020 and after, and capital gains/losses in North America, etc., and capital gains from sale of business-related equities (for part of sale exceeding the original projection of each fiscal year) for 2021 and after. Also exclude the impact of war and South African floods for 2022.
*3: Peers: Allianz, AXA, Chubb, Zurich
For peers, disclosed ROE as their KPI is adjusted to the tangible basis to align it with our adjusted ROE.
Source: Calculations based on company disclosures.

◯ (Reference) Current Price-to-Book (P/R) Ratio Top Tier among Domestic Financial Institutions



Source: Bloomberg

Enterprise Risk Management (ERM)

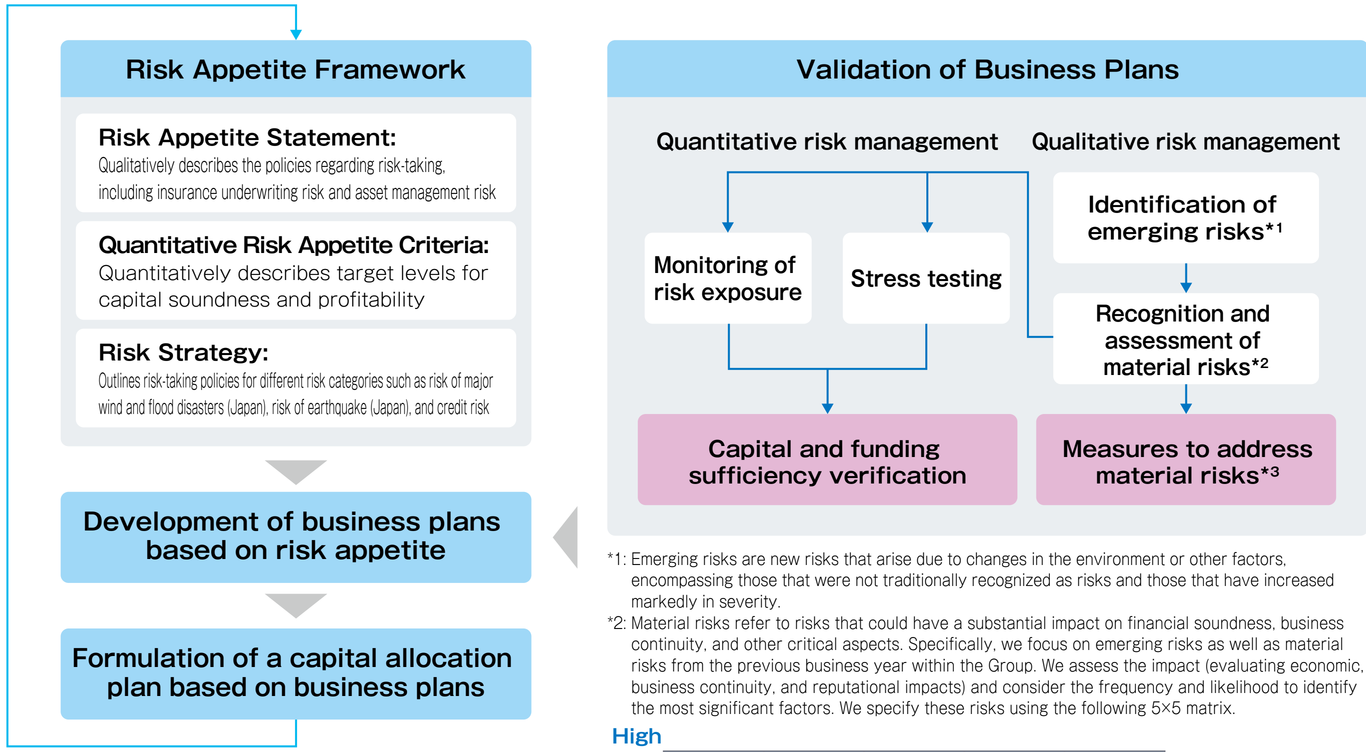
As an insurance company, we increase returns by taking risks in insurance underwriting and asset management as a key to our business. We have positioned Enterprise Risk Management (ERM) as the cornerstone of Group management. ERM takes into consideration our risk appetite, to what extent we undertake risks (risk boundaries), whether return on risk is sufficient, and whether risks are appropriately diversified. We have also established the ERM Committee to discuss ERM strategy. The committee assesses the growth potential and profitability of all businesses and the risks associated with each strategy in a forward-looking manner and formulates a capital allocation plan to optimize the risk portfolio from a Group-wide perspective. By doing so, we aim to achieve capital adequacy and high profitability relative to risk. This approach is intended to sustainably enhance our corporate value.

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

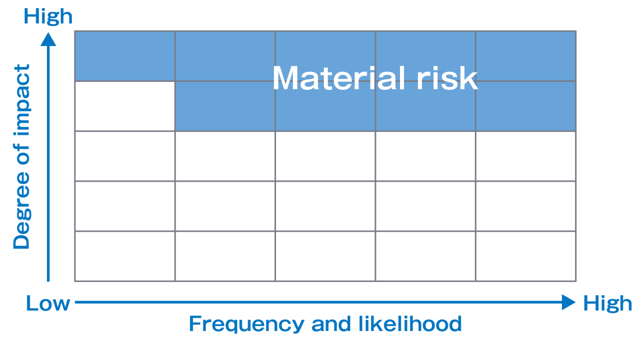
The risks surrounding the Tokio Marine Group are becoming more diversified and complex due to our global expansion and changes in the business environment. In addition, in today's uncertain and rapidly changing political, economic, and social climate, we must proactively anticipate the emergence of new risks and their warning signs 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



*1: 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.
*2: 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.



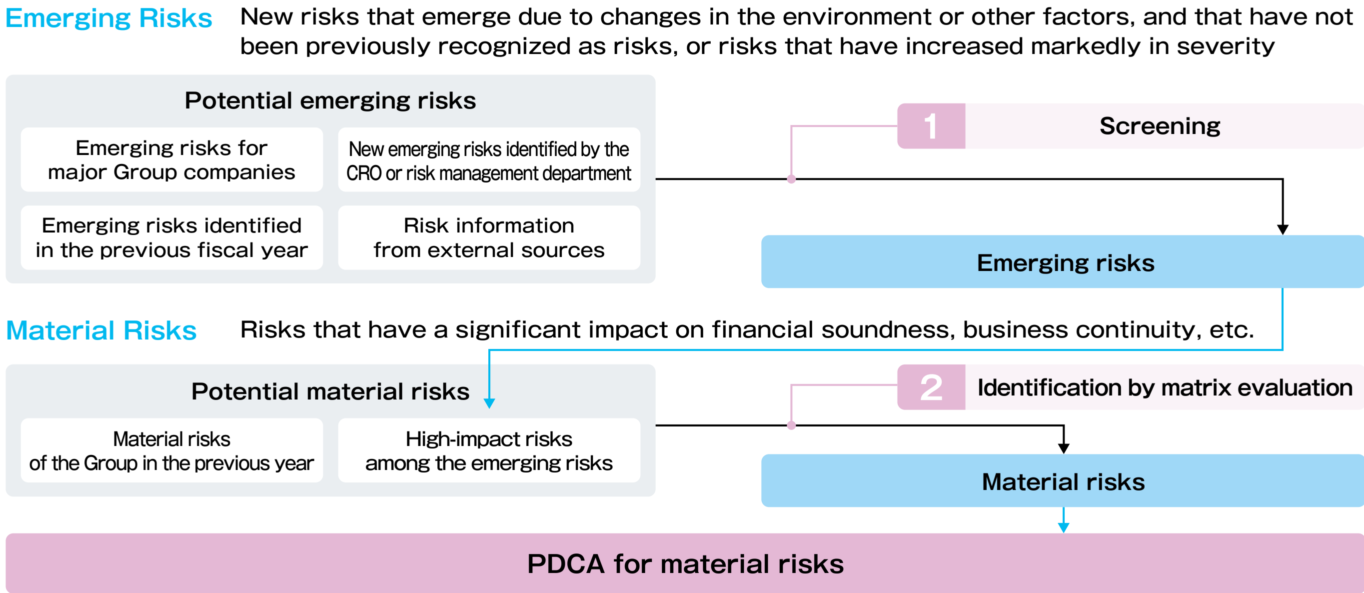
*3: For material risks, we formulate response measures (Plan), implement these measures (Do), assess the outcomes (Check), and make improvements (Act).

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 in the subsequent pages, draw up control measures before the risks emerge and countermeasures* to be taken if the risks do emerge, and conduct PDCA management. In addition, while we have been implementing such risk management practices, in light of the series of irregularities that occurred at TMNF, we have added scenarios related to competition law to the categories of "material risks" concerning "violation of laws and regulations" and "conduct risk," and have developed corresponding countermeasures.

*: 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



◯ Examples of Emerging Risks

Emerging risks/Scenarios	Examples of responses
(1) Inadequate response to decarbonization and a nature-compatible society (climate change and nature-related transition risk) ◯ Risk of a decline in value of invested companies that lag behind in transitioning to decarbonization and a nature-compatible society, which could impact the value of the Group's assets ◯ Risk that the Group's efforts toward decarbonization and a nature-compatible society are perceived as inadequate by society, potentially damaging our reputation	● Announced the Tokio Marine Group Policy to Address Environmental and Social Risks and identified businesses that are prohibited from underwriting or require special attention ● Accelerating the development of insurance products and risk consulting services related to new decarbonization technologies ● Implementing ESG integration, where non-financial data, in addition to traditional information, is used in the investment decision-making process
(2) Global warming, loss of natural capital and biodiversity (climate change and nature-related physical risks) ◯ Risk that the progression of global warming and the loss of natural capital and biodiversity will lead to more severe natural disasters, resulting in increased insurance payouts both in the short term and long term	● Working on refining risk measurement models for natural disasters and developing methods to evaluate the impacts of climate change in efforts to enhance natural disaster risk assessment ● Engaging in research and analysis regarding the dependency on and impact of our business on the natural environment
(3) Business partner risk ◯ As responsibility and expectations for the entire value chain of corporate activities increase, incidents or accidents occurring with business partners, contractors, or collaborators could have a significant impact on our business continuity and reputation	● Established the Guidelines for Responsible Procurement and communicated these basic principles within the Group, encouraging business partners to cooperate with our initiatives ● Organizing perspectives related to economic security in the selection of external contractors and business partners, and promoting efforts across companies
(4) Delay in adhering to global human rights standards ◯ Risk that the Tokio Marine Group's efforts regarding respect for human rights are perceived as inadequate by society, damaging our reputation	● Established the Tokio Marine Group Basic Policy on Human Rights to demonstrate our commitment to respecting human rights across all business activities, including the value chain, and are encouraging our business partners to adhere to this policy ● Defined and publicly disclosed our Policy to Address Environmental and Social Risks, which evaluates the prevention and mitigation of human rights risks in specific sectors, as part of our efforts to promote respect for human rights in insurance underwriting and investment ● Set up a hotline for external stakeholders in addition to our internal hotline for employees

◯ Material Risks for Fiscal 2024

Emerging risks/Scenarios	Examples of responses
(1) Economic and financial crisis ◯ The value of the Group's assets could 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 or a large-scale disaster. ◯ The value of the Group's assets could fall substantially as Japanese government bonds plummet in value due to a decline in the government's creditworthiness or the emergence of hyperinflation.	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
(2) Major earthquakes ◯ A major earthquake beneath Tokyo or along the Nankai Trough might 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 (for (2)–(6)) ● 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 (2), (3), and (5) 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 (6) shown at left, develop cybersecurity measures, and verify their effectiveness through emergency drills
(3) Major wind and flooding disasters (including physical risks of climate change) ◯ Major typhoons or torrential rains could cause extensive physical damage, leading to significant disruptions in social and economic activities, including those of the Group, resulting in large insurance payouts.	
(4) Volcanic eruptions ◯ 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.	
(5) Pandemics ◯ The widespread outbreak of a new infectious disease could result in significant insurance payouts.	
(6) Cyber risk ◯ A cyberattack targeting many Group customers or supply chains could lead to significant insurance payouts. ◯ A cyberattack targeting the Group's systems might result in the leakage of sensitive information and disruptions to business operations.	
(7) Geopolitical risk ◯ 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.	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)
(8) Inflation ◯ 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) Violation of laws and regulations and conduct risk ◯ Non-compliance with regulations related to competition law, personal data protection, anti-money laundering, and the reinforcement of economic sanctions related to the U.S.-China tensions and the Ukraine conflict might result in the imposition of fines and penalties and harm the Group's reputation. ◯ Deviation between industry and corporate practices and societal norms, along with the lack of fostering an appropriate corporate culture, 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 ● Advance the consideration of implementing global measures in response to actions at TMNF that might have violated antitrust laws ● Monitor domestic and international social environments, trends in government agencies, and changes in regulatory requirements, and take necessary measures accordingly ● Conduct surveys on employee awareness and behavior, and enhance the efforts of the Group by compiling and sharing best practices
(10) Disruptive innovation ◯ Innovations that drastically reshape industry structures through digital transformation and innovative new entrants might 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
(11) AI/data governance deficiency ◯ The inability to properly manage issues such as vulnerabilities, the output of misinformation, or ethical concerns while advancing the use of AI and data might lead to litigation, reputational damage, or hinder productive business activities.	Response to the impact on business continuity and reputation ● Establish common Group-wide rules for the use of AI and data to strengthen the frameworks of Tokio Marine and its Group companies

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.

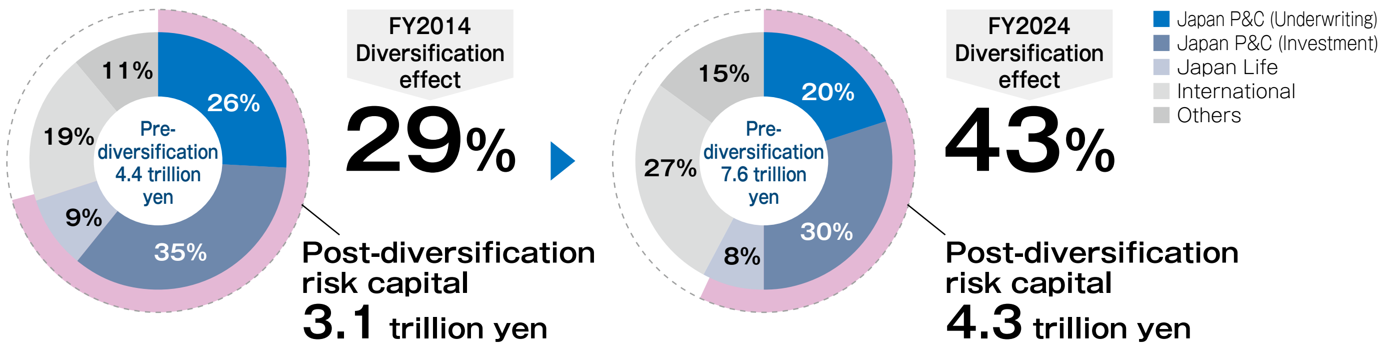
Specifically, the Company quantifies potential risks using a statistical metric called "Value at Risk (VaR)" on a 99.95% confidence level, which corresponds to an AA credit rating, and verifies its capital adequacy based on the Economic Solvency Ratio (ESR) arrived at by dividing net asset value*1 by risk capital. Our capital policy is determined by comprehensively considering business investment opportunities and future market outlooks. 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), the 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, 2024, the Group's ESR was 140%*2, confirming that the Group is adequately capitalized. (p. 51)

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. In addition, we conduct reverse stress tests, which assume scenarios that could severely impact the financial soundness of the Group, allowing us to comprehensively verify that there are no issues with capital adequacy and liquidity.

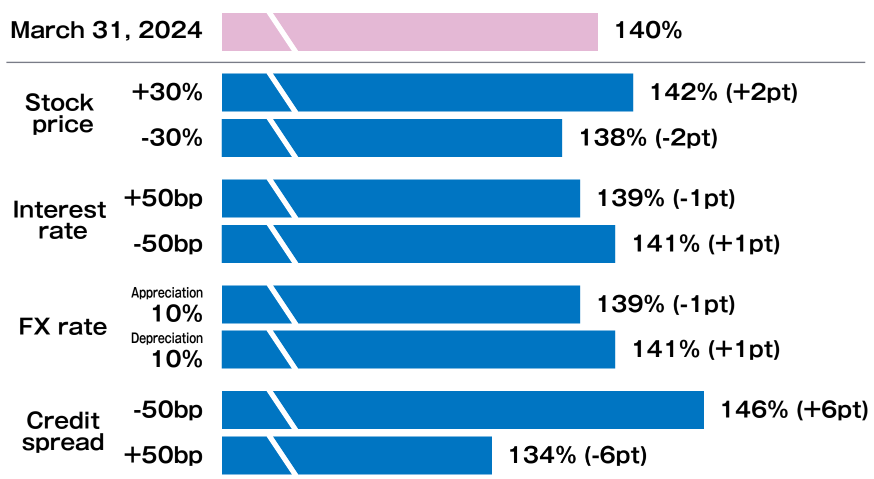
*1: Calculated by adding the value of catastrophe loss reserves, deducting for goodwill, and making other adjustments to consolidated net assets on a financial accounting basis.
*2: ESR after the acquisition of 200 billion yen in treasury stock is 135%.

Risk Composition and Diversification Effects



Note: Risk excluding business-related equities is 5.9 trillion yen before diversification and 3.1 trillion yen after diversification.

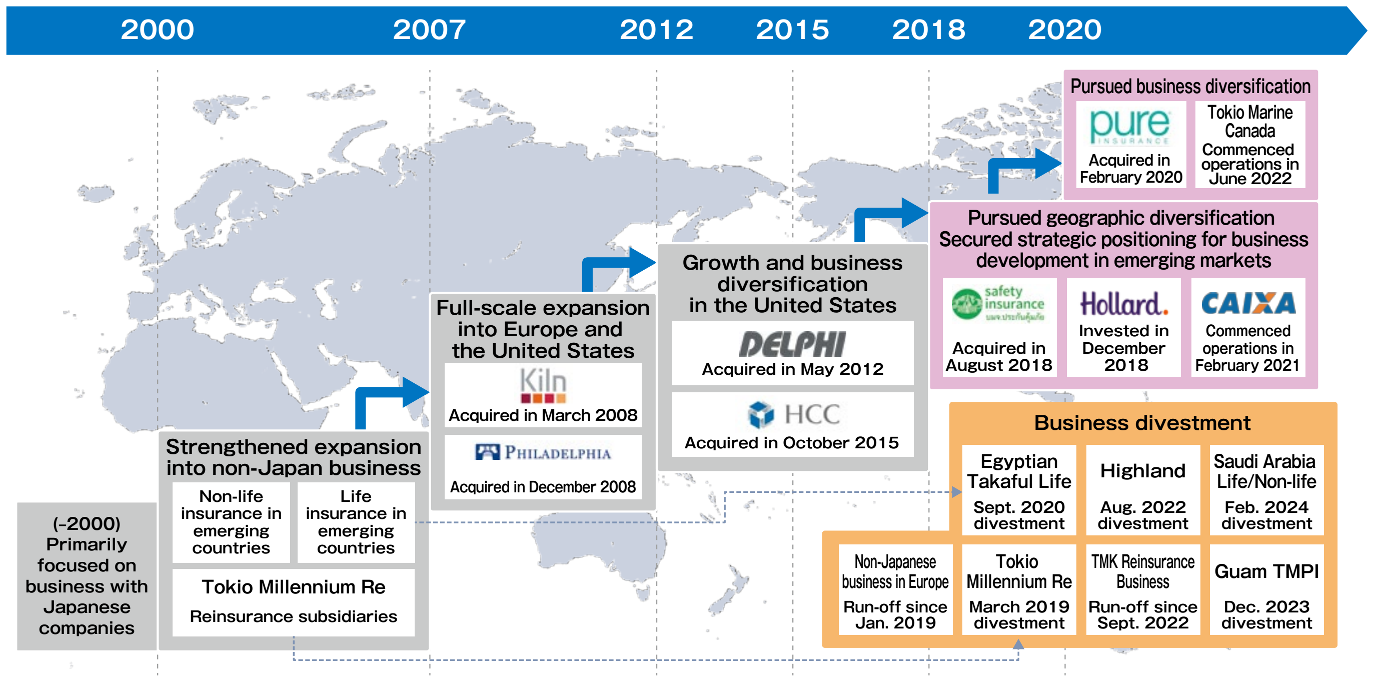
ESR Sensitivity



Disciplined Portfolio Review and Business Investment (In/Out strategy)

Based on this risk-based management approach, we are committed to disciplined portfolio reviews and business investments while considering risk diversification and future growth potential. For example, we recently acquired the PURE Group, established a local subsidiary in Canada, and engaged in bolt-on M&A with Gulf Guaranty Employee Benefit Services (GGEBS) through TMHCC, while also divesting subsidiaries in Guam and Saudi Arabia as part of our In/Out strategy. We will continue to carefully manage our risk portfolio, controlling risks and expanding corporate value through appropriate capital allocation.

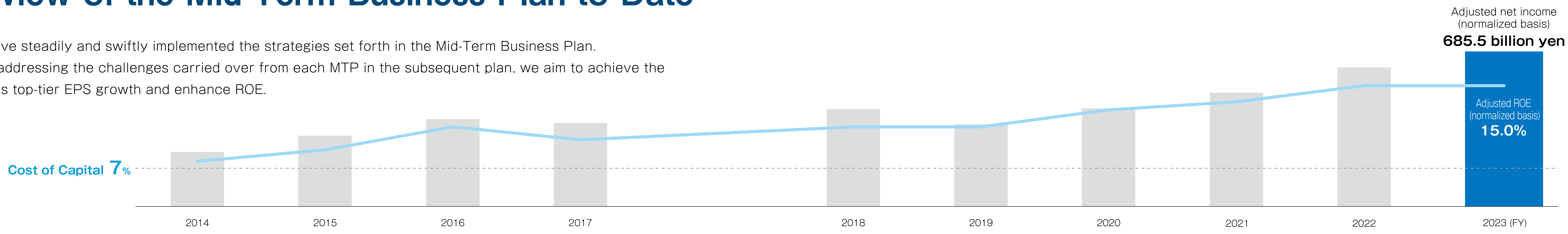
Trajectory of the In/Out Strategy



Review of the Mid-Term Business Plan to Date

We have steadily and swiftly implemented the strategies set forth in the Mid-Term Business Plan.

By addressing the challenges carried over from each MTP in the subsequent plan, we aim to achieve the world's top-tier EPS growth and enhance ROE.



Mid-Term Business Plan

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—

「To Be a Good Company 2017」

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

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

Review of the Priority Strategies

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

Achievement of Main KPIs

	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)	✓

[Remaining issue]
Profit growth by establishing an earnings base

「To Be a Good Company 2020」

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

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

Review of the Priority Strategies

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

	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	✓

[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

「Adapt, Lead, Innovate」

Priority Strategies
- New Markets × New Approach
- Enhance the profitability of the insurance business
- Business investment for the next growth stage
- Business portfolio optimization for sustainable growth

Main KPIs
- Adjusted ROE of approximately 12%
- Adjusted net income: CAGR of 3%—7%
- Payout ratio of 40% or higher (revised to 50% in November 2021)
- Flexible capital level adjustment

Review of the Priority Strategies

Boost profit growth and ROE beyond targets primarily through the following measures

- Creation of new markets in Japan, focusing on the four key societal issues, to strengthen the foundation for sustainable growth
- Improvement of profitability in domestic fire insurance and steady rate increases in North America, achieving growth exceeding the profit levels set in the plan
- Launch of new services through a new company in the solution business such as disaster prevention and mitigation, and mobility
- Execution of the In/Out strategy with discipline through continuous bolt-on M&A and divestitures of existing businesses
- Acceleration of the sale of business-related equities

Achievement of Main KPIs

	2023 results	Mid-Term Business Plan (2023)	Achieved
Adjusted ROE	15.0%*5	Approximately 12%	✓
Adjusted net income	CAGR +15%*5	CAGR +3%—7%	✓
Annual dividend per share*4	50%	50%	✓
Share buybacks	120 billion yen	Flexible approach	✓

[Remaining issue]
Expansion of revenue sources and further strengthening of governance at the Group level

[Remaining issue] (prior to 2017)
Build a foundation that enables sustainable profit growth and higher ROE

*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 Nat Cats normalized to an average annual level.
*2: Figures based on the market environment as of March 31, 2018, after adjusting for Nat Cats to an average annual level and excluding the impact of the COVID-19 pandemic
*3: Figures based on the market environment as of March 31, 2018, after adjusting for Nat Cats to an average annual level
*4: The payout ratio is based on five-year average adjusted net income. Based on original projections
*5: Adjust Nat Cats to an average annual level and exclude gains on the sale of business-related equities (amount exceeding the initial plan) and capital gains / losses in North America, etc.

The Tokio Marine Group views people as the driving force of growth and our most valuable asset. We are dedicated to actively embracing human capital management and increasing the probability of realizing the goals of our business strategy through our human resources strategy.

Satoshi Moriyama
Managing Executive Officer
Group Chief Human Resources Officer (CHRO)
Group Chief Wellness Officer (CWO)

Human Resources Empowering Our Competitive Edge

"Human resources" have been the Tokio Marine Group's most important asset since our founding. The strength of our people, who continue to take on the challenges of the "Purpose," is the driving force behind our corporate growth and the source of our competitive advantage. The roles of the Group CHRO are to respect each and every one of our more than 40,000 employees around the world, to thoroughly create an environment in which we can maximize our unlimited potential, and to strengthen our corporate capabilities through the implementation of our human resources strategies while increasing the likelihood that business strategies will be realized.

Since our founding in 1879, we have positioned human capital as a driving force for growth and have continued to devote all of our efforts to "human capital management." Last year, we released the "Human Capital Report" for the first time as a tool to explain our thoughts and specific initiatives to our stakeholders. This year, in June, we released the second version of this report. Here, we will explain the outline of this report.

Human Resources Strategy Aimed at Facilitating Business Strategy

Our human resources strategy is designed to enhance the probability of realizing the goals of our business strategy and propel Group growth. Of particular importance are two things: the building of a talent portfolio aligned with business concepts and the establishment of an organizational environment where the potential of such talent can be fully realized. As a result, our human resources strategy is built upon "People" and "Corporate culture," working in harmony aiming to create synergies that uphold and further enhance our distinctive capability of "Integrated Group Management."

We intend to build a strategically aligned human resource portfolio and achieve growth in each business through the active engagement of individual human resources. Moreover, we will enhance management decision-making in terms of both quality and speed by strengthening the Group management system. The underlying organizational culture and the creation of a sense of unity within the Group will further drive the growth of each business and the sophistication of decision-making. This virtuous cycle is what we are aiming for in Tokio Marine human capital management, and it is also the driving force that leads to the improvement of Tokio Marine's ROE, which is aimed at the global peer level.

"People" Supporting Integrated Group Management

As society as a whole becomes more complex, the challenges that we must solve are becoming more difficult. To solve these issues, it is important for employees with a variety of knowledge and experience to be active. Accordingly, the Tokio Marine Group will actively recruit and develop human resources with a high level of expertise and knowledge on a global basis to build a strategically aligned human resources portfolio. By placing the right people in the right positions, we will improve our ability to identify and resolve issues from diverse perspectives, which in turn will improve the problem-solving capabilities of the Group as a whole.

In this uncertain business environment, we believe that the most important management issue that holds the key to the future growth of the Tokio Marine Group is the stable and continuous development of future business leaders who can come up with solutions. Based on this belief, we established TLI (Tokio Marine Group Leadership Institute) in April 2023 as an organization headed by the Group CEO himself. With TLI at the core, we will create the foundation for the Tokio Marine Group to be a company that continues to grow 100 years from now by implementing recruitment, development and evaluation, and appointment and assignment in an integrated manner while interlinking them. Under the deep commitment of our executives, we will pass on the spirit of the Group since its foundation across generations.

At the same time, from the perspective of human resource development, based on our deep reflection on the insurance premium adjustment incident that occurred in TMNF, which is the core company of the Group, we will make thorough efforts to train each and every employee to create a "truly trusted customer-oriented company." The insurance business is a people business, and trust created by people is the source of everything. Therefore, it is essential for all employees to conduct their work in accordance with rules and based on a high sense of ethics. We will work to regain the trust of our stakeholders by again instilling the importance of integrity throughout the Group and developing human resources with a high sense of integrity.

◯ The Human Capital Report 2024 Released in June 2024

https://www.tokiomarinehd.com/ir/download/uh7ekg0000001y9b-att/Human_Capital_Report_2024_j.pdf

"Corporate Culture" Supporting Integrated Group Management

Central to all human capital management endeavors is each employee's alignment with the Group's Purpose. Our Purpose acts as a guiding light for the entire Group, providing a sense of direction. To unite our diverse workforce of more than 40,000 individuals worldwide and unleash their full potential, the CEO spearheads initiatives as Chief Culture Officer (CCO), driven by a strong belief in embedding these principles. Moreover, a "culture of growth" has taken root wherein each individual actively pursues self-improvement and positively influences others. This culture has thrived due to our history and continued efforts in addressing societal issues since our inception. It stands as our unique advantage, fostered by the ongoing sharing of these values among our employees. Through initiatives that embed our Purpose, we share the role we have played in addressing societal issues and the genuine aspirations of our employees, making the Purpose a personal commitment. Employees who internalize the Purpose then experience a sense of societal trust through their work and derive the motivation to contribute to future problem-solving. This cycle also contributes to enhancing overall organizational engagement. The results of the Culture & Values Survey conducted across the Group also reflect a high level of positive feedback. We regularly conduct employee perception surveys to gauge employee and organizational status, following a PDCA cycle to identify challenges and enact solutions. We prioritize employee satisfaction, motivation, and organizational culture. These factors are set as Key Performance Indicators (KPIs) in the executive compensation evaluations. Management leads efforts to boost employee engagement and nurture an organizational culture, actively driving these initiatives forward.

We believe it is essential to consistently value our employees and enhance unity while simultaneously creating an environment where diverse talents can thrive. In today's rapidly changing business landscape with increasingly complex societal issues, it is vital to leverage the knowledge and experiences of our diverse employees in management and governance. Given this perspective, we are placing DE&I at the core of our growth strategy and are advancing initiatives to improve both job satisfaction and ease of working.

The development of a company cannot be achieved without the growth of its people. We strive to bring together individuals under a shared purpose, fostering alignment with our valued corporate culture. Through this resonance, we aim to support personal growth and enhance the value we deliver to all stakeholders.

Achieving Sustainable Growth through the Synergy of "People" and "Corporate Culture"

The concepts of "People" and "Corporate culture" that I have discussed are closely intertwined. Our corporate culture, built on Group unity and increased engagement, helps attract and retain valuable talent. Meanwhile, appropriate human resource recruitment, development, and placement generates both personal and corporate growth, further enriching Group unity and employee engagement. Through ongoing efforts, we will sustain this synergy and virtuous cycle to foster lasting growth. Irrespective of how much global conditions and the business environment change, the fact remains that people are the cornerstone of our competitiveness.

As I step into the role of CHRO this fiscal year, I am committed to living by the principle of "In essentials unity, in action freedom" in our organizational management. I believe our true strength—and that of the entire Group—comes from employees who exhibit high professionalism and a strong sense of responsibility while supporting each other warmly as a unified team. I will wholeheartedly dedicate myself to these goals by harnessing and trusting our people's potential, offering diverse opportunities for growth, and maintaining a psychologically safe work environment where everyone can challenge themselves and excel.

CDIO Message
"Inspiring confidence. Accelerating progress." by promoting DE&I

Caryn Angelson
Executive Officer
Group CDIO (Group Chief Diversity, Equity & Inclusion Officer)

The business environment is incredibly uncertain and complex. In these times of uncertainty, it is more critical than ever that we foster an environment where each and every individual worldwide can feel psychologically safe and can flourish. This involves providing fair opportunities for growth, which in turn motivates employees to continue thriving.

To accelerate our efforts as they pertain to Diversity, Equity, and Inclusion (DE&I), we are committed to (1) fostering inclusive behaviors, (2) cultivating a culture of ally-ship, (3) eliminating barriers, and (4) working, collectively, for the benefit of the Group. Our aim is to drive the growth of the Group.

Overview and Examples of Initiatives of Human Capital Management (Human Resources Strategy)

Human Resource Strategy Aligned with the Midterm Business Plan

Our human resource strategy focuses on enhancing the success of the Mid-Term Business Plan by prioritizing the "stable and continuous development of human resources to support integrated group management" and "further penetration of corporate culture to support integrated group management."

Specifically, we are advancing human resource measures tied to the following nine themes, each with a focus on talent and organizational culture.

People Supporting Integrated Group Management	1 TLI	A focal point for developing next-generation management leaders within the Group
	2 Management systems	Establish global-based management systems to enhance the quality of management decisions and maximize synergy
	3 Succession planning	Establish a development cycle to consistently and sustainably cultivate talent for Group management
	4 Recruitment	Recruit individuals with the expertise necessary to execute the management strategy
	5 Human resource development and assignment	Develop and appropriately assign human resources to build a strategically consistent talent portfolio
Corporate Culture Supporting Integrated Group Management	6 Embedding our Purpose	Foster understanding, agreement, and empathy until each employee fully embraces our Purpose as their own
	7 Promotion of DE&I	Establish an environment where each individual can leverage diverse perspectives and knowledge based on their unique qualities
	8 Job satisfaction	Maintain and enhance each employee's engagement
	9 Flexible work environment	Practice health management to maintain and promote the health that forms the foundation for employee performance

People Supporting Integrated Group Management

Examples of Initiatives

Next-Generation Talent Development Centered on the Tokio Marine Group Leadership Institute (1 TLI)

Objective

Growth into management leaders who can contribute to social and public development

Key Drivers

Passing on the spirit of the Tokio Marine Group

Senior management directly communicate their expectations and vision to the next generation of leaders, passing on the Group spirit that has been inherited over more than 140 years

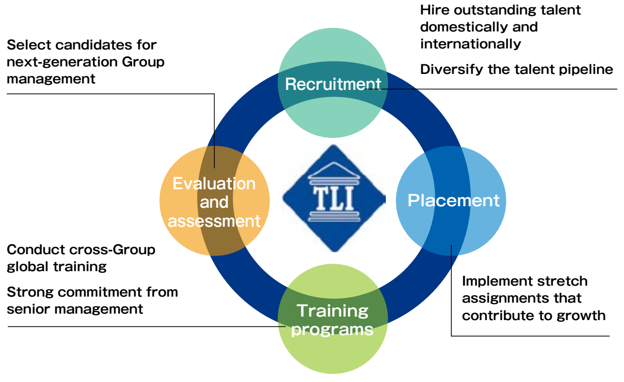
Practical experience in business operations

Take on comprehensive management responsibilities, not just fragmented functions, and overcome challenges firsthand

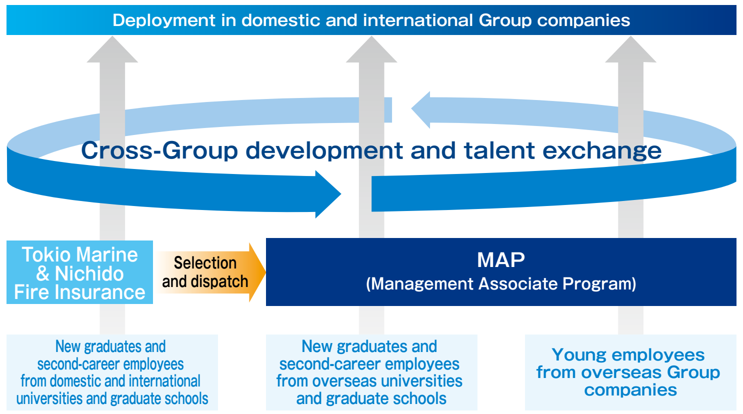
Gain a broad perspective that transcends organizational boundaries

Develop deep insights into global insurance markets and new business domains beyond traditional boundaries, and shape cross-Group strategies and vision

Specific Initiatives



Recruitment and Development of Talent with Advanced Expertise | Group-Based Training Program for Young Employees (4 Recruitment)



Program overview	
Objectives	To cultivate global talent with a deep understanding of Group culture and expertise in corporate functions over a period of two years
Participants	New graduates, second-career employees, or employees from Group companies in their first to third year of tenure, as well as young employees dispatched from TMNF
Specialized fields	Actuarial, finance (including taxation, internal auditing, etc.), IT security
Training content	·Rotate through multiple Group companies, departments, and teams according to each participant's designated area of expertise to acquire specialization and a global perspective ·Deepen understanding of Group culture through activities such as group work and participation in group-based training ·Upon completion of training, participants will be deployed to Tokio Marine Group companies

Development and Reskilling of DX Talent to Adapt to Environmental Changes (5 Talent Development and Assignment)

Talent Promoting DX (Target Employees, Required Roles and Actions)

DX Leaders Executives, digital-related general managers	Leverage knowledge of cutting-edge technology in decision-making to lead DX strategies while fostering an organizational culture where employees are encouraged to embrace change.
DX Core Digital-related departments, planning and development staff	Drive projects in areas such as marketing, UI/UX design, system development, and AI and data utilization, collaborating with external experts as needed.
DX Drivers Participants in DX-related training	Identify fundamental issues in their respective tasks and implement solutions utilizing digital technologies, while promoting DX within their own organizations.
All Employees	Acquire the necessary DX literacy and skills as business professionals, fully leveraging digital tools with an understanding of the significance of DX and digital strategies.

Specific Initiatives (Tokio Marine & Nichido Fire Insurance)

The implementation of training, along with the provision and utilization of learning content, contributes to improved digital literacy and skills in business, tech, and creativity.

FY2023 Number of participants in core DX program **695**

Literacy and Skills Necessary for Promoting DX

Business (Insight)	The ability to overview one's own work processes, identify challenges toward value provision and operational efficiency, and proactively advance solutions
Tech (Curiosity)	The ability to quickly grasp the latest societal changes and trends and seamlessly integrate AI and digital technologies into work processes
Creativity (Innovation)	The ability to address customer challenges and needs, providing new value and enhancing operational efficiency from a customer-centric perspective

Culture That Supports Our Group-Wide Management

We are striving to integrate our Purpose, leveraging the skills and experiences of diverse talents to strengthen the collective capacity of the organization, and cultivate an inclusive organizational culture, all while enhancing employee engagement.

Examples of Initiatives

Foster a sense of Group unity (see p. 33)

6 Embedding our Purpose
- Dialogue between Group CEO and middle management
- Communication from CEOs of Group companies worldwide
- "Majikirakai" and town hall meetings worldwide
- Implementation of PDCA cycles using Culture & Value Surveys

7 Promotion of DE&I
- Establishment of the CDIO/Diversity Council
- The "Four Freedoms" (gender, age, borders, work styles)
- Project Mizu etc.

Enhance engagement

8 Job satisfaction
- Initiate organization-level PDCA practices based on engagement surveys
- Establish dedicated teams for improving engagement (TMNF)

9 Flexible work environment
- Introduce flexible work rules
- Enhance various infrastructures

We aim to leverage intellectual capital in the form of the Group's data and digital technology as a source of competitive advantage to evolve into a company that always supports its customers and transforms internal business processes.

Masashi Namatame
Senior Managing Executive Officer
Group Chief Digital Officer (CDO)

Evolve into a Company That Always Supports Its Customers

Amid an era of profound change and escalating global uncertainties, we are broadening our scope to deliver enhanced value and bolster support to both customers and society. As CDO, my objective is to harness our intellectual assets, encompassing the Group's exclusive data and digital technology, as a source of competitive advantage. In addition to the drive toward global digital synergies, I aim for evolving into a company that always supports its customers while driving business process transformation.

Transforming Our Value Proposition

Over the course of many years, we have amassed, analyzed, and effectively utilized extensive volumes of data through our underwriting and claims services. With Tokio Marine dR Co., Ltd. (TdR), at the helm, driving the Group's data utilization and solution development, we are leveraging this intellectual capital to step into novel domains such as advanced data-driven underwriting, data solutions, and embedded insurance. Based on the belief that expanding our data and value proposition model through collaboration will lead to new value creation, we are continuously honing our intellectual capital and co-creating with external partners. Our goal is to broaden our value proposition while also enhancing our social capital.

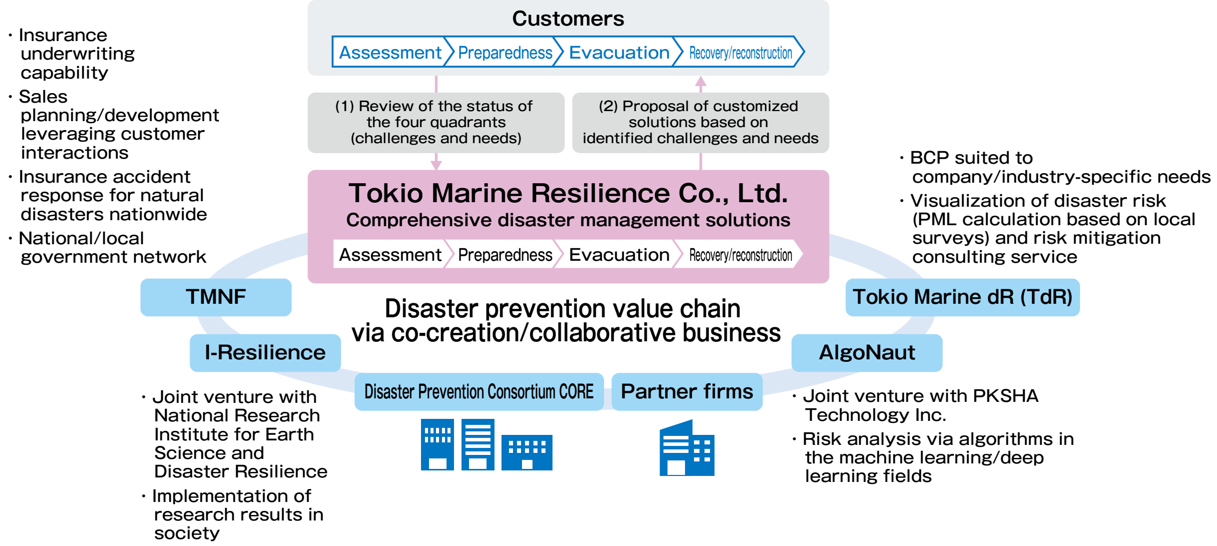
Utilize Social Capital to Create New Profit Streams

An example of utilizing social capital, an ecosystem built across different companies through these initiatives, is our collaboration with I-Resilience Corporation, a joint venture between the National Research Institute for Earth Science and Disaster Resilience and TMNF. This partnership involves providing the Resilient Information Distribution Service offered by Tokio Marine Resilience. The service integrates information from various locations of companies and organizations with extensive and multiple sites to support the maintenance and continuity of logistics and business activities during natural disasters. By developing a program that centralizes risk data from multiple sites and assesses their risk conditions, the service provides information such as identifying which sites—such as A and B—are at high risk due to an impending disaster. This enables companies, for instance, with 100 locations, to continue logistics and business operations primarily from sites with lower risk while planning actions to support those with higher risk, based on this information. The system was provided free of charge as an emergency response following the Noto Peninsula earthquake. We quickly developed a user-friendly mobile interface in collaboration with I-Resilience, and by January 10, just nine days after the earthquake, the service was made available on TMNF's website (until March 31, 2024). This system was used to leverage alert information for preventing secondary disasters at evacuation sites and for formulating support schedules by local governments and volunteers to facilitate early recovery efforts.

To further enhance the utilization of social capital, we established two new companies in November 2023: Tokio Marine Resilience Co., Ltd., for disaster prevention and mitigation, and Tokio Marine Smart Mobility Co., Ltd., for the mobility sector. These new entities are dedicated to new business initiatives and are focused on accelerating the planning and development of innovative value propositions and solutions.

To continue fulfilling our Purpose of protecting customers and society in their times of need, we aim to expand our value proposition into a comprehensive solution business. This approach goes beyond just insurance payouts to cover both preventive and responsive measures, including preventing accidents, alleviating burdens in case of incidents, facilitating swift recovery, and preventing recurrences. Our goal is to develop this area so that, in 10 years, it stands as a key revenue pillar alongside our existing businesses.

◯ Overview of the Comprehensive Disaster Prevention and Mitigation Solutions Business in Collaboration with the Tokio Marine Group and External Partners



Transforming Business Structure

For nearly 20 years, we have been committed to fundamentally reforming our business processes to enhance operational efficiency. At TMNF, we have been advancing the digital streamlining of insurance business processes, including efforts to improve contract procedures and automate the insurance claims payment process. In fiscal 2023, we achieved a 16.7% reduction in administrative burden compared with the end of fiscal 2019, exceeding the planned reduction of 15%. This reduction translates to an annual profit contribution of 20–25 billion yen.

To further enhance the efficiency of our digital business model, we are positioning the use of AI and data as a crucial strategy for transforming our business structure. We are also exploring the potential of generative AI, which has garnered significant attention across various fields. Generative AI, with its capabilities in understanding text and generating responses, holds promise for improving productivity and customer service quality in the insurance industry. However, the industry's reliance on specialized terminology and complex communications presents challenges for implementing generative AI in practice. In addition, there are risks associated with data leakage and copyright infringement that must be carefully managed.

To tackle these obstacles, we have partnered with PKSHA Technology Inc. and Microsoft Japan Co., Ltd., to create safeguards against external data leaks and secondary usage of input information. Leveraging our extensive repository of manuals and insurance policy terms, we are in the process of crafting a dedicated interactive AI tailored to the insurance domain.

By conducting a trial operation of this interactive AI, initiated in June 2023, our objective is to continue gathering insights and address any remaining risks. Our aim is to roll out this feature for widespread employee usage by the end of fiscal 2024. In addition, we will explore and pursue new use cases that maximize the potential of generative AI, aiming to enhance operational productivity and customer service excellence.

Our commitment lies in driving additional growth by channeling the time generated from these endeavors into creating novel profit opportunities.

Foundation Underpinning Our Intellectual Capital Strategy

(1) Global Synergies (Development of Global Labs)

In addition, we are dedicated to strengthening collaboration both domestically and internationally in the digital realm. We are actively engaged in fostering digital synergy globally. Through our network of seven Global Labs and the Digital Roundtable that brings together overseas sites, we are facilitating the sharing of diverse knowledge and expertise from around the world. This is accelerating digital transformation (DX) across the Group.

(2) Investment in and Development of DX Personnel

To expedite these efforts, investing in and nurturing talent with strong DX skills is crucial. We have brought on board approximately 100 dedicated digital experts, encompassing engineers and designers. Meanwhile, graduates from our internal DX talent development program, known as Data Science Hill Climb, are equipped to lead digitalization efforts as proficient data scientists.

With a focus on "Business Architect" professionals, we are collaborating with technology companies to achieve notable outcomes. For instance, we have implemented a system that integrates fire insurance subscription processes into the online purchasing process for investment real estate, marking a first in both the domestic real estate and insurance industries. Furthermore, based on feedback from previous Data Science Hill Climb participants, who highlighted the need for expertise not only in advanced specialties but also in leading DX and AI business initiatives, we have developed a new Business Architect training program. This program will be offered externally as well.

Moving forward, we will expand our business beyond just offering courses and sharing know-how. We aim to extend our services into concrete implementation support through data analysis and digital technology utilization. This will include advancing digital usage across society and supporting the disaster prevention value chain through collaboration and co-creation.

Transforming Our Value Proposition (Utilization of Human, Intellectual, and Social capital)

◯ Creation of New Solution Businesses: (1) Tokio Marine Resilience

■In the disaster prevention and mitigation field, we are leveraging the capabilities of both internal and external partners, such as the disaster prevention consortium CORE, to develop risk solutions that can address the increasingly complex multi-peril scenarios. Our goal is to continue developing and providing even more advanced solutions.

Examples of concrete solutions (see p. 19)

Case 1 Resilient Information Distribution Service

Case 2 Real Time Hazard

Case 3 Disaster Prevention and Mitigation Data Fee Business

Capabilities as a source of competitive advantage

Co-creation with external partners

CORE 防災コンソーシアム

- 119 companies and organizations participating (as of June 2024)
- Contributing to the creation of a resilient society through partnerships with a wide variety of industries and organizations
- Advancing the development of disaster prevention and mitigation solutions through 10 theme-specific working groups

Group capabilities (Human and Intellectual Capital)

Strengths of TdR and as an insurance company
- Intellectual capital: Accident, disaster, and risk consulting data
- Human capital: A broad and cutting-edge team of experts

◯ Creation of New Solution Businesses: (2) Tokio Marine Smart Mobility

■In the mobility sector, we are developing risk solutions by leveraging the risk management expertise accumulated through our insurance and related businesses, combined with digital capabilities and technology both within and outside the Group.

Examples of concrete solutions

Case 1 Fleet Management Service
- Provides real-time dynamic information and safety driving diagnostics utilizing our accident data analysis capabilities, as well as automation of daily reporting tasks for managers, leading to reductions in risk and cost for adopting companies
- Pricing: Approximately 35,000 yen per unit per year

· Real-time visualization of location and driving history
· Automated creation of daily and monthly reports, safety driving guidance
· Visualization of vehicle usage and reminders for vehicle inspections

Case 2 Autonomous Driving Implementation and Operation Support Package
- Provides a comprehensive package for operators introducing Level 4 autonomous driving, combining risk assessment, remote monitoring and incident response, and insurance, supporting safe implementation and operation throughout the entire process
- Pricing: From several million yen per case

· Remote monitoring of autonomous driving performance and operational status
· Seamless arrangement of necessary responses in case of accidents or issues

Case 3 Traffic Accident Reduction Support Service
- Develops risk maps and AI-based potential hazard prediction models developed using the company's accident-related data and external data that are provided to local governments and other organizations to support efforts in reducing traffic accidents
- Pricing: From several million yen per case

· Consulting for developing countermeasures (optional)
· Related initiatives selected for the third phase of the Strategic Innovation Program, Development of the Smart Mobility Platform

Capabilities as a source of competitive advantage

Real Data through Business Operations

Rich real data obtained through insurance and related businesses
- Accident data: Handling approximately 3 million accidents annually within Japan alone
- Dashcam data: Accumulated video data through more than 1 million units of DAP sold

Other Intellectual and Human Capital

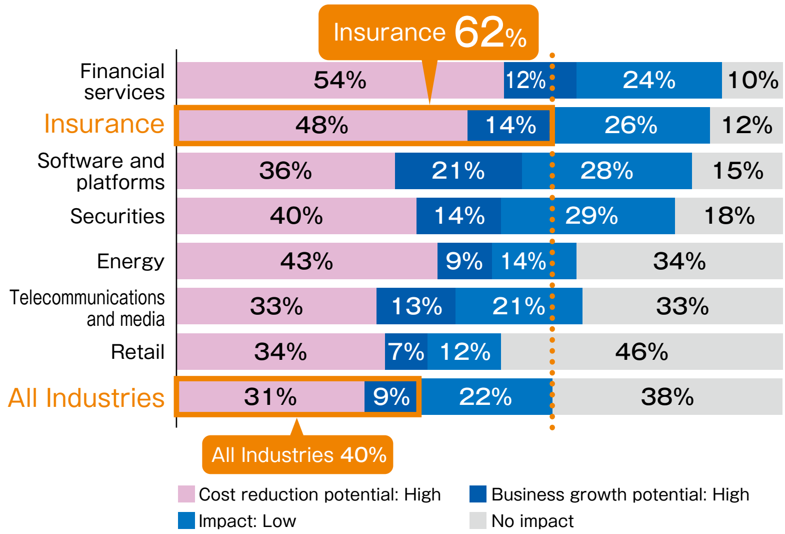
Intellectual and human capital related to risk management
- Accident cause analysis: Risk investigation, analysis, and consulting based on accident response records
- Cutting-edge experts: More than 300 specialized professionals with extensive and advanced expertise

Transforming Our Business Structure

◯ Strengthening AI/Data Utilization -Overview-

■ The insurance industry inherently has high operational costs, with significant potential for automation through generative AI.
■ Position AI/data strategy as a key strategy and consider its application across all operations within the business model.

◯ Comparison of Transformation Potential by Industry through AI



*Based on Accenture Research, analyzing data from the U.S. Bureau of Labor Statistics' occupational information network (O*NET)

◯ Consideration of AI in Operational Tasks

- Sales promotion and marketing
- Enrollment procedures and contract processes
- Accident response
- Products and services
- Corporate operations

◯ Strengthening AI/Data Utilization: Leveraging Generative AI

■ Through the utilization of generative AI, including ChatGPT, we aim to further enhance productivity while strengthening our efforts in AI governance.

One-AI for Tokio Marine

As part of our Tokio Marine—specific generative AI platform, we introduced "One-AI for Tokio Marine," utilizing ChatGPT in October 2023.

Usage Status (as of August 31, 2024)
·Number of users: Approximately 15,000
·Average daily usage: 5,000 to 7,000 times per day

Main Use Cases
(1) Document generation (e.g., draft letters, creating texts for customers and agents)
(2) Excel functions and macros (e.g., VBA code and function lookup)
(3) Thought exploration (e.g., role-playing agent dialogues)
(4) Meeting minutes
(5) Automatic creation of meeting notes

One-AI for Tokio Marine

Efforts in AI Governance

Collaboration with Robust Intelligence, Inc.

Formed a capital and business partnership with Robust Intelligence, a U.S. company with expertise in AI vulnerability assessment, to jointly enhance AI risk solutions.

ROBUST INTELLIGENCE

Participation in the AI Governance Association

Joined the AI Governance Association as a director to share insights in AI governance, plan certification systems, and make policy recommendations across industries.

AIガバナンス協会 AI Governance Association