Tokio Marine Group’s Value Creation Story

Since its founding, Tokio Marine Group has proceeded to contribute to the resolution of various social issues by working toward its purpose, “To be a Good Company.” This purpose will remain the same, no matter how times may change. However, we do recognize the need to adapt our approach toward resolving issues in conjunction with changes in the operating environment.

We have always been quick to respond to change. Going forward, we will continue to pursue self-transformation in order to continue to...

A company that is still supporting customers and society in their times of need 100 years from now

“To Be a Good Company”

Vision for Tokio Marine Group

Purpose unchanged from time of founding (pages 10-11, 28)

• The purpose of Tokio Marine Group’s business to support customers and society in times of need will remain consistent no matter how the times may change.

• All Tokio Marine Group employees are passionate about this business purpose and are proactive in their efforts to help accomplish it; this purpose guides us in our commitment to be a "Good Company."

Ongoing self-transformation in response to changes in the environment (page 29)

• We are witnessing rapid changes in society and in the operating environment. These changes are in turn driving changes in social issues.

• Tokio Marine Group will boldly adjust its approach to address the changing social issues.

Approach Toward Resolving Social Issues

Alleviate daily concerns through coverage of risks

Identify risks before materialization to spread awareness and help mitigate said risks

Support challenging undertakings through coverage of risks

Foundations Underpinning Value Creation

Strengths Cultivated by Tokio Marine Group

• Talent (pages 62-63)
• Product and service capabilities (pages 64-65)
• A wide range of networks (page 66)
• Sound financial base (page 67)

Robust and transparent corporate governance measures (pages 38-41, 50-57)

Past

History of resolving social issues

e.g.

2012: Release of former One Day Auto Insurance product
2002: Launch of Super Insurance, insurance product
1998: Introduction of Japan’s first liability
1994: Launch of Japan’s first liability
1879: Founding as marine insurance

Value Delivering

“Customers” and “Society” (pages 36-37)

Profit reflecting evaluation by “customers” and “society” Adjusted net income: ¥400.0–¥450.0 billion

“Shareholders”

Adjusted ROE
Priority strategies for resolving social issues

Persistent Core Social Issues
- Safe, secure, and comfortable world based on city development strategies led by Tokio Marine Group
- World offering a sense of purpose and motivation to all
- World of increased national strength supported by industrial and regional innovation

Material Social Issues to Be Addressed by Tokio Marine Group

New Social Issues
- Global Climate Change and Increase in Natural Disasters
- Operating Environment Changes Stemming from Technological Innovation
- Industrial Foundations for Supporting Economic Growth and Innovation
- Equality of Opportunities and Inclusion
- Rising Burden of Nursing and Medical Care Due to Aging Population and Progress in Medical Technology

Value Delivering to Stakeholders

"Customers" and "Society"
- Adjusted net income: ¥400.0–¥450.0 billion

"Shareholders"
- Adjusted ROE: 10% or more

"Employees"
- Passion toward Tokio Marine Group indicated by culture and values survey: More than 4.1 points

"Supporting customers and society in their times of need." These efforts have helped the Group grow and enhance its corporate value. Resolving issues in conjunction with changes in the operating environment will be a "Good Company" that is truly deemed necessary over the next 100 years by contributing to the realization of a sustainable society.
We have protected customers from the accidents and disasters through our insurance business and supported their new challenges for tomorrow.

Founding Based on Our Mission of Contributing to Resolve Social Issues

Tokio Marine Insurance was founded as the first insurance company in Japan in 1879, during the Meiji Period when the country was rapidly trying to modernize. Getting our start as a provider of marine insurance, we protected the trade cargo that was so crucial to Japan’s modernization from maritime accidents. In this manner, we have been fulfilling our mission of contributing to the resolution of the social issues that emerge in conjunction with economic development since our founding.

Response to 1923 Great Kanto Earthquake

Many lives and assets were lost in the Great Kanto Earthquake. Following the earthquake, a major social issue emerged in the fact that damage from earthquakes was not covered by the fire insurance policies at that time. Kenkichi Kagami, the Management of Tokio Marine Insurance and the Chairman of the Joint Fire Insurance Association of Japan, approached insurance companies while receiving support from the Japanese government to address this issue by paying 10% of the insured amount as a form of consolation.
The purpose of Tokio Marine’s business is to support customers and society in their times of need. It could therefore be said that our business is itself a form of contribution to the resolution of social issues.

Business Purpose Unchanged from the Time of Founding

Tokio Marine Insurance was established in a time when the concept of insurance was not commonly known. Eiichi Shibusawa, now being said as the “father of Japanese capitalism,” played a major role in the Company’s establishment as it was he who gathered the necessary investors, citing the creation of an insurance company as “a national project.”

Mr. Shibusawa’s philosophy of the union of morality and the economy asserts that, while accepting that it is the purpose of companies to pursue profits, this pursuit must be grounded in a sense of morality and companies must take responsibility for the prosperity of their country or of humanity as a whole. This philosophy has been passed down to, and continues to shape the actions of, the Tokio Marine Group of today.

Nationwide Recognition Achieved by Kenkichi Kagami

As Kagami worked diligently to coordinate with all parties involved to realize the payment of consolation to insured of the Great Kanto Earthquake, he came to be recognized throughout Japan. Recognition of Kagami grew to the point that confectionery makers produced the sweets named “Kaho-yaki,” abbreviated name of fire insurance.
Social Issues Change with the Times
Insurance Changes with Social Issues

We have resolved social issues through the creation of Japan-first insurance products.

1879
Founding
Start in Marine Insurance

Getting its start in marine insurance for supporting marine transport and trade, Tokio Marine Insurance contributed to the modernization of Japan as the country’s first insurance company.

1914
Auto Insurance

Tokio Marine Insurance launched an automobile insurance product at a time when there were only about 1,000 vehicles in Japan. The number of domestic auto insurance policies issued by the Group has grown to more than 15 million, the outcome of our continuous efforts to address motorization since 1914.

1959
Liability Insurance

At a time when accident victims often found themselves with no recourse other than to give up, we launched Japan’s first liability insurance product to address the social need to cultivate awareness regarding proper damage compensation and define the appropriate level of compensation.
We aim to resolve social issues through delivering innovative products and services — in the past, present, and future.

After the deregulation of the insurance market, Tokio Marine Group developed a personal injury insurance product designed to compensate for all damages a policyholder may be liable for after an accident. This product proved immensely popular among customers, eventually becoming the standard for the auto insurance products of today.

We developed Super Insurance based on the concept of providing customers protection throughout their entire life with both life and non-life insurance. This product was developed from the customer-oriented concept of “bundling together various difficult-to-understand insurance products into a comprehensive package.” More than 1.9 million household customers had policies nowadays.

We began offering a Japan first product, One Day Auto Insurance, which is based on the concept of allowing customers to receive insurance only for the days they need it and offering easy application via mobile phone. This product helps to address the social need to reduce the number of uninsured drivers. Winning immense support from customers, this product has been purchased by over 4 million drivers.
Tokio Marine Group remains committed to responding to natural disasters and automobile accidents, and addressing other persistent social issues. Our commitment will not change going forward.

At the same time, we recognize that new risks and social issues emerge in conjunction with changes in the business environment. We have thus identified social issues that Tokio Marine Group should currently tackle.

### Material Social Issues to Be Addressed by Tokio Marine Group

#### Global Climate Change and Increase in Natural Disasters

Instances of unusual weather, such as concentrated heavy rains, are becoming larger as a result of climate change. With the potential to lead to even larger-scale natural disasters, this phenomenon threatens the safety and security of our lives.

#### Rising Burden of Nursing and Medical Care Due to Aging Population and Progress in Medical Technology

Medical expenses are rising each year in conjunction with an aging population, birthrate decline, and increases in lifestyle diseases, threatening to place additional burdens on people and their families.

#### Operating Environment Changes Stemming from Technological Innovation

Advancements in artificial intelligence (AI) and robotics technologies promise to make our lives more comfortable and convenient while simultaneously increasing the threat of cyber terrorism and other new risks emerging.

#### Equality of Opportunities and Inclusion

A failure to provide everyone in the world with equal access to opportunities, educations, and services could threaten the sustainability of economic growth.

#### Industrial Foundations for Supporting Economic Growth and Innovation

Rural depopulation and a declining working population are becoming major social issues in Japan. If society is unable to invigorate industry, it could face the threat of economic recession.
**Identification of Material Issues with Rising Impact on “Society”**
From among the 17 United Nations Sustainable Development Goals (SDGs), issues from which the impact on society is rising were identified by analyzing the focus areas of start-up companies in Japan and around the world based on investment amounts.

**Identification of Material Issues of Growing Importance to “Management”**
Material issues that are of growing importance to management were identified from among the 17 SDGs through investment amount-based analyses of the focus areas of global insurance companies.

**Identification of Material Issues That Tokio Marine Group Can Help Resolve**
Five material issues that Tokio Marine Group can especially help resolve were identified from among the issues with rising social impact and the issues of growing importance to management.

The United Nations Sustainable Development Goals comprise 17 goals and 169 targets for national governments and companies to work toward accomplishing that were introduced in the document “Transforming our world: the 2030 Agenda for Sustainable Development,” which was adopted at the September 2015 United Nations Sustainable Development Summit.
This page details our outlook for the material social issues to be addressed by Tokio Marine Group and the principal measures for responding to these issues. Our mid-term business plan expresses the commitments, actions, and targets that will shape our efforts to resolve these issues.

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<th>Material Social Issues</th>
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<tr>
<td><strong>Tokio Marine Group Outlook</strong>&lt;br&gt;(Risks and Opportunities)</td>
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</tbody>
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**Global Climate Change and Natural Disasters**
- **Risks**
  - More widespread damages as a result of increasing scale of natural disasters
  - Adverse impacts to crop production volumes from unusual weather
- **Opportunities**
  - Rising awareness regarding climate change and natural disaster risks
  - Drive to promote spread of clean energy

**Rising Burden of Nursing and Medical Care Due to Aging Population and Progress in Medical Technology**
- **Risks**
  - Increase in patients unable to receive treatment due to rising medical costs
  - Higher numbers of dementia and lifestyle disease patients
- **Opportunities**
  - Increased health awareness
  - Higher awareness regarding longevity risk

<table>
<thead>
<tr>
<th>Medium-to-Long-Term Vision for the World</th>
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**Resilient world at peace with natural disaster risks**

**World where people have peace of mind with a longer healthy life expectancy**

| Priorities of the Mid-Term Business Plan<br>(Strategies for Realizing Our Vision for the World) |

<table>
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<tr>
<th>Current Initiatives and Principal Measures</th>
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**Response to Natural disaster**
- United effort by employees and agents to swiftly deliver safety
- Swift claims payment through incident response services using satellites

**Disaster prevention initiatives**
- Contributions to disaster resilient cities via research through industry-academia partnerships, business continuity plan establishment support, and Disaster Risk Prevention Lessons

**Promotion of clean energy**
- Contribution to proliferation of renewable energy through insurance and financial businesses

**Protection of the future of the earth**
- Contributions to environmental sustainability through mangrove tree planting and “Green Gift” project.
- Proactive disclosure of climate change-related financial information based on recommendations of the TCFD

**“Life Insurance Revolution to Protect One’s Living”**
- Support for risks accompanying longer lifespans through introduction of unique life insurance products that address areas not covered by conventional insurance

**Support for diabetes patients**
- Examination of potential of developing new products and services in response to the serious issue of the rising number of diabetes patients in India

**Aid for dementia patients**
- Provision of specialized products for helping dementia patients and their families live empowered lives with peace of mind

**Response to personal health and aging society needs**
- Ongoing implementation of dementia Supporters Training Programs and movement to protect customers with cancer
Medium-to-Long-Term Vision

(Risks and Opportunities)

Priorities of the Mid-Term

Our Vision for the World

(Strategies for Realizing Current Initiatives and Principal Measures for the World

Business Plan

Adverse impacts to crop production volumes from unusual weather

More widespread damages as a result of increasing scale of natural disasters

Rising awareness regarding climate change and natural disaster risks

Opportunities

Resilient world at peace with

and Natural Disasters

Material Social Issues to Be Addressed by Tokio Marine Group

• Higher awareness regarding longevity risk

• Increased health awareness

• Higher numbers of dementia and lifestyle disease

Rising Burden of Nursing and Medical Care Due to Aging Population and

Progress in Medical Technology

due to rising medical costs

Opportunities

due to advancements in medical technology

due to progress in medical technology

due to advancements in medical technology

due to progress in medical technology

due to advancements in medical technology

Safe, secure, and comfortable world based on city development strategies led by Tokio Marine Group

World offering a sense of purpose and motivation to all

World of increased national strength supported by industrial and regional innovation

new value by developing innovative products and services

exhaustive Groupwide adoption of cutting-edge technologies

Positioning on Value Creation Story

Aligned Group management

Construction of a strong global business platform by utilizing diverse human resources in accordance with our core identity to address ever more diverse and complicated social issues

Operating Environment

Changes Stemming from Technological Innovation

• Increased complexity in assigning responsibility due to advancement of autonomous driving technologies

• Inappropriate information access through cyberattacks

• Emergence of new business models arising from technological innovation

• Enhancement of services and improvement in operational efficiency through spread of AI and IoT

Equality of Opportunities and Inclusion

• Workforce contraction resulting from failure to utilize diverse human resources

• Lack of access to insurance services in developing countries

Opportunities

• Increase in efforts to promote diversity and inclusion

Industrial Foundations for Supporting Economic Growth and Innovation

• Regional economic recession stemming from depopulation

• Difficulty in securing highly skilled workers amid a shrinking workforce

Opportunities

• Growing movement to support the development of regional economies

• New needs increasing in conjunction with the globalization of Japanese companies

Response to Automobile accident

Provision of Japan’s first products for supporting the proliferation of self-driving cars

Supply of original drive recorders to deliver services for preventing automobile accidents and realizing swift post-accident responses

Aim to create a network of safety and security

Provision of cyber insurance to offer comprehensive coverage for losses stemming from cyber accidents in response to the rise in cyber crimes

Accident response services powered by big data and AI technologies

• Tie-ups with insurtech companies to examine methods of expediting claim payment decisions and automating post-accident response

Education for younger generations

• Support for the children that will shape the future through “Group Work on Managing Risks and Opportunities” career education program

Realization of an inclusive society

• Support for the challenge of diverse people in collaboration with the Japanese Para-Sports Association, the Special Olympics Nippon Foundation, and The Japan Deafblind Association

Contributions to the development of society through sports

• Support for people taking up challenges provided as non-life insurance partner of the Olympic and Paralympic Games Tokyo 2020

Alleviation of concerns of non-Japanese visitors to Japan

Coordination with relevant business operators nationwide to expand lineup of services that accommodate the rising number of foreign visitors to Japan

Elimination of poverty in society

Provision of weather insurance and microinsurance to contribute to prosperity of farmers and elimination of poverty in India

Contributions to a diverse society

Provision of Japan’s first products and services catering to the LGBT community a step ahead of industry peers

Support for the growth of small and medium-sized enterprises

Provision of products bundling insurance for various corporate risks at reasonable prices

Health and productivity management initiatives

Support for improving corporate productivity through monitoring and improving employee health

Regional revitalization initiatives

Partnerships between regional municipalities and business operators to advance regional revitalization initiatives

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Japan was plagued by frequent, large-scale natural disasters in fiscal 2018, including the northern Osaka earthquake, the West Japan Heavy Rain, the Hokkaido Eastern Iburi earthquake, Typhoon 21, and Typhoon 24. As a result, insurance losses reached an all-time high. The number of natural catastrophe claims reported was approximately 420,000, substantially higher than the 230,000 claims received following the Great East Japan Earthquake.

Response to Natural Disasters

United Effort by Employees and Agents to Swiftly Deliver Safety

Natural disasters are a frequent occurrence in Japan, and responding to these disasters is thus a material social issue. Faced with some of the largest natural disasters ever seen in 2018, Tokio Marine Group employees united with agents and, utilizing technology to the fullest extent possible, sought to make claims payments as quickly as possible.

Our disaster response initiatives went beyond quick claims payments to include a nationwide drive to confirm customer policy details and propose the coverage necessary to protect customers from all risks. These efforts have been highly evaluated by our customers, earning greater levels of trust and support for Tokio Marine Group.

Number of Natural Catastrophe Claims

Approx. 420,000

Japan was plagued by frequent, large-scale natural disasters in fiscal 2018, including the northern Osaka earthquake, the West Japan Heavy Rain, the Hokkaido Eastern Iburi earthquake, Typhoon 21, and Typhoon 24. As a result, insurance losses reached an all-time high. The number of natural catastrophe claims reported was approximately 420,000, substantially higher than the 230,000 claims received following the Great East Japan Earthquake.

Insurance Claims Payments Resulting from Major Wind and Flood Disasters (Industry-Wide)*1

(Billions of yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>Claims Payments</th>
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<tbody>
<tr>
<td>1991</td>
<td>1,400</td>
</tr>
<tr>
<td>2004</td>
<td>600</td>
</tr>
<tr>
<td>2018</td>
<td>12,000</td>
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*1 Source: The General Insurance Association of Japan

Full Utilization of Technology

By fully utilizing technology, the Group endeavors to make claims payments as quickly as possible. We are committed to utilizing technology to the fullest extent possible so that we can better support customers in their times of need. Initiatives in this regard include using satellite images to quickly develop an understanding of the impacted areas, using drones to take aerial photographs for the purpose of swiftly appraising damage, and employing robotic process automation to automate certain claims payment processes.
We responded to the series of natural disasters that struck in fiscal 2018 through a policy of prioritizing swift claims payments above all else, mobilizing an aggregate number of more than 50,000 employees from across Japan to support the affected regions. Motivated by a strong commitment to realize the earliest possible claims payments, employees and agents united to respond to the disasters by supporting customers in their times of need.

The unprecedented natural disasters seen in fiscal 2018 reaffirmed, to our employees and agents, the importance of our mission to protect our customers from all possible risks. To ensure that we fulfill this mission, Tokio Marine Group launched a nationwide campaign in August 2018 to reconfirm the policy details, needs, and risks of customers so that we can provide them with the necessary products and services.

Since then, the ratio of policies with earthquake insurance has risen to 69.7% (as of June 30, 2019), a year-on-year increase of 3.8 percentage points. This increase is an indication of the high evaluation of our efforts by customers, which have earned Tokio Marine Group greater levels of trust and support.

Aggregate Number of Employees Mobilized
More than
50,000

Ratio of Policies with Earthquake Insurance
+3.8 percentage points

A Strong Commitment to Swiftly Delivering Safety
Our Treasured Value
Contributions to a Safe and Secure Automobile Society

Traffic accidents are becoming a material social issue in Japan, which sees around 430,000 accidents a year, and accidents by senior citizens have become a particularly serious issue in recent years.

To address this issue, Tokio Marine & Nichido has developed Drive Agent Personal, a service that utilizes an original, transmitter-equipped drive recorder device.

In addition, we are providing Japan-first automobile insurance products that allow for smooth claims payments, no matter how complicated the process of assigning responsibility after an accident may become in light of the advancement of autonomous driving technologies.

Looking ahead, the Company will continue to drive the industry by providing such cutting-edge products and services that contribute to a safe and secure driving society.

Drive Agent Personal (DAP) is a revolutionary auto insurance service that utilizes an original, transmitter-equipped drive recorder device. This service was an industry first when developed in 2017, and today has more than 200,000 policies in effect.

Support for Customers in Their Times of Need

Our drive recorders automatically notify a call center when a serious collision is detected so that operators can speak to policyholders to help alleviate their anxiety immediately after accidents. Further support is offered to customers in times of need by dispatching ambulances and taking other necessary steps should a customer fall into severe circumstances or be unable to respond.

Moreover, the videos recorded by drive recorders can be used to reduce the hassle for customers when explaining accident details and to expedite settlement negotiations with the other parties involved in the accident. Moreover, these videos are anticipated to help combat the social issue of tailgating.
The advancement of autonomous driving technologies is anticipated to generate substantial value for society through the reduction of traffic accidents and the alleviation of traffic congestion. However, it may also be more difficult to assign responsibility for accidents in a society permeated by these technologies as liability could be found to reside with a wider range of entities, such as the automobile manufacturer or the software developer.

In preparation for this future, the Company developed a new rider called “Rider for Expenses for Saving Victims” in 2017. This Japan-first product is designed to ensure smooth claims payments even in the case of accidents in which responsibility is unclear. We believe that this rider will help save victims promptly after automobile accidents even in the society of the future where autonomous driving has become mainstream.

Tokio Marine Group is also teaming up with various partners boasting state-of-the-art technologies to deliver new value to customers.

For example, we are engaged in joint research with White Motion, Ltd., in which we are attempting to leverage this company’s high-level technologies and expertise in connected cars, autonomous driving, and other cybersecurity fields. Meanwhile, the big data analysis and artificial intelligence technologies of ALBERT Inc. are being used to develop next-generation products and enhance liability insurance services with an eye to the upcoming era of autonomous driving.

In addition, an autonomous driving field business alliance has been formed between Toyota Motor Corporation, Toyota Research Institute – Advanced Development, Inc., and Tokio Marine & Nichido. Through this alliance, these companies are working to realize more sophisticated autonomous driving technology development by utilizing the expertise and data acquired through accident response and other services provided by Tokio Marine & Nichido. Going forward, we will continue to take an open stance as we engage in alliances geared toward realizing a safe driving society by utilizing AI and other cutting-edge technologies.

Reduction of Automobile Accidents

Drive recorders can be set to alert drivers of dangerous behavior. Alert messages will be displayed and alarms will be sounded should a customer drive too close to their lane boundary or outside of their lane or approach the vehicle in front of them, or when the system detects sudden acceleration or braking or sharp turns.

In addition, customers are provided with driving diagnosis reports based on their driving habits to support safe driving and contribute to reductions in automobile accidents.

Contribution to the Future in which Everyone Can Drive Safely
Growing Together with Communities

The population of Japan is declining and becoming overconcentrated in Tokyo, creating serious issues in the form of reduced consumption and diminished economic capabilities in regions outside of this metropolitan center.

Having established a dedicated regional revitalization organization in 2016, Tokio Marine Group is collaborating with the regional governments, financial institutions, and commerce associations that support regional economic spheres as it avidly promotes regional revitalization.

In addition to winning Tokio Marine Group greater support from members of regional communities, our unique regional revitalization initiatives have led to the receipt of awards for three consecutive years.

Tokio Marine Group seeks to grow together with regional communities by contributing to regional revitalization with its lineup of solutions.

Policies Guiding Our Regional Revitalization Initiatives (Tokio Marine & Nichido)

Tokio Marine Group provides solutions for supporting regional revitalization to regional companies to assist them in their undertakings and thereby contribute to the revitalization of their regions.

Regional Revitalization Promotion System
The Regional Revitalization Division was established in July 2016 to promote Companywide regional revitalization initiatives (name was changed to Regional Revitalization, Health and Productivity Management Division in April 2018).

Regional Revitalization through Employment
We are creating local employment opportunities by hiring more than 80% of the employees working at regional branches from the given region.

Assistance for Catering to Rapidly Growing Numbers of Foreign Visitors to Japan and Other Inbound Demand

We offer a multilingual telephone interpretation service for regional companies to assist them in catering to the rapidly growing numbers of foreign visitors to Japan and other inbound demand. Should a breakdown in communication occur with a foreign visitor, our customers will receive conversation support in their store through interpretation services compatible with 10 languages.

We also offer a medical interpretation service for foreign visitors to Japan to help alleviate the concern and inconvenience they will undoubtedly feel should they become injured or ill while during their visit.
Overseas Expansion Support for Regional Companies

Expanding operations overseas or conducting transactions with overseas entities requires specialized knowledge and information while also necessitating that companies prepare for risks that would not be faced in Japan. Tokio Marine Group offers advice to regional companies looking to expand overseas through online courses related to the import-export business affairs necessary for overseas business initiatives and overseas business risk management seminars.

Support for Establishing BCPs for Realizing Swift Recoveries from Disasters and Accidents

Strengthening the structure to prepare for the disaster and accidents is the one of the most important issue for companies since natural disaster in Japan is increasing. Tokio Marine Group takes steps to communicate to regional companies the importance of establishing business continuity plans (BCPs), and offers support for the actual formulation of such plans in order to aid in the development of local businesses.

Growing Support from Regional Companies

Tokio Marine Group’s regional revitalization efforts have won the support of customers. As a result, Super Business Insurance, a product offered to regional enterprises through commerce associations, has enjoyed ongoing double-digit growth, with total policies already standing at approximately 40,000.

Ministerial Commendation 3 Consecutive Years

Tokio Marine & Nichido has received ministerial commendation for three consecutive years as a model example of initiatives being promoted by financial institutions to revitalize regional economies. These examples are announced by the Cabinet Office Headquarters for Formulating Measures for Building Up Towns, People and Jobs, and the recognition is bestowed by the Minister of State for Regional Revitalization.
Health and Productivity Management Initiatives

Increase in Employee Motivation for the Reinforcement of Our Companies

Since labor shortage becomes serious in Japan. For this reason, support for enabling employees to continue working in good physical and mental health—or, in other words, the practice of health and productivity management—is becoming an important social issue.

In addition to promoting improvements to the health of our own employees, we also offer assistance to regional companies in managing the health of their employees and fostering comfortable workplace environments. These efforts have won us additional support from customers.

In recognition of its practicing and supporting health and productivity management, Tokio Marine Holdings has been selected for inclusion in the Health & Productivity Stock Selection program for four consecutive years.

Tokio Marine Group Wellness Charter

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

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

Support for customers, communities, and society

Tokio Marine Group offers health and productivity management education while also supporting regional companies in practicing health and productivity management. This support is reflected in the publication of booklets compiling examples of companies’ health and productivity management initiatives as well as health and productivity management seminars held throughout Japan.

Furthermore, we provide support to companies looking to acquire certification under the Certified Health and Productivity Management Organization Recognition Program, and a lot of our customers, companies, and agents have received certification with our help.

Our Initiatives

Tokio Marine Group formulates and enacts finely tuned measures for addressing issues related to "health improvement," "living habit improvement," "serious illness prevention," and "mental health maintenance."

For example, Tokio Marine & Nichido undertakes a "health challenge campaign." This online tool-driven health improvement campaign is open to all employees and is implemented through coordination between leaders at each operational site and occupational health personnel positioned at 46 locations throughout Japan.

Our efforts to help employees maintain and improve their health have been widely recognized, leading Tokio Marine Holdings to be selected for inclusion in the Health & Productivity Stock Selection program for four consecutive years.
Development of Aruku Hoken

Aruku Hoken employs a scheme in which a portion of insurance premiums may be refunded based on a customer’s health improvement activities as gauged by a wearable device.

Steps taken by customers registered through measurement device

If a customer walks an average of more than 8,000 steps a day...

Health improvement refunds can be received every six months based on degree of goal accomplishment.

Aruku Hoken is an industry-first product that combines insurance and wearable device and that employs a scheme in which a portion of insurance premiums may be refunded based on a customer’s health improvement activities. This business model, which supports customers’ health improvement efforts and helps prevent them from falling victim to lifestyle diseases or other serious illnesses, was recognized through the receipt of a Good Design Award in fiscal 2017.
In India, roughly 30% of the population lives in a state of poverty, making less than USD1.25 a day. Accordingly, the elimination of poverty is the important issue for this country. Meanwhile, agriculture is a vital industry to India, employing 52% of its workforce and producing 16% of its gross domestic product. Ensuring the stability and boosting the earnings of this industry are therefore crucial parts of addressing poverty issues in this country.

In 2001, Tokio Marine Group established IFFCO-TOKIO, a joint venture with Indian Farmers Fertiliser Cooperative Limited (IFFCO), which has 38,000 agricultural cooperatives. Since its founding, IFFCO-TOKIO has been searching for ways to help resolve the concerns of India’s farmers through the framework of insurance, leading the company to develop weather insurance and low-price microinsurance products for this country.

In fiscal 2017, IFFCO-TOKIO boasted a total of 20,230,000 in-force policies and premiums totaling approximately ¥19.3 billion. These figures indicate strong support from customers and that the products of IFFCO-TOKIO have become indispensable to the stability of people in rural areas in India.

Elimination of Poverty in Society

Efforts to Combat India’s Poverty Issues

The elimination of poverty is the important issue in India. Through Indian Group company IFFCO-TOKIO, Tokio Marine Group is supplying weather insurance and microinsurance—insurance that can be purchased at a low price—products to help address the risks and concerns seen in the everyday lives of India’s farmers. We are thereby supporting the development of agriculture in India while helping combat the country’s poverty issues.
Tokio Marine & Nichido dispatches employees throughout Japan to hold disaster prevention classes as part of the Disaster Risk Prevention Lesson—Earthquake and Tsunami Program for elementary school students.

Developed based on the lessons learned from the Great East Japan Earthquake, these classes were shaped by our desire to foster children’s ability to prepare for disasters by providing knowledge on earthquakes and tsunamis and to create opportunities for children to discuss disaster prevention with their families. This program was thus launched with the hope of ensuring that all children are able to protect themselves in times of need.

An aggregate total of more than 40,000 children have participated in these classes (as of March 31, 2019).

Tokio Marine Group has been proactive in its efforts to address the major social issue of climate change. On this front, the cross-organizational Global Warming Research Project was established in December 2006 to promote the development and provision of products and services that help people adapt to and mitigate the impacts of climate change.

In addition, Tokio Marine Group is moving ahead with research on natural disaster risks through industry-academia collaboration. The insight gained through these activities is used to enhance products and services and to help prevent and mitigate disasters throughout society by means of the supply of pertinent information.
The purpose of Tokio Marine Group’s business to support customers and society in times of need will remain consistent no matter how the times may change.

We aim to be an indispensable partner that supports customers and society in times of need, whether in an emergency or when undertaking a new challenge.

Crucial to continuing to support customers and society in times of need—in the past, present, and even a century from now—is for employees around the world to share our commitment and earnestly and faithfully carry out their duties to contribute to the accomplishment of our purpose.

This is the "Good Company" we aspire to be. Tokio Marine Group continues to move forward on its never-ending quest to be a "Good Company" trusted by all people and by society as a whole.

To Be a Good Company
Evolving Elements—Ongoing Self-Transformation in Response to Changes in the Environment

There is no way to stop changes in the operating environment.

Global warming
Demographic changes
Changing market needs
Technological progress

If the operating environment changes, so will the needs and risks of customers and society, leading to the birth of new social issues.

Global Climate Change and Increase in Natural Disasters
Rising Burden of Nursing and Medical Care
Technological Innovation
Equality of Opportunities and Inclusion
Industrial Foundations for Supporting Innovation

Tokio Marine Group will boldly adjust its approach toward resolving social issues to address new issues and continue supporting customers and society in their times of need now and for the next 100 years.

Approach Toward Resolving Social Issues
Three Pillars of the Mid-Term Business Plan

Further diversification of our portfolio (pages 30–31)
Business structure enhancement (pages 32–33)
Strengthening of aligned Group management (pages 34–35)
Further Diversification of Our Portfolio

Message from Co-Head of International Business

Global warming is thought to have the potential to lead to natural disasters of increasingly large scale.

Given this possibility, it is important for Tokio Marine Group to diversify the risks we underwrite to achieve increased stability in our business in order to ensure that we can continue to support customers and society in their times of need.

For this reason, we have been expanding our international business to promote the diversification of risks both on a geographical and a business basis. Looking ahead, we will pursue ongoing organic growth and conduct strategic M&As to fortify our ability to support customers and societies around the world in their times of need.

Geographical and Business Diversification through Strategic M&As

Tokio Marine Group began expanding our international business in 2000. Later, in 2008, we have been further growing our operations in Europe and the United States through large-scale M&As. By promoting the geographical and business diversification of risks, we have been able to achieve ongoing growth while appropriately controlling risk capital. This process has granted us an exceptionally diverse portfolio. We will continue to strategically review our portfolio and pursue further geographical and business diversification in order to further optimize our portfolio.

Strategic M&As to Date

Sustainable growth and appropriate risk control

Trends of Premiums and Risk*1

<table>
<thead>
<tr>
<th>Year</th>
<th>Premium Written (Trillion)</th>
<th>Net premiums written + Life insurance premiums</th>
<th>Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>¥3.3 trillion</td>
<td>¥2.6 trillion</td>
<td>3%</td>
</tr>
<tr>
<td>2015</td>
<td>¥4.6 trillion</td>
<td>¥3.3 trillion</td>
<td>3%</td>
</tr>
<tr>
<td>2016</td>
<td>¥2.8 trillion</td>
<td>¥2.6 trillion</td>
<td>3%</td>
</tr>
<tr>
<td>2017</td>
<td>¥2.8 trillion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>¥2.6 trillion</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*1 ESR risk (99.95% value at risk, post-tax basis)
Business Diversification through Supplemental Acquisitions by Overseas Group Companies (Bolt-On M&As)

Tokio Marine Group is further diversifying our business through large-scale M&As as well as through supplemental acquisitions (bolt-on M&As) by overseas subsidiaries for the purpose of complementing and reinforcing existing businesses. A characteristic of our bolt-on M&As is high success rates achieved through our approach of often acquiring companies with which we have trusting relationships forged over years of transactions.

Tokio Marine Group company, Tokio Marine HCC (TMHCC), has accumulated a wealth of experience and expertise through the more than 50 bolt-on M&As it has conducted to date. Capitalizing on this experience and expertise at other Group companies, we plan to further diversify our business.

Bolt-On M&As to Date

<table>
<thead>
<tr>
<th>Year</th>
<th>In</th>
<th>Out</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>Pro Ag (Crop) January 2015</td>
<td>Bail USA (Surety) Sold in April 2019</td>
</tr>
<tr>
<td>2016</td>
<td>AIF (P.A.) June 2015</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>International Ag (Crop) April 2017</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>WNC (Property and flood) January 2018</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>AAIS (Crop) April 2019</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Qdos (Liability) October 2018</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Midlands (Excess workers’ compensation) December 2018</td>
<td></td>
</tr>
<tr>
<td></td>
<td>BCC (Surety and credit) April 2019</td>
<td></td>
</tr>
<tr>
<td></td>
<td>NAS (Cyber and Liability) April 2019</td>
<td></td>
</tr>
</tbody>
</table>

Geographical Diversification through Capturing Growth of Emerging Markets

Tokio Marine Group is expanding our operations in emerging countries, which are expected to have high growth potential, in order to achieve further geographical diversification. Currently, only around 10% of profits of our international business is attributable to emerging markets. However, these markets account for 20% of premiums in the global non-life insurance market, representing significant room for us to grow our operations.

In fiscal 2018, we acquired Safety Insurance of Thailand, which is the largest non-life insurance market in Southeast Asia, earning us the No. 3 market share overall and the No. 1 market share among foreign companies. We also commenced business investment to secure a 22.5% share in Hollard, which boasts the No. 2 share in rapidly growing South Africa.

Emerging Markets Portfolio

Growth Outperforming Market

(Fiscal 2018 growth rate of non-life insurance premiums"

*1 Source: Swiss Re
*2 Growth rate for emerging countries (which excludes developed Asian countries and Oceania)
*3 Net premiums written (excluding foreign exchange effects)
*4 Direct premiums written Source: Swiss Re
Business Structure Enhancement

Message from Group CSSO & CDO

Technologies are advancing at remarkable speed. Leveraging the latest digital technologies, it is possible to resolve previously unapproachable social issues and to provide new levels of safety to customers and to society.

We will constantly leverage new technologies based on our mission-driven approach, in order to provide new value to customers and society on a global basis and, as a result, heighten the Group’s competitiveness and realize sustainable growth.

Makoto Okada
Executive Vice President
Group CSSO (Group Chief Strategy and Synergy Officer)
Group CDO (Group Chief Digital Officer)

Core Themes of Technology Utilization

Tokio Marine Group will utilize technologies based on the following three core themes to create new value in the forms of prompt claims payments and responses to diverse customer needs.

### Mission Driven

Seeking to identify how we can help resolve the issues faced by customers and society and what value we can provide, Tokio Marine Group adopts a consistent mission-driven approach, fully leveraging the capabilities of technologies to ensure that we continue to be an entity deemed necessary to society even in a century from now.

### Union of Capabilities of People and Digital Technologies

By pursuing automation to the greatest degree possible, and raising the value of the work that can only be performed by people to the most inspiring levels, we will create new value with the union of the capabilities of people and digital technologies.

### Global Digital Synergies

Tokio Marine Group develops its business on a global basis and thus faces different business environments and social issues in each country and region of operation.

By sharing insight and networks among countries and regions, we will generate global digital synergies.
Creation of New Value with Digital Technologies

Prompt Claims Payments

**New Automobile Insurance Claims Service Processes Using World-Leading Digital Technologies**

By utilizing the world-leading digital technologies of Metromile Inc., we aim to realize simple and prompt processes for paying insurance claims by incorporating, to the greatest degree possible, automation into the automobile insurance claims service process.

Meanwhile, we will unite the capabilities of people and digital technologies by raising the value of work that can only be performed by people, such as complicated settlement negotiations and the provision of more careful support to accident victims, to the most inspiring levels.

Prompt Insurance Claims Payments after Natural Disasters

**Orbital Insight**

Orbital Insight Inc. boasts strengths in analyses of satellite images powered by artificial intelligence (AI). By partnering with this company, we made it possible to determine the scope of damage and flooding levels after major floods in a matter of days.

This industry-first initiative allows for prompt claims payments to be made to customers that have fallen victim to floods while also enabling us to pay claims to all potential insured.

Responses to Diverse Customer Needs

**AI-Powered Frameworks for Proposing Ideal Insurance to Customers**

Customer values are diversifying together with changing times, creating a more diverse range of insurance needs. One such need is the desire for easy insurance enrollment via smartphone primarily seen among younger generations.

Tokio Marine Group is allying with NTT DOCOMO, INC., in order to respond to such needs. Through this collaboration, we are introducing services that propose the optimal coverage based on customer needs and budgets. We are also looking into frameworks for enabling all aspects of insurance, from enrollment to receipt of claims payments, to be performed smoothly online using one’s smartphone.
Strengthening of Aligned Group Management

Message from Group Co-Heads

In a world connected through financial and economic activities, it has become increasingly difficult to solve social issues worldwide for us. To solve these issues, we need to bring together expertise of our employees all over the world. This is why diversity is so important to us.

Therefore, we are not only promoting diversity but also taking initiatives to bring together our diverse talents as one team by sharing our core identity. Such “Aligned Group Management” resulted in profit contribution of ¥33.0 billion through Group synergies.

We will continue to support our customers and society in their times of need for the next 100 years by advancing “Aligned Group Management”.

Promoting Diversity

While we have gained excellent talent and expertise through overseas M&As, it is increasingly important how we can utilize this talent.

We have maximized expertise of our diverse talents by appointing top management of Group companies as Group Co-Heads and allocating highly skilled talent in the right places such as internal audit and reserving regardless of nationality, gender, or age.

Leveraging Specialized Expertise across the Group

Gary Oliver
Chairperson of International Internal Audit Committee

Daniel Thomas
Chairperson of International PAC Reserving Actuary Committee

Philippe Vezio
TM Asia Deputy CEO & Chief UW Officer

Caryn Angelson
TMNAS (U.S.) CHRO & CLO (Legal)

Daljitt Barn
Cyber Centre of Excellence Global Head of Cyber Risk

Tokio Marine Holdings | Integrated Annual Report 2019
**Sharing Core Identity**

The more diversity is promoted, the more important it is to share our core identity that unites diverse talent together as a global team. For this reason, we continue to hold town hall meetings, a dialogue between executives including our Group CEO, Satoru Komiya, and employees around the world with the aim of spreading recognition of the identity.

As a result, of our roughly 40,000 employee, around 75% took a culture and values survey and, on average, they expressed “passion toward Tokio Marine Group (Pride felt for working for Tokio Marine Group)” as 4.1 out of 5.

**Results of Aligned Group Management (Group synergies)**

Group synergies, the result of Aligned Group Management, have currently expanded to ¥33.0 billion of profit contribution, a total of Revenue, Investment, Capital, and Cost synergies.

**Advancing Aligned Group Management**

- **Developing Executive Candidates across the Group**

A succession plan is essential to achieving sustainable Aligned Group Management.

We implement the “Global Executive Program” for senior managers as one of succession managements. Through the hard program, they can build strong relationships of trust. This program also fosters a Groupwide mindset and contributes to further group synergies.
Message from Group CFO

Through our efforts to help resolve social issues, Tokio Marine Group aims to become a leading global insurer delivering significant value to all our stakeholders, including customers, society, shareholders, and employees. Specifically, we aim to achieve stable double-digit return on equity (ROE) and high-level shareholder return.

In the course of working toward these goals, we are creating capital through strategic business portfolio revisions focused on organic growth in Japan and overseas. This capital is allocated to M&As and other business investments or returned to shareholders if there are no candidates for a good investment, making for an ongoing capital cycle.

Capital Cycle for Realizing Our Goal

**Our Goal**

Leading global insurer delivering significant value to all our stakeholders

- Stable double-digit ROE
- High-level shareholder return

**Adjustments of Capital**

- Shareholder return
  - Increase dividends
  - Flexible capital level adjustment

- Business investment
  - Disciplined strategic M&As & Additional risk-taking

- Generation of capital

**Organic growth**

- Sustain stable profit base in Japan
- Focus on specialty in developed countries
- Capture growth potential in emerging countries

**Review our business portfolio**

- Strategic capital release
- Appropriate risk control

(Reference) Mid-Term Business Plan Targets and Progress

<table>
<thead>
<tr>
<th>Mid-Term Business Plan Targets</th>
<th>Fiscal 2019 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted net income ¥400.0‒¥450.0 billion (CAGR 3%‒7%)*1</td>
<td>¥400.0 billion</td>
</tr>
<tr>
<td>Adjusted ROE 10% or more</td>
<td>10.4%</td>
</tr>
<tr>
<td>Shareholder return</td>
<td>38%</td>
</tr>
<tr>
<td>Payout ratio*2 35% or more</td>
<td></td>
</tr>
</tbody>
</table>

*1 CAGR is calculated based on a normalized basis of ¥372.0 billion in fiscal 2017. Adjustments for producing a normalized basis included lowering natural catastrophes to a normal level and excluding the impacts of foreign exchange rate fluctuations and the one-time effect of the tax reforms in the United States.

*2 Payout ratio is based on the five-year average for adjusted net income.
Initiatives for Achieving Stable Double-Digit ROE

The ongoing improvement of profitability and diversification of risks accomplished through large-scale M&As in Europe and the United States has driven steady growth in Tokio Marine Group’s ROE, which has remained consistently above a cost of capital\(^\text{1}\) of 7% with low volatility. Our ROE is approaching the level of our peers, and we will seek to further enhance ROE going forward.

High-Level Shareholder Return

<table>
<thead>
<tr>
<th>Dividends</th>
<th>Capital Level Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Dividends are our primary means of shareholder return, and we plan to sustainably increase dividends in line with profit growth.</td>
<td>• We will adjust our capital level with flexibility through share repurchases and other means based on comprehensive consideration of market conditions, business investment opportunities, and other relevant factors. (Please see page 61.)</td>
</tr>
<tr>
<td>• Payout ratio(^\text{2}) is above 35% for the five-year average for adjusted net income, and will be raised gradually to approach the level of our peers and move us toward our goal.</td>
<td></td>
</tr>
</tbody>
</table>

Eighth consecutive year of higher dividends projected in fiscal 2019

<table>
<thead>
<tr>
<th>Total dividends(^\text{3}) (billions of yen)</th>
<th>105.3</th>
<th>117.6</th>
<th>128.0</th>
<th>134.2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital adjustment(^\text{4}) (share repurchases, etc.) (billions of yen)</td>
<td>50.0</td>
<td>150.0</td>
<td>125.0</td>
<td>T.B.D.</td>
</tr>
</tbody>
</table>

\(^{1}\) Cost of capital is the profit margin investors expect from investees. Tokio Marine Group calculates cost of capital based on the capital asset pricing model (CAPM) and uses this figure to determine growth indicators and make business investment decision.

\(^{2}\) Payout ratio is based on original projections.

\(^{3}\) 2019 (projection) is before reflecting share repurchases.

\(^{4}\) Total amount approved by the announcement date of full-year results of respective years. The figure for 2018 includes one-time dividend payments totaling ¥50.0 billion.

\(^{5}\) The current Peers payout ratio is approximately 50%.
Tokio Marine Group has continued to support customers and society in their times of need through its insurance business since its founding in 1879. The Group’s purpose of contributing to the resolution of social issues will not change going forward. As outside officers, what are your expectations of Tokio Marine Group and what do you see as the challenges it faces?

Tokio Marine Group as a Rare Entity That Naturally Contributes to Both Private and Public Interests

Mimura Mr. Eiichi Shibusawa, who was instrumental in establishing the former Tokio Marine Insurance, states in his book, The Analects and the Abacus, that companies must excel at both pursuing profits (private interests) and exercising responsibility for the prosperity of society (public interests).

The best way for companies to contribute to the society is to solve social issues through their own business activities without sacrificing their profit, although traditional way has been to spare a part of corporate profits to the society through their CSR activities.

Shibusawa’s philosophy can be illustrated as “Japanese original version of the SDGs (United Nations Sustainable Development Goals).” The SDGs comprise seventeen goals. Frankly speaking, I don’t like the recent trend in which many companies just advocate the SDGs in general as a part of their public relations. More importantly, however, each company should pursue the resolution of specific social issues based on their intrinsic corporate philosophy. Such approach can make it sustainable for both companies and society to develop together in the long run.

Through its insurance business, Tokio Marine Group is contributing to the resolution of social issues pertaining to increasingly large natural disasters, automobile accidents, regional revitalization, and health and productivity management. These efforts have won the support of customers and society, enabling the Group to continue growing. I therefore believe that Tokio Marine Group is a rare entity being able to naturally realize both private and public interest at high level as advocated by Shibusawa.
Everyone knows that Japan is plagued by natural disasters. Perhaps as a result of this environment, the Japanese people could be viewed as conservative pessimists when compared to others. In other words, a defining characteristic of the Japanese people is how they choose hard work as their means of overcoming uncertainty.

Japan has overcome countless trials and changes—the Great Kanto Earthquake, its defeat in World War II, the motorization of society, the collapse of its bubble economy, and the Great East Japan Earthquake, to name a few. Looking back, it would seem as though Tokio Marine Group was always standing beside customers and society in the center of such turbulence, supporting them in their times of need to help them move forward. The Tokio Marine Group of today is a product of this history. As you stated, Mr. Mimura, the Group is an entity that has continued to naturally contribute to both private and public interests through its insurance business.

A "Good Company" to Whom?

Tokio Marine Group refers to such an entity as a "Good Company." If the Company is to continue being a "Good Company" that resolves social issues while improving corporate value over the next century, it will be crucial for it to answer this question: A "Good Company" to whom?

No one can deny the principle of the capitalism that companies are doing business for their shareholders providing a capital for them. However, a company may have a diverse range of shareholders. If it tries to reflect the desires of all shareholders, its ongoing growth may be thrown into jeopardy.

Reflecting my own experience, when I had investors meeting as the president of Nippon Steel, a U.S. investor insisted that selling large quantities of standardized products be more cost effective, rather than customizing products based on the preferences of customers. This approach would have, no doubt, led to higher profits in the short term. However, we must not lose our focus on the long-term perspective that contributes to ongoing growth by, for example, enabling our engineers to heighten their development capabilities through the act of responding to customer preferences, which in turn enables us to predict future technological trends.

It is my wish that Tokio Marine Group will continue to provide value to all of its stakeholders, including its customers, society, employees, and shareholders, in order to realize ongoing growth while maximizing long-term shareholder value.

Institutional investors operate businesses in which they are entrusted with pensions and other funds by their customers, and they are incentivized to increase those funds as quickly as possible.

I think that the concept of ESG investment was something that encouraged such investors to adopt a long-term perspective. ESG investment is an approach assuming that companies proactively addressing environmental or social issues or strengthening their corporate governance systems will see corporate value improve over the next five or ten years. This approach thus involves supporting companies’ efforts to resolve social issues from the funding side.

The ESG initiatives that Tokio Marine Group advances through its business activities have been highly evaluated by numerous global ESG rating institutions, earning the Group inclusion in several globally recognized ESG indices.

ESG investors and Tokio Marine Group share the common purpose of resolving social issues. These two parties are linked by the capital market, and this relationship could therefore be said to create a virtuous cycle of funding that contributes to the realization of a sustainable society.
Tokio Marine Group utilizes superior talent and specialized expertise, including those incorporated through acquisitions. At the same time, the Group is focused on disseminating its core identity—“To Be a Good Company”—to unite its employees as a single team. How do you assess this aligned Group management approach as outside officers?

Smooth Progress in Only-in-Class Diversity Promotion Initiatives

Otsuki  It goes without saying that promoting diversity is absolutely essential to the ongoing growth of global companies.

Tokio Marine Group commenced the full-fledged development of its international insurance business in 2008. Since then, non-Japanese employees have come to represent approximately 40% of the Group’s some 40,000 employees. At the same time, Tokio Marine Group employs an only-in-class aligned Group management approach. This approach includes appointing the presidents of newly joined companies to positions as important Group co-chief officers to apply their specialized expertise throughout the organization and otherwise utilizing superior talents and expertise on a global basis.

There are already numerous non-Japanese individuals and women in various decision-making positions throughout the Group. At meetings of the Board of Directors, officers with a diverse range of backgrounds engage in frank exchanges of opinion in a free and open atmosphere. I am not exaggerating when I say that sincere efforts are made to incorporate the input of outside officers. I hope that the Company will continue to emphasize these value and accelerates diversity promotion initiatives.

Training for employees in Japan could be cited as one benefit of the aligned Group management approach. The number of overseas representatives is increasing. There is a need for communication with specialized personnel from overseas by the members of committees responsible for strategic discussion on topics such as enterprise risk management and overseas M&As. I think that arranging for such committees will also be a prime training opportunity for enabling the junior employees that support committee members to learn about global standards. Providing employees with a lot of opportunities to engage with foreign culture and ways of thinking in this manner will certainly prove invaluable to future global expansion.

Spectacular Initiative for Disseminating the Core Identity

Mimura  Overseas M&As are an area in which Tokio Marine Group has proven to be quite skillful, despite the large number of Japanese companies that have failed in this regard. The reason behind this difference itself is perhaps an important research theme. However, I already have an answer to this question. Tokio Marine Group’s success in M&As is a result of it using “culture fit” as one of the metrics based on which it makes acquisition decisions.

“Culture fit” as used by Tokio Marine Group refers to looking at whether an acquisition candidate truly values its customers and whether it is focused on sustainable growth, as opposed to short-term gains. These factors are positioned as important themes of discussion at Board of Directors’ meetings when making acquisition decisions.

Members of top management at overseas Group companies are well versed in insurance underwriting and asset management, and I understand that the Company has high expectations for their expertise. More important, however, is that these individuals understand the Group’s core identity of “To Be a Good Company” and are passionate about contributing to the Group as a whole.

Moreover, these individuals will no doubt be happy to have their experience and views validated. Having been a company president in the past, I know this all too well.
In other words, Tokio Marine Group’s post-merger integration process has embedded a mechanism in which companies embracing the same philosophy assimilate by sharing their expertise. To the Group M&As are not just a method of growing profits, diversifying risks, and gaining other financial benefits; there are opportunities to be fully digested by absorbing the expertise and corporate cultures of acquisitions and using these acquisitions to further human resource development.

Otsuki I agree with you on that. One matter that warrants caution during the post-merger integration phase is the risk of deterioration in the relationship between the acquiring company and the acquired company. Tokio Marine Group is extremely adept at managing this risk. This is likely a product of the assimilation mechanism that you spoke of, but one good example of this relationship building I can think of was when members of top management at overseas Group companies were invited to an in-house concert. The Group CEO introduced these managers to the attendees, and in this act I saw the spirit of highly considerate hospitableness that aids the assimilation process.

Also, when I visited a U.S. subsidiary of the Company, a program that was being conducted there as part of the training curriculum for management candidates had participants produce works of art that symbolized the concept of a “Good Company.” This program was a spectacular initiative for disseminating the core identity that provided an opportunity for employees to think deeply about what exactly a “Good Company” is through art. The artworks produced in fiscal 2017 and fiscal 2018 were completely different. It is interesting to see how the trends in the United States in a given year influence the artworks.

Otsuki Japan was struck by several natural disasters in 2018. An aggregate total of 50,000 Tokio Marine Group employees from across Japan were mobilized to respond to these disasters by helping realize swift claims payments to customers. I have heard that a large number of these employees were those that volunteered to rush to the aid of the disaster victims. Employees also volunteer to teach Disaster Risk Prevention Lessons at elementary schools across Japan, during which they offer concise explanations of the mechanisms behind earthquakes and tsunamis and how to prepare for such disasters. These lessons have been held more than 500 times to date, and the aggregate number of participants has climbed to 40,000.

These are just some examples of how Tokio Marine Group’s core identity of “To Be a Good Company” has permeated the activities of all employees. Through activities to further disseminate the core identity, I hope to see the Group further increase employee motivation to make higher level contributions to private and public interests.

Mimura In a survey answered by roughly 75% of the Group’s 40,000 employees, there was a question on the pride that employees felt for working for Tokio Marine Group. The responses of employees averaged 4.1 out of 5. I think that this high level of pride among employees is a result of their truly feeling that their work is contributing to society. I have no doubt that contributing to the resolution of social issues through business activities has a direct link to employee happiness.

Otsuki Direct Link between Social Issue Resolution and Employee Motivation
Desire for Tokio Marine Group to Muster the Strength of the Employees That Deliver Value to Make Higher Level Contributions to Private and Public Interests

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