



Tokio Marine Holdings
TCFD REPORT 2024

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CEO Message



Satoru Komiya

President and Group CEO
Tokio Marine Holdings, Inc.

A handwritten signature in black ink, appearing to read 'S. Komiya'.

Tokio Marine Group aims to solve societal challenges through our business based on the Group's purpose of protecting our customers and society in times of need and to increase our corporate value as a result. Supporting our society through our business activities, we aim to "inspire confidence and accelerate progress" for our customers and society.

Climate change is a serious global issue, which threatens the safety and security of our customers and society. The intensification of natural disasters directly affects the insurance industry. Therefore, we recognize that climate change is an extremely important issue to address as an insurer (insurance products and services), a global company, institutional investor, asset manager and good corporate citizen. Climate action has become more urgent as we continue to witness natural disasters of unprecedented scale around the world. Examples abound, such as windstorm, flood and hailstorm in Japan, the wildfire in Hawaii in 2023 and more recently, the extensive flooding in Brazil in 2024. Climate action at Tokio Marine Group includes providing insurance products and services and increasing investment and financing to promote the transition to a decarbonized society as well as reinforcing our structure to make claims payments promptly after natural disasters.

We have been communicating and collaborating with various international organizations, governments, industries, academic institutions and civil society to achieve the goal of the Paris Agreement, which was adopted in December 2015. Based on such constructive dialogue and collaboration, Tokio Marine Group will actively engage in climate action and contribute to the transition to a decarbonized society.

Based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the following sections capture the impact of climate change on our business and society and present Tokio Marine Group's initiatives toward realizing the transition to a decarbonized society. In this TCFD Report 2024, we have also enhanced disclosures of information on Tokio Marine Group's various initiatives on mitigation and adaptation to climate change and its plan for the transition to a decarbonized society.

Climate-related Financial Disclosure Based on the TCFD Recommendations

The Task Force on Climate-related Financial Disclosures (TCFD) had been entrusted by the Financial Stability Board (FSB) to formulate voluntary recommendations for consistent, comparable, reliable, clear and efficient climate-related disclosures by companies in the financial sector and released its final recommendations (TCFD recommendations) in June 2017.

The frequency and intensity of natural disasters caused by climate change represent a global issue and have a significant impact on Tokio Marine Group as we engage in insurance and financial services. As a founding member of the TCFD, Tokio Marine Holdings has contributed to the formulation and publication of the TCFD recommendations and has been working toward the formulation of policy recommendations to encourage disclosure that will help investment decisions by engaging in discussions and exchanging opinions with relevant government and private-sector parties in Japan and overseas.

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

In Japan, the then Chairman of the Board of Tokio Marine Holdings worked as one of the founders and contributed to the establishment of the TCFD Consortium in May 2019. After the establishment, Tokio Marine Holdings has been a member of the Planning Committee to deliberate on the consortium’s course of action and has contributed to the release of the TCFD Guidance (most recently TCFD Guidance 3.0 released in October 2022). The Company also participates in discussion on effective ways for companies to

disclose climate-related information and how to link the disclosed information to appropriate investment decision-making of financial and other organizations. It has also contributed to the release of “A Guide to Flood Risk Assessments for Enhanced TCFD Disclosures” of the Ministry of Land, Infrastructure, Transport and Tourism in March 2023.

Tokio Marine Holdings has been making disclosures based on the TCFD recommendations starting from its Integrated Annual Report 2017 and has been striving to enhance its content every year.

The table below is an overview of the four fields of disclosure based on the TCFD recommendations. In this report, we provide detailed information in each field.

Disclosure Based on the TCFD Recommendations

Governance	Strategies	Risk management	Metrics and targets
a) Oversight by the Board of Directors b) Management role	a) Climate-related risks and opportunities b) Impact of climate-related risks and opportunities c) Possible impact of different climate-related scenarios	a) Processes for identifying and assessing climate-related risks b) Processes for managing climate-related risks c) Integration of these processes into overall risk management	a) Metrics used to assess climate-related risks and opportunities b) Scopes 1, 2 and 3 greenhouse gas (GHG) emissions c) Targets used to manage climate-related risks and opportunities

Source: Created by Tokio Marine Holdings based on the Recommendations of the Task Force on Climate-related Financial Disclosures, Figure 4 (p. 14), TCFD, June 2017



Governance

Governance

Various initiatives related to climate action are reported to the Board of Directors after the discussion at the Sustainability Committee and Management Meeting. In our governance structure, each relevant execution body voluntarily promotes initiatives under the supervision of the Board of Directors. Key related bodies and their roles are as follows.

① Supervisory and Execution Structure for Responding to Climate Change

[Board of Directors]

The Board of Directors recognizes responding to climate change as a material management issue and assumes the role of supervising our sustainability strategy and initiatives. The Board deliberates on our sustainability policies including climate action, as well as evaluates and determines mid-term and single-year plans. The Board receives reports from the Sustainability Committee every quarter in principle to monitor sustainability initiatives and provides instructions as necessary. In addition, the Board of Directors holds deliberation on corporate strategy on the themes of the management environment and management issues, including climate action, to fully utilize the knowledge of outside directors and outside Audit & Supervisory Board members.

[Corporate Governance, Integrated Annual Report 2023](#) (P.106-112) 

In fiscal 2023, the Board met four times to deliberate on and receive reports about our sustainability initiatives including climate action.

Date	Items deliberated and reported
May 2023	Group's sustainability-related initiatives in fiscal 2022 and the annual plan for fiscal 2023
Oct. 2023 Nov. 2023	Progress in the Group's annual sustainability plan for fiscal 2023
Mar. 2024	Progress in the Group's annual sustainability plan for fiscal 2023 (second half)

[Group Chief Sustainability Officer (CSUO)]

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

[Sustainability Committee]

We established the Sustainability Committee in April 2021 to accelerate our sustainability strategy, including climate action, across the entire Group. Chaired by the CSUO and comprising such members as the CEO, chief officers and management of overseas Group companies, the Sustainability Committee deliberates on details of our sustainability initiatives and policies on a global basis and monitors the progress of each initiative. The committee met four times in fiscal 2023 to promote and execute the sustainability strategy, formulate mid - to long-term targets (KPIs) related to sustainability, formulate and review annual plans and deliberate on other items.

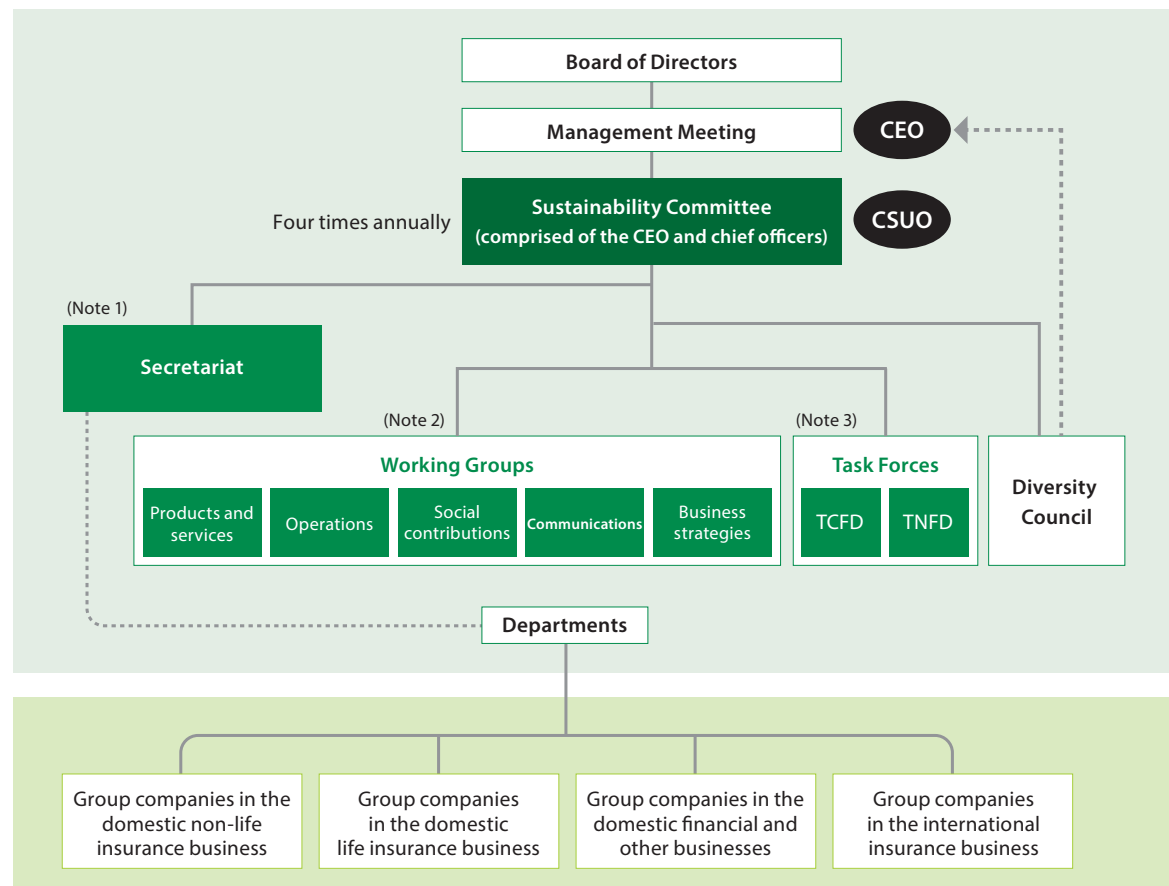
[Division Dedicated to Promoting Sustainability]

The Sustainability Division of the Corporate Planning Department is a division dedicated to the promotion of the Group's sustainability initiatives, including climate action. This division is responsible for operating the Sustainability Committee and promoting the Group's sustainability initiatives while consistently communicating relevant strategies to Group companies, sharing information and undertaking learning and support activities.

② Compensation System for Directors and Executive Officers

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

Tokio Marine Holdings' Organizational Structure for Promoting Sustainability



(Note 1) Secretariat (Sustainability Division, Corporate Planning Department):
Operates the committee (as well as the working groups and task forces) and promotes the overall sustainability strategies across the Group.

(Note 2) Working Groups:
Formulate and execute annual plans for respective issues, with the participation of relevant departments of Tokio Marine Holdings and members of Group companies. Formulate plans and coordinate actions regarding measures to address material issues.

(Note 3) Task force:
Form project teams to handle tasks that require intensive response over a short term.



Strategies

Strategies

In responding to climate change, which poses a global social issue critical to human history and important for Tokio Marine Group, we promote initiatives toward achieving carbon neutrality by 2050 in keeping with the promise of the Sustainable Development Goals (SDGs) of leaving no one behind and based on constructive dialogue (engagement) with all of our stakeholders. As an insurer (insurance products and services), institutional investor and asset manager, we provide support both in terms of mitigating and adapting to climate change and help customers and investment and financing recipients solve their respective issues. Efforts include providing insurance products and services to support the transition to a decarbonized society, such as those promoting the more widespread use of renewable energy; providing insurance to cover damages caused by natural disasters; services that will lead to prevention or reduction of damages; and undertaking sustainable investment and financing.

As a global company, we also take climate action through collaboration and cooperation with international and other organizations. We intend to contribute to the mitigation and adaptation to climate change and seek growth together with our stakeholders. Social contribution activities are also key to climate action. As such activities, we plant mangroves and engage in research and educational activities to increase society's resilience, thereby contributing to climate action as a good corporate citizen in local communities.

Additionally, Tokio Marine Group announced “Tokio Marine: Our Climate Strategy” in September 2020 and has since reviewed and updated the statement annually. In this statement, Tokio Marine Holdings commits itself to providing all-out support to customers and investment and financing recipients with regard to climate action.

① Recognition of Risks and Opportunities

In developing a strategy, recognizing inherent risks is essential. Tokio Marine Group assumes an increase in climate-related risks and accordingly identifies and evaluates their impact on our business. Climate-related risks include physical risks and transition risks. Physical risks arise from an increase in the frequency and intensity of natural disasters caused by climate change, while transition risks result from the impacts of the transition to a decarbonized society on the corporate value of investee companies and assets held by us. On the other hand, initiatives to mitigate and adapt to climate change also provide business opportunities for Tokio Marine Group. On the next page, we show examples of events for each risk and opportunity based on the TCFD recommendations and examples of risks and opportunities to the Group's business activities.

As is described later in the “Risk Management” section, Tokio Marine Group identifies the “risk of major wind and flood disasters (including physical risks of climate change)” as a material risk that will have an extremely large impact on our financial soundness and business continuity. We believe such risks could increase in frequency and severity due to climate change.

Examples of events			Examples of risks to the Group's business activities	Time frame
Physical risks	Acute	Potential for growing frequency and scale of hurricanes, floods and other weather events	<ul style="list-style-type: none"> • Decrease in insurance profits resulting from an increase in claims payments and a rise in reinsurance premiums • Impact on business continuity caused by damage to buildings and other facilities at bases 	Short term or longer
	Chronic	Rise temperature Other weather changes, such as droughts and heat waves Rising sea levels Impact on arthropod-borne infectious diseases		Medium to long term
Transition risks	Policies and regulations	Increase in carbon prices Strengthening of environment-related regulations and standards Increase in climate-related legislation	<ul style="list-style-type: none"> • Decrease in the corporate value of investee companies and the value of Company assets due to higher carbon prices • Impact on liability insurance payments 	Medium to long term
	Technology	Progress in technological innovation and technology development toward the transition to a decarbonized society and improvement in resilience	<ul style="list-style-type: none"> • Decrease in the corporate value of investee companies that have missed the transition to a decarbonized society and in the value of the assets held by the Company 	Medium to long term
	Markets	Changes in the demand for and supply of products and services	<ul style="list-style-type: none"> • Decline in revenue due to technological innovation and inability to ascertain changes in customer needs 	Short term or longer
	Reputation	Changing customer and societal awareness of initiatives surrounding the transition to a decarbonized society and improving resilience	<ul style="list-style-type: none"> • Reputational damage due to the Company's efforts being deemed inappropriate 	Short term or longer
Opportunities	Resource efficiency, energy sources, products and services, markets and resilience	Demand for products and services aligned with changes in energy sources and designed to increase resilience; changes in public awareness	<ul style="list-style-type: none"> • Increases in opportunities to gain insurance profits and for investment and financing on the back of companies' increasing insurance and funding needs associated with the transition to a decarbonized society and improvement of resilience • Higher recognition from customers for initiatives related to the transition to a decarbonized society and improvement of resilience 	Short term or longer

Note: Short term: less than 3 years, Midium term: 3-10 years, Long term: 10 years or more

② Scenario Analysis

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

<A. Physical Risks>

Physical risks are those related to physical impacts of climate change. Climate change increases the frequency and intensity of natural disasters, which could impact claims payments and business continuity. We conduct a scenario analysis of physical risks as part of our efforts to identify and assess their impact.

A-1. Impact on Claims Payments

The Group takes part in the United Nations Environment Programme Finance Initiative (UNEP FI). Using analysis and assessment tools developed by UNEP FI's climate change impact assessment project, we have created the following assessment of the impact of changes in the intensity (wind speed) and number of tropical cyclones on our claims payments under the IPCC's Representative Concentration Pathway (RCP) 8.5 scenario forecast as of 2050.

Changes in claims payments in 2050

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

* The figures above reflect economic losses, assuming the same impact on claims payments.

* The figures above show the rate of change from current weather conditions (1980–2000) to those in around 2050.

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

Future projections of climate change scenarios (+2°C, +4°C, etc.) are subject to uncertainties, as described later (see page 14). In assessing the impact of climate change, it is also important to evaluate not only weather phenomena but also the vulnerability of society to disasters as well as the extent to which real estate and personal properties will be concentrated in areas exposed to natural disaster risk in the future and the extent to which their asset values will increase (in other words, the extent to which asset concentration will change). The basis for these projections and assessments is indicated in the following pages.

[Changes in Weather Events]

How a weather event will change due to the impact of climate change and the degree of confidence of such an impact forecast will vary depending on the type of weather event. Figure 1 shows the confidence of climate change impact projections by weather event type. As seen in the figure, the confidence of impact projections for extreme rainfall (heavy rains) is higher than that for tropical cyclones, such as typhoons and hurricanes, but the impact on extreme rainfall (heavy rains) involves greater uncertainty compared to such temperature variations as extreme heat (heat wave) or extreme cold (cold wave). Tornadoes and wildfires also involve great uncertainty.

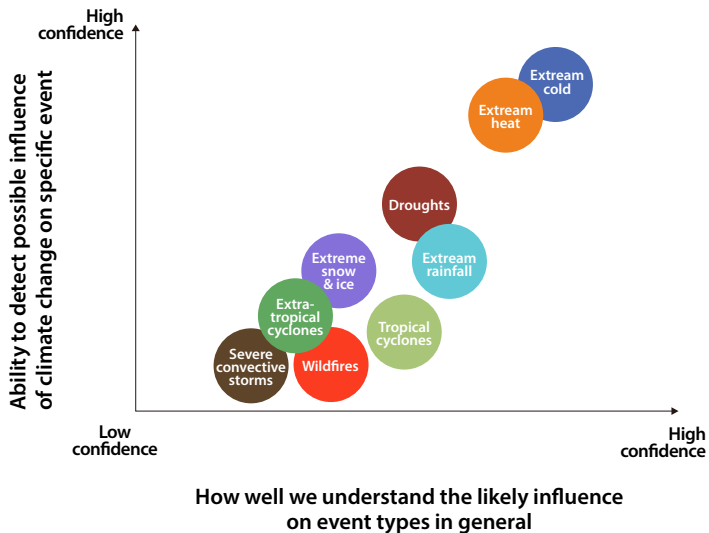


Figure 1: Confidence of impact forecasts of climate change
Source: Tokio Marine Holdings based on material prepared by the U.S. National Oceanic and Atmospheric Administration

For heavy rains and tropical cyclones, which are two weather events that considerably affect Tokio Marine Group, we consider the impact of climate change as follows.

◆ Impact of Climate Change on Heavy Rains

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

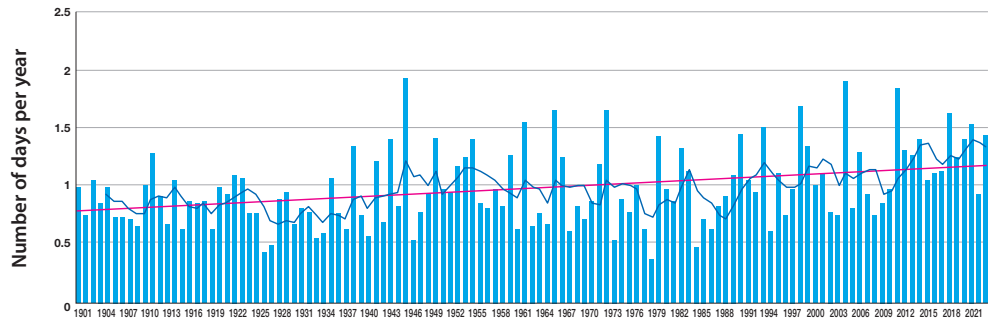


Figure 2: Days per year with daily precipitation of 100 mm or more
Source: Tokio Marine Holdings based on materials from the Japan Meteorological Agency (website)

◆ Impact of Climate Change on Tropical Cyclones

Atmospheric and oceanic large-scale circulations (e.g., El Niño and monsoons) are closely related to the formation, development and movement of tropical cyclones. As climate change affects each of these factors, the impact of climate change on tropical cyclones consequently becomes more uncertain.

First, looking at past trends, the IPCC Sixth Assessment Report reported an increase in the number of intense typhoons in Japan. However, the certainty level is not yet high, and longer-term, higher-quality observations will be needed to monitor changes in long-term trends (Japan Meteorological Agency).

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

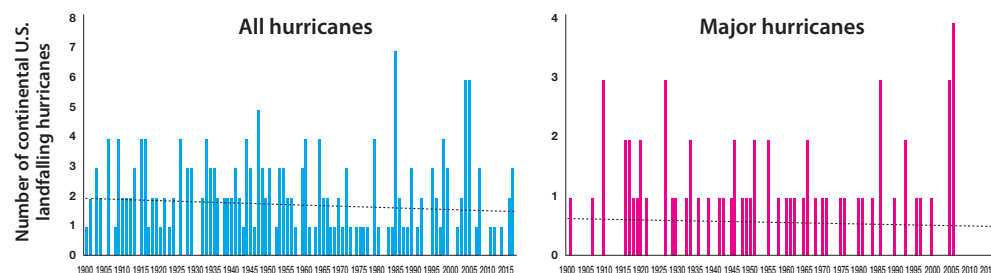


Figure 3: Number of hurricanes making landfall in the United States

Source: Tokio Marine Holdings based on Klotzbach et al., 2018*

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

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

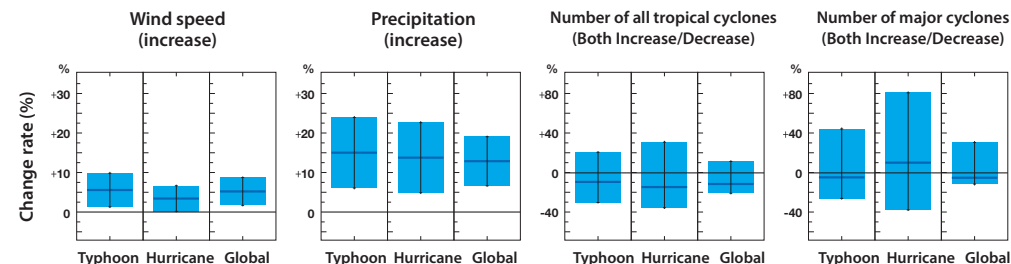


Figure 4: Changes in tropical cyclones due to a temperature change of +2°C

Source: Tokio Marine Holdings based on Knutson et al., 2020*

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

[Changes in Vulnerabilities in Society and Asset Exposure]

As shown in Figure 2 on page 12, the frequency of heavy rains in Japan has been increasing since 1900. Figure 5 below, on the other hand, shows a declining trend for flooded areas. This is because Japan's disaster prevention infrastructure, including embankments, has improved since the mid-19th century and is effectively reducing the occurrence of floods during heavy rains.

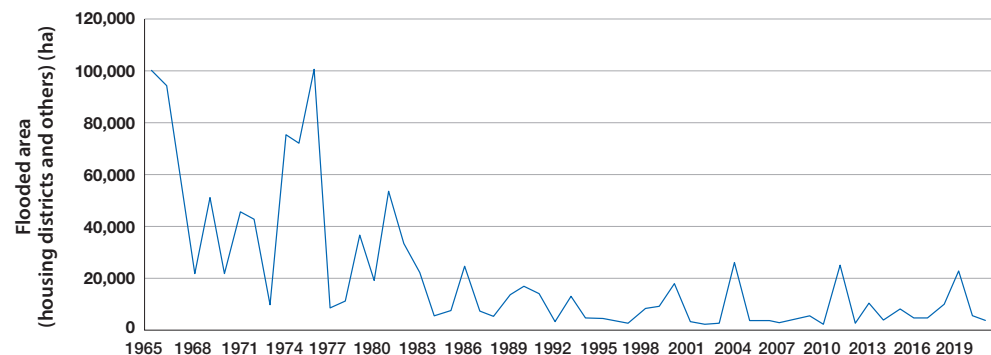


Figure 5: Areas inundated by floods (ha)

Source: Tokio Marine Holdings based on materials from the Ministry of Land, Infrastructure, Transport and Tourism (flood statistics)

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

◆ Changes in Vulnerabilities in Society

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

Overseas, efforts to increase resilience throughout society have also been under way. The United States, for example, has improved its disaster prevention infrastructure and revised building codes following huge natural disasters, including large hurricanes.

In keeping with the move toward strengthening resilience all over the world, Tokio Marine Group has been contributing to greater resilience of the entire society by supporting customers to cope with disasters through the provision of various solutions designed to increase disaster resilience and dissemination of disaster prevention and mitigation information.

◆ Recognition of Changes in Asset Exposure

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

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

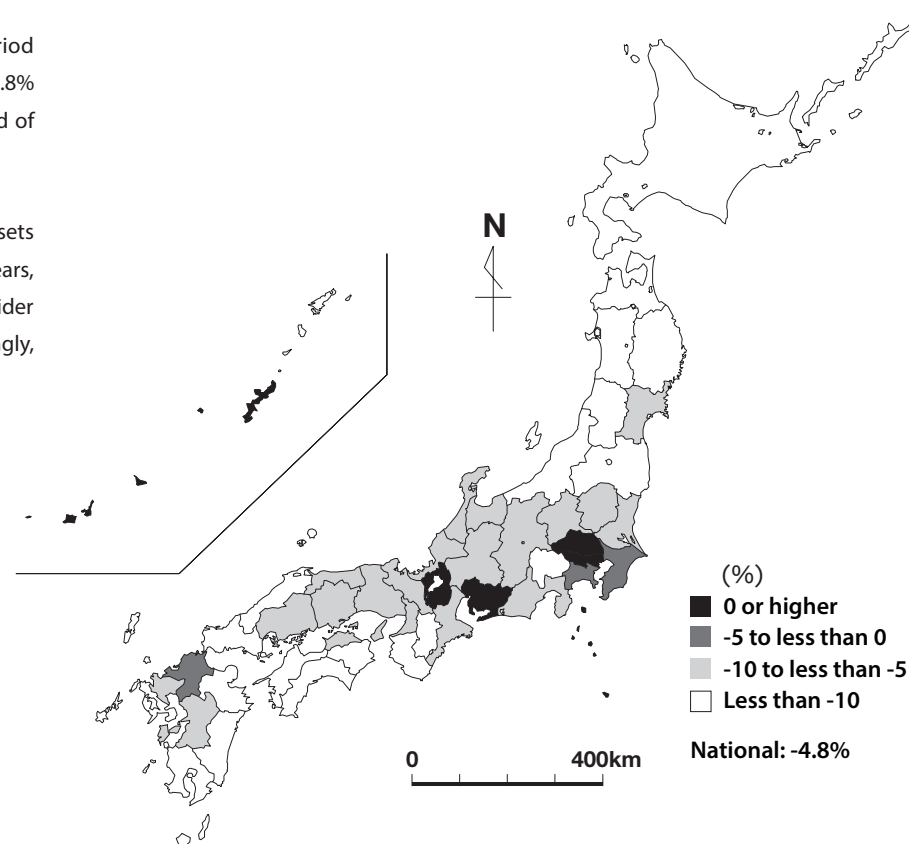


Figure 6: Changes in the number of households from 2015 to 2040

Source: National Institute of Population and Social Security Research, "Number of Household Projections for Japan (2017 Estimates)"

Changes in the exposure geographic distribution are important in considering natural disaster damage both in Japan and overseas. In the United States, economic loss caused by hurricanes in the past is known to be on an upward trend, but when the impact of a change in inflation, wealth properties and population is normalized, there is no longer a significant trend. Thus, a rise in economic loss is mostly a result of these factors.

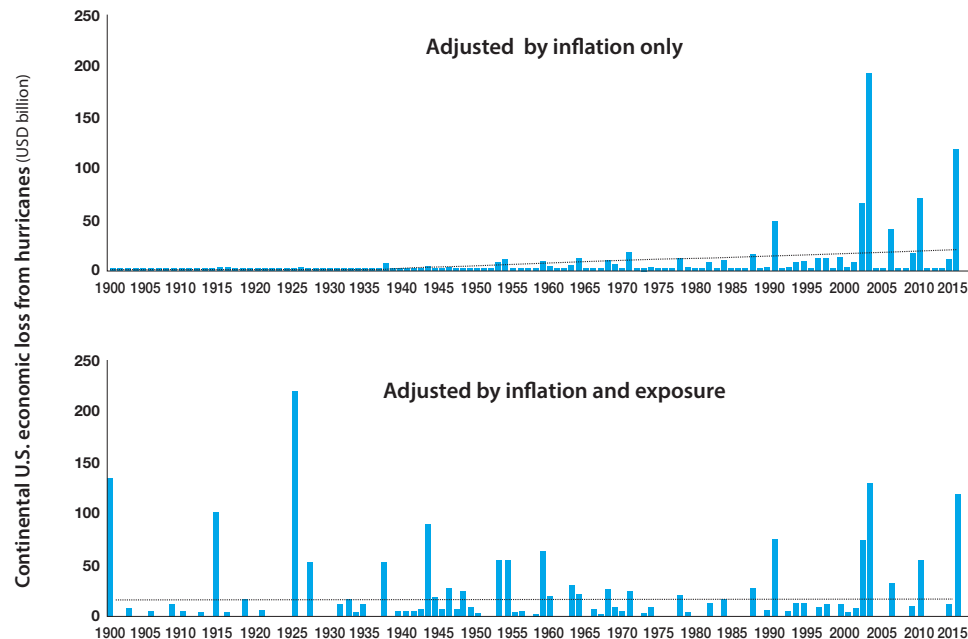


Figure 7: Economic loss due to hurricanes on the U.S. mainland

Source: Tokio Marine Holdings based on Klotzbach et al., 2018*

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

[Incurred Losses in the Recent Major Natural Disasters]

The table below shows the recent major natural disasters and their incurred losses. In Japan and the United States, disasters cause a certain level of damage each year that involves insurance claims payments. As such, we enforce appropriate risk control by leveraging risk diversification and reinsurance.

	Domestic ^{*1}	Direct premiums written ^{*2}	Overseas ^{*1}	Net incurred losses ^{*2}
2020	Torrential rain in July	¥32.4 billion		
	Typhoon Haishen	¥30.6 billion		
2021	Torrential rain in August	¥11.5 billion	Hurricane Ida	¥18.4 billion
	Typhoon Lupit	¥4.5 billion	Cold wave in Texas	¥17.8 billion
2022	Typhoon Nanmadol	¥33.2 billion	Hurricane Ian	¥30.6 billion
	Typhoon Talas	¥15.2 billion	Winter Storm Elliott	¥15.5 billion
2023	Hail disaster in Gunma and Tochigi in July	¥25.4 billion	Wildfire in Hawaii	¥36.1 billion
	Typhoon Mawar	¥10.3 billion		
	Typhoon Yun-yeung	¥6.6 billion		

*1 Total of Tokio Marine & Nichido, Nisshin Fire and E. design Insurance

*2 Before tax

A-2. Impact on Business Continuity: Promoting Climate Change Adaptation Measures

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

^{*1} Including IPCC's Shared Socioeconomic Pathway (SSP) 5-8.5, SSP3-7.0, SSP2-3.5, SSP1-2.6, SSP1-9, RCP8.5, RCP6.0, RCP4.5 and RCP2.6 scenarios

^{*2} Climate change risk analysis and evaluation conducted in collaboration with Resilience of the United Kingdom

[Holistic Approach]

Based on a holistic approach, we use multiple scenarios to analyze and evaluate, both quantitatively and qualitatively, the impact of an increase in weather disasters (such as heavy rains and floods) caused by climate change on our operations. Accordingly, we have been implementing measures from medium- to long-term (about two to five years) and short-term (within one year) viewpoints. On the whole, we have specifically concluded that an increase in weather disasters will not have a profound impact on our operations as compared to the manufacturing and other industries for a number of reasons. For example, insurance products represent an intangible service and do not necessarily require physical sales bases, and their development and production involve minor supply chain risks such as the procurement of raw materials.

[Context-Specific Approach]

Based on a context-specific approach, we use multiple scenarios to analyze and evaluate, both qualitatively and quantitatively, the impact of an increase in weather disasters (such as heavy rains and floods) caused by climate change on our operations. Accordingly, we have been promoting initiatives to protect our own assets from weather disasters, which are expected to become more severe due to climate change. Specifically, we are examining measures from medium- to long-term (about two to five years) and short-term (within one year) viewpoints and implementing measures against flood disasters, such as installing emergency power generators and more water bars at our major bases.

◆ Findings from the Analysis of Water-Related Risks at Our Business Offices in Japan

In fiscal 2023, in an effort to understand water-related risks facing our business offices in Japan, we analyzed and assessed water-related physical risks (flood inundation and storm surge, landslide disasters, etc.) at our consolidated subsidiaries in Japan and some insurance agents* of Tokio Marine & Nichido by using the digital national land information provided by the Ministry of Land, Infrastructure, Transport and Tourism. As a result, among the 1,154 business offices analyzed (489 business offices of Group companies in Japan and 665 business offices of Tokio Marine & Nichido's insurance agents), 203 business offices are located in areas with high risk of flooding, while 12 are in areas with high risk of landslide disasters. We have already investigated and analyzed the flood risk at our business offices and have not detected any notable negative impacts associated with the risk at this point. In addition, each office has independently implemented crisis management measures. Nonetheless, these water-related risks may become increasingly apparent in the future, following the rise in the sea level and more frequent heavy rains due to global warming as well as changes in land use. Thus, in addition to the crisis management measures of each office, we will promote initiatives to educate and raise awareness of employees and other related parties.

*Tottier agents of Tokio Marine & Nichido, designated as "TOP QUALITY" agents, and Tokio Marine & Nichido Partners, wholly owned insurance agents of Tokio Marine & Nichido

**Findings from the Analysis of Our Business Offices in Japan (Including the Value Chain):
Number of Business Offices Located in Priority Locations Exposed to Flood Immersion and Landslide Risks**

No. of business offices analyzed		Located in areas with high risk of flood inundation	Located in areas with high risk of landslide disasters
Domestic Group companies	489	86	3
Insurance agents of Tokio Marine & Nichido	665	117	9
Total	1,154	203	12

[Data Sources]

• Flood immersion risk: Based on the digital national land information (areas subject to possible immersion by floods) (by river) (Ministry of Land, Infrastructure, Transport and Tourism) https://nlftp.mlit.go.jp/ksj/gml/datalist/KsjTmplt-A31a-v4_0.html
 • Landslide disaster risk: Based on the digital national land information (areas prone to landslide disasters) (Ministry of Land, Infrastructure, Transport and Tourism) https://nlftp.mlit.go.jp/ksj/gml/datalist/KsjTmplt-A33-v2_0.html

<B. Transition Risks>

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

- ① Orderly: Net Zero 2050 (Assuming a temperature rise suppressed to 1.5°C and net zero CO₂ emission both by 2050)
- ② Disorderly: Delayed Transition (Assuming a 1.8°C temperature rise by 2050 due to delayed policy changes)

The following shows the results of the model-based estimates of transition risks of assets (equities, corporate bonds, CMBS and government bonds) (impact analysis on asset prices based on scenarios up to 2050) held by Tokio Marine Group as of March 31, 2024.

	Transition risks	
	Orderly	Disorderly
Total	-2.1%	-1.6%
Equities	-9.7%	-7.0%
Corporate bonds	-1.1%	-0.8%
CMBS	-0.1%	-0.5%
Government bonds	-0.1%	-0.2%

* The Aladdin Climate analytics of BlackRock Solutions contained in this report should not be construed as a characterization of the materiality or financial impact of the corresponding information. The Aladdin Climate analytics includes non-financial metrics and involves measurement uncertainties resulting from limitations inherent to the nature of the corresponding data and the methods used for determining such data.

The Aladdin Climate analytics is not fixed and is likely to change and evolve over time. The Aladdin Climate analytics relies on relatively new analysis methods, and there are limited peer reviews or comparable data available. BlackRock Solutions does not guarantee and shall not be responsible for the content, accuracy, timeliness, non-infringement or completeness of the Aladdin Climate analytics contained herein or have any liability resulting from the use of the Aladdin Climate analytics in this report or any actions taken in reliance on any information herein.

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

③ Implementation of Climate Change Strategy

<A. Initiatives of Tokio Marine Group>

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

A-1. Initiatives as an Insurance Company (Insurance Products and Services)

Toward achieving carbon neutral society by 2050, Tokio Marine Group supports the transition to a decarbonized society by providing insurance products and solutions.

One group company, Tokio Marine & Nichido has established the GX Office, an organization dedicated to green transformation (GX), within the Marketing Strategy Department and has been focusing on the development and provision of insurance products and solutions. Globally, a GX Roundtable was organized in 2023 to share information and promote initiatives in the decarbonization field. The roundtable has been discussing possible collaboration and business expansion opportunities among the Group companies. The following sections highlight specific initiatives of Tokio Marine Group from the perspectives of mitigation and adaptation, which represent two pillars of climate action.

Two Pillars of Climate Action and Tokio Marine Group's Key Initiatives

<Mitigation>

- Insurance and services to promote the widespread use of renewable energy
- Guarantee insurance for electric vehicles and storage batteries
- Recycling and reusing auto parts

<Adaptation>

- System for responding quickly to natural disasters
- Development of claim payments using satellite imaging and AI
- Co-creating solutions through the Disaster Prevention Consortium (CORE)
- Providing solutions by Tokio Marine Resilience
- Disaster crisis management response services

(1) Initiatives to Mitigate Climate Change

① Insurance and Services to Promote the Spread of Renewable Energy

[Acquisition of GCube that Specializes in Underwriting Insurance for Renewable Energy Operators]

There is momentum toward decarbonization worldwide and a shift to renewable energy in major countries for a more efficient electricity supply. In building and expanding of renewable energy power generation plants, insurance is indispensable as project financing will not be extended without insurance.

In 2020, Tokio Marine Group acquired GCube, a leading company specializing in underwriting insurance for renewable energy operators. GCube launched its business in the 1990s when the renewable energy market was still in the early stage and there was not much demand for insurance. Currently, having eight out of the 10 world's leading renewable energy operators as its customers, GCube supports more than 2,000 projects in 38 countries, with its written premiums amounting to 142 million USD in 2023.

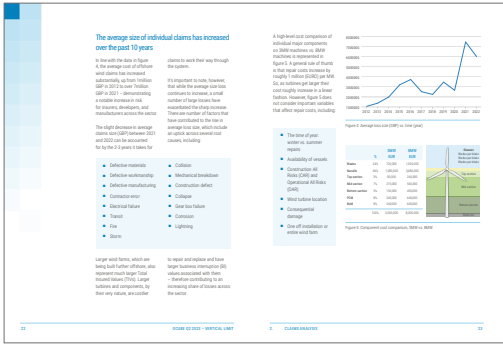


Establishment	1987
Location	London, U.K.
Business content	Underwriting insurance specifically covering risks related to renewable energy business
Premiums written	Approx. USD142 million (fiscal 2023)
Insurance products	Construction insurance, cargo insurance for transporting materials, insurance after the completion of facility construction, etc.

Excellent underwriting capabilities and superior claims service capabilities are essential in underwriting insurance for renewable energy power plants.

GCube performs appropriate risk assessment and calculates insurance premiums based on a vast amount of loss data accumulated over 30 years since its foundation. An underwriting decision is made while considering factors such as the location of the power plant, the structural type of its foundation, equipment used by contractors and contracts with suppliers and contractors. Evaluating these factors requires a high level of expertise. GCube has made more than 4,000 claim payments since 2011, and its specialized adjusters (loss appraisers) give advice on loss prevention based on accident statistics.

Moreover, GCube strives to further enhance its underwriting capabilities by quantifying risks according to the service life and usage conditions of each equipment. The company also provides advisory services to customer operators, such as advising them on the conditions of insurance policies (setting an appropriate amount of deductible, etc.) according to each risk based on these quantified risks.



Report created by GCube

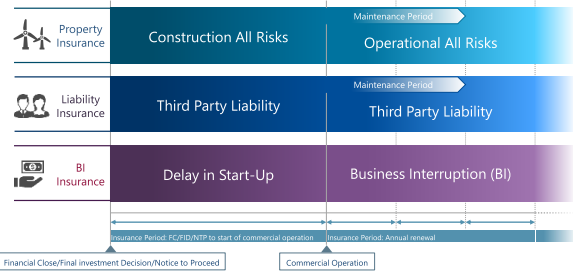
[Insurance and Services to Support Offshore Wind Power Generation]

Tokio Marine & Nichido has been underwriting insurance for offshore wind power generation projects across the world since 2013 when they were not yet widely known in Japan. The company is now regarded as one of the major international players in this field.



Offshore wind power generation projects, which require large-scale investment, often entail project financing and involve various parties, including the manufacturer of windmills and other contractors. Thus, an insurance package exclusively designed for such projects plays a crucial role. Such an insurance package offers comprehensive and seamless total support in order to cover a variety of risks faced by each party involved in constructing and operating wind farms. As a managing underwriter, Tokio Marine & Nichido offers globally competitive coverage in its insurance package. Contracts related to such projects vary by country or region. Thus, Tokio Marine & Nichido's insurance policy has been adjusted to their respective conditions to provide appropriate risk coverage. As for risks specific to Japan, the company has been actively promoting initiatives that harness its knowledge of maritime risks, which has been accumulated through its long history and tradition of providing hull and cargo insurance, and the experiences of underwriting insurance for marine development projects.

Determine various risks involved in each phase and create insurance package providing necessary coverage at a price reflecting the risks

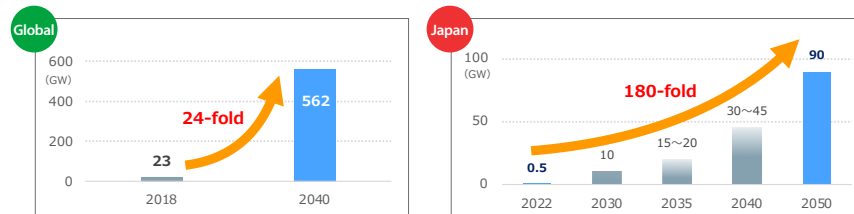


As offshore projects require preparations for typhoons and other natural disaster risks and pose greater challenges than land projects, we have made a range of efforts to counter these challenges. Given that Japan faces many natural disasters, we have built a risk model specific to the country through industry-academia collaboration with the Nippon Kaiji Kyokai (known as ClassNK) and Kyoto University.

Additionally, we have formulated the Guidelines for Marine Warranty Survey in Japan by applying our experiences in offshore wind power generation projects in Europe and modifying a marine warranty survey, which is common in Europe, to match the actual state of construction and other related contractors and weather conditions in Japan.

At Tokio Marine & Nichido, premiums related to offshore wind power generation increased by about 2.8 billion yen from fiscal 2020 to fiscal 2023. The number of projects is expected to increase further, and we anticipate continued, sharp market growth both in and outside Japan.

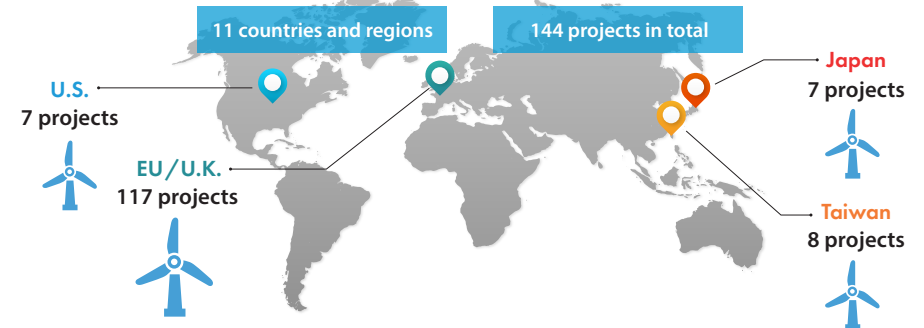
Electricity generated by offshore wind power



Source: Vision for Offshore Wind Power Industry (1st Draft), materials from the Japan Wind Power Association and partially surveyed by Tokio Marine Holdings

Tokio Marine & Nichido now has underwritten insurance for 85 projects in 11 countries and regions. Adding those underwritten by GCube, the Group has underwritten insurance for as many as 144 projects. Offshore wind power generation is said to play a crucial role in shifting our main power source to renewable energy. Going forward, we will continue to leverage the Group's strengths to generate synergies, support offshore wind power projects globally and contribute to the transition to a decarbonized society.

Projects for which Tokio Marine Group has underwritten insurance



[Insurance Package for Solar PPA Operators]

Tokio Marine & Nichido offers Insurance Package for Solar PPA Operators, an insurance product providing power purchase agreement (PPA) operators with comprehensive coverage for various risks, including the risk of damage to power generation facilities, third party liability risk arising from the management of facilities and risk of the user (company using the facilities) going bankrupt.

In recent years, a PPA model has drawn much attention on the back of the growing need to use renewable energy. It is a business model in which a third party installs its own renewable energy facilities on the roof of the user's building or within its premises by incurring the installation costs, and supplies generated power to the user while recovering these and other costs through a long-term PPA with the user. An increase in the introduction of renewable energy is expected to continue via this model, as it has the advantage of eliminating the associated initial cost for the user. There is, however, a risk that the originally planned cost recovery would be difficult for reasons such as unexpected and sudden accident during the term of the contract. By offering this insurance package, the company contributes to the promotion of renewable energy based on the solar PPA model.



② Guarantee Insurance for Electric Vehicles and Storage Batteries

Guarantee insurance provides coverage for damage or loss caused by performance defects in products. By providing guarantee insurance, U.K. based Tokio Marine Kiln (TMK) supports the transition to a decarbonized society.

The spread of EVs, which do not emit CO₂, will lead to decarbonization, but buyers, especially those wishing to buy used EVs, are concerned about possible defects in the performance of batteries and other components. In response, TMK offers guarantee insurance for used EVs to cover the damage caused by performance defects or failure so that consumers can buy these EVs with a sense of reassurance. This will also lead to a longer lifespan of EVs, which in turn will reduce the disposal of raw materials and CO₂ emitted from the manufacturing processes.

For operators generating power using renewable energy, a gap between the amount of electricity generated and the demand for electricity poses a challenge, as the supply of renewable energy is unstable and is easily affected by weather. As a solution, systems to store electricity generated by operators have been drawing much attention. TMK also provides guarantee insurance for such systems and is contributing to the spread of the electricity storage systems as well as an expansion of the renewable energy power generation market.



Battery Energy Storage System

③ Recovery and Reuse of Auto Parts from End-of-Life Vehicles

The Ellen MacArthur Foundation is an internationally well known organization promoting circular economy. It released a report entitled “Completing the picture: How the circular economy tackles climate change,” which states that a transition to renewable energy, complemented by energy efficiency, can only address 55% of global GHG emissions while reducing the remaining 45% requires a circular economy and transformation of the way we make and use products.

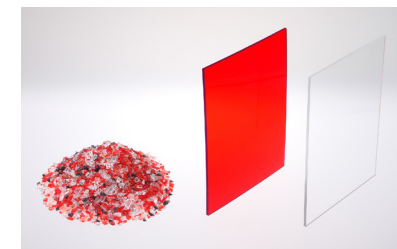
Tokio Marine & Nichido, E. design Insurance and Nisshin Fire acquire end-of-life vehicles in exchange for the payment of insurance claims. The three companies collect materials from the vehicles’ taillights and airbags through a network of auto dismantlers and work with a chemical manufacturer to recycle and reuse them again as raw materials.

This initiative both serves to reduce waste through circular economy and helps achieve decarbonization. For example, recycling acrylic resin from used taillights can reduce CO₂ emissions by 50% compared to newly manufactured acrylic resin.

As insurance companies handle many end-of-life vehicles, we will continue to contribute to the achievement of decarbonization by expanding the recovery and reuse of auto parts.



End-of-life vehicles



Acrylic resin recycled from end-of-life taillights

(2) Initiatives to Adapt to Climate Change

We cannot eliminate natural disasters, but we can reduce damage by mitigating the vulnerabilities in society, as described in the Scenario Analysis section. Accordingly, Tokio Marine Group has been focusing on providing solutions to prevent damage, reduce damage when a disaster does occur and support early recovery.

① System for Responding Quickly to Natural Disasters

Japan has been struck by a number of natural disasters such as typhoons and floods in recent years, causing serious damage across the country. If a large-scale disaster occurs, Tokio Marine & Nichido promptly establishes disaster response offices, satellite offices (temporary offices to conduct damage assessment and other operations in disaster-stricken areas) and backup offices (insurance claim centers) to facilitate speedy initial response. The company's IT network enables claims service offices across Japan to exchange and share information in real time, which in turn allows for providing support smoothly from remote regions. Tokio Marine & Nichido makes company-wide efforts, with employees, loss appraisers and adjusters dispatched to the disaster areas visiting customers affected by the disaster to check on damages to houses and other properties, in order to quickly pay insurance claims using digital, AI and other technologies.

We have installed a system to check damage remotely, thereby setting up a structure to maintain our claims services even when employees are unable to come to the office due to an infectious disease or disaster.

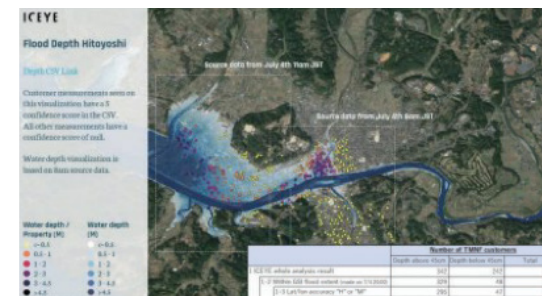
**② Development of Claims Payments Using Satellite Imaging and AI**

Tokio Marine & Nichido began working with ABeam Consulting Ltd. to pay insurance claims using satellite imagery in 2018. To increase the level of sophistication of these activities, the company has been collaborating with ICEYE, which possess advanced satellite image analysis technologies.

Mainly in the event of a flood disaster, this initiative will enable a more detailed calculation of damage and the height of flooding using AI to analyze data, including images on social media and data from immersion sensors in addition to acquired satellite images. The data will be combined with Tokio Marine & Nichido's customer data, such as location and property information, to determine the damage on a customer-by-customer basis and significantly reduce the time before customers receive their insurance claims.

This initiative was highly valued and awarded the Claims Initiative of the Year – Japan at the Insurance Asia Awards 2021 hosted by the Charlton Media Group.

Tokio Marine Holdings and ICEYE have concluded a capital and business alliance in February 2022. This alliance is aimed at advancing various initiatives, including the digital transformation of insurance claim services related to natural disasters and the joint development of new insurance products and services, by leveraging ICEYE's technologies for high-precision, high-frequency earth observation and its technology development team dedicated to the insurance field to help solve diverse social issues.

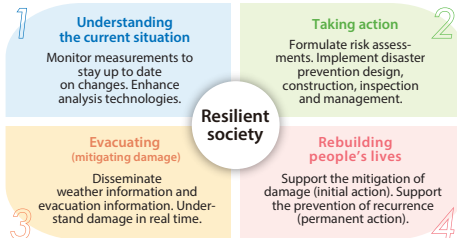


Overlaying the extent of a flood disaster analyzed by AI on a satellite image

③ Co-Creating Solutions through Disaster Prevention Consortium (CORE)

CORE was established by 14 companies in November 2021, with Tokio Marine & Nichido being the initiator. (As of May 31, 2024, it has 115 member companies.) It is aimed at establishing specific measures such as the creation and market deployment of new services for accelerating and promoting new initiatives related to the prevention and mitigation of disasters in line with the Fundamental Plan for National Resilience.

The Consortium includes a plenary session and subcommittees. The plenary session meets twice a year to address the domain of co-creation, enabling government officials and experts to share information about market trends and other topics. The subcommittees focus on competition-related domains, combining the strengths of multiple corporations to promote research and the development of solutions. Currently, the Consortium has 10 subcommittees and many of them have started field tests and similar activities. Examples include the development of disaster detection technology to identify signs that a disaster will occur and the status of disasters using camera imagery and the development of technology to save labor and streamline damage surveys using sensors and satellites. These co-creation solutions are a unique feature of the Consortium that fosters cross-industrial cooperation.



Current agenda of subcommittees	1	2	3	4
Use of remote sensing to identify infrastructure maintenance and management risks	○			
Real-time hazards	○			
Risk assessment encompassing all hazards; application of risk assessment to community development and disaster-preparedness measures	○	○		
Discussion of BCP from a community-based perspective to supply pharmaceutical products in the event of a disaster	○	○		
Information services to maintain logistics functions and business continuity in the event of a water disaster	○	○	○	
Prediction of disasters that would necessitate evacuation			○	
Use of digital technologies to survey damage and accelerate recovery and reconstruction				○
Research into new disaster-preparedness information systems and using these systems to consider disaster-preparedness businesses				○
Use of timelines to prevent damage to key facilities such as hospitals and to enable them to continue functioning in the event of a flood	○	○	○	○
Comprehensive resilience support service for buildings and building use	○	○	○	○

④ Providing solutions by Tokio Marine Resilience

In November 2023, Tokio Marine Group established Tokio Marine Resilience Co., Ltd., a Group company specializing in the solutions business in the disaster prevention and mitigation domain. The company has launched this new business to offer value to all phases of the disaster prevention and mitigation value chain (assessment, preparedness, evacuation, recovery/reconstruction) and started providing disaster prevention and mitigation services.

The services provided by Tokio Marine Resilience include a supply chain management service, which visualizes risks in the entire supply chain by employing the resilient information distribution service that allows real-time risk monitoring and using data from weather and disaster information.

In developing services, the company also utilizes solutions co-created by the CORE consortium. Tokio Marine Resilience will continue to evolve its disaster prevention and mitigation services.



Resilient information distribution service



Supply chain management service

⑤ Disaster and Crisis Management Response Services

The U.S.-based PURE Group of insurance companies has launched the Situation Room (crisis management center) to provide customers with damage mitigation advice and inform them of accident-reporting contact points. The Situation Room constantly monitors highly precise weather information and online information such as news and social media posts to accurately identify natural phenomena with the potential of causing damage to customers. When the Situation Room recognizes any danger of disaster, it overlays the anticipated disaster region and customers' addresses on a map and immediately contacts customers to protect their safety if they are exposed to the risk.

The United States has experienced many large-scale wildfires in recent years, and minimizing the resulting damage has become a pressing issue. Since 2020, the Situation Room has provided alerts for customers on various risks facing them. Its activities include closely examining roughly 2,400 wildfire warnings issued by local governments, dispatching private fire companies to about 100 wildfire sites in 12 states and making hundreds of phone call alerts.

Hailstorms are also a major weather disaster in the United States, causing considerable damage with hailstones, sometimes the size of tennis balls. The Situation Room also notifies customers of the detected hailstorms and works to prevent secondary damage through efforts such as accounting for their whereabouts and checking the damage on house roofs.



(3) Reinforcing Engagement

The preceding sections describe specific examples of products and services we provide as an insurance underwriter. In addition to these efforts, we also believe engagements on the theme of the environment with business partners are essential in transitioning to a decarbonized, carbon-neutral society.

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

To strengthen engagement dialogues further, Tokio Marine & Nichido has set a target to conduct engagements with 200 large corporate customers, which account for approximately 90% of its insurance-associated emissions. Of these corporate customers, the company aims to make deeper engagements with 160 companies by 2030.

Since November 2022, Tokio Marine & Nichido has also been providing, jointly with MUFG Bank, Ltd., a service to support disclosures of climate change risks and opportunities and other related information in accordance with the TCFD recommendations as a service solution to help companies promote GX.

A-2. Initiatives as an Institutional Investor (Investment and Financing)

Tokio Marine Group recognizes that climate change and loss of natural capital are issues that are closely linked. As such, we engage in ESG investment and financing, which gives appropriate consideration to the environment, social and governance (ESG) factors encompassing these two issues while supporting the transition to a decarbonized society and conservation of natural capital.

Specific efforts include constructive and purposeful dialogue with investment and financing recipients, which encompasses ESG issues; ESG integration where both financial and non-financial data are used in the investment decision-making process; and addressing specific sectors based on climate change as well as environmental and social risks. We have also been promoting efforts to become nature positive in 2030 and carbon neutral in 2050 in our investment and financing portfolios. Additionally, mainly Group insurance companies in Japan have been engaging the lead in generating sustainability outcomes for resolving environmental and social issues through sustainability-themed investment and financing as well as impact investing.

Sustainability-themed investment and financing include investment in green bonds, sustainability bonds and transition bonds. Additionally, Tokio Marine & Nichido executed its first green loan and invested in Japan's first blue bonds in fiscal 2022. The use of funds obtained through these blue bonds is limited to the prevention of marine pollution and businesses related to sustainable fishery resources. In February 2024, the company also invested in the GX Economy Transition Bonds (climate transition bonds), issued for the first time by the Japanese government, as an effort to make impacts in a new field.

In fiscal 2022, Tokio Marine & Nichido established a team to carry out impact investing that generates both social and economic value and has made investment commitments to renewable energy and other funds conducive to counter climate change. In fiscal 2023, in addition to renewable energy funds, the company made investment commitments in a real estate climate impact fund that focuses on climate action.

Furthermore, the company continued its endeavor to make impacts in new fields that will help conserve natural capital and made investment commitments in a forestry fund and agriculture strategic investment fund.

[Real Estate Climate Impact Fund That Focuses on Climate Action]

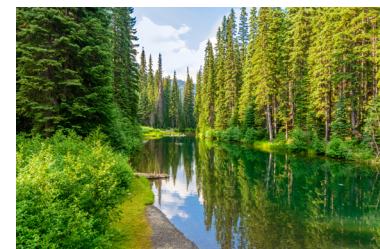
In fiscal 2023, we signed through Tokio Marine & Nichido an agreement to invest in the Fidelity European Real Estate Climate Impact Fund, which addresses climate change issues through the acquisition and renovation of commercial real estate in Europe.

This fund aims to implement sustainability-enhancing renovations to existing buildings acquired through real estate investments to reduce GHG emissions and improve asset value and well-being of users. Through the investment, Tokio Marine & Nichido financially aids the climate action in the real estate sector and provide support for achieving a net-zero society.

[Investment in a Forestry Fund]

In fiscal 2023, we signed through Tokio Marine & Nichido an agreement to invest in the Manulife Forest Climate Fund, which invests globally, including in the United States and Australia.

This fund manages forests mainly to acquire carbon credits that are receiving growing expectations for their role in reducing GHG emissions. It plans to acquire international certification to promote sustainable forest management, such as the Sustainable Forest Initiative (SFI) and Forest Stewardship Council (FSC) certification, for the forests it manages. Through the investment, Tokio Marine & Nichido financially aids forest management to enable longer intervals of logging and improved forest management, including tree planting, and support conservation of natural capital and achievement of carbon neutrality.



[Investment in an Agriculture Strategic Investment Fund]

In fiscal 2023, we also signed through Tokio Marine & Nichido an agreement to invest in the Macquarie Agriculture Fund Crop Australia 2, a fund to invest in Australian farmland and agriculture-related businesses.



This fund mainly invests in companies that own and operate farmland in Australia and promotes environmentally friendly operations, such as the use of renewable energy, the reduced use of pesticides and fertilizers by introducing the latest technology and afforestation in abandoned farmland. Through the investment, Tokio Marine & Nichido provides financial support to sustainable agricultural operations for the ultimate goal of reducing GHG emissions and conserving biodiversity while also supporting the agriculture sector to address climate change and nature-related issues for achieving carbon neutrality.

The Group's balance for sustainability-themed investing and financing and committed amount for impact investments as of March 31, 2024, are as shown below.

Investment cases	Investments and financing as of March 31, 2024*
Sustainability-themed investments and financing	138 billion yen
Impact investing	29 billion yen

* Total balance of Tokio Marine & Nichido, Tokio Marine & Nichido Life and Nisshin Fire for sustainability-themed investments and financing; Total committed amount of Tokio Marine & Nichido for impact investing

Through these initiatives, Tokio Marine Group contributes to becoming carbon neutral and nature positive.

A-3. Initiatives as an Asset Manager (Fund Formation)

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

Performance of renewable energy funds (Total as of March 31, 2024)

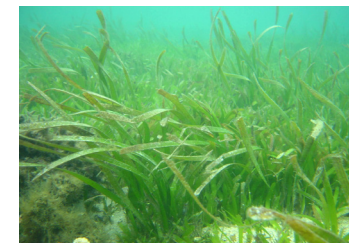
Amount committed	Approx. 48 billion yen
Units installed	43
Power generation capacity (DC)	Approx. 280 MW



By leveraging its financial strengths, Tokio Marine Asset Management also aims to contribute to the promotion of decarbonization and conservation of biodiversity in the marine and agricultural fields. In fiscal 2023, the company newly partnered with two venture companies and started exploring new growth opportunities.

Faeger Co., Ltd., one of the two new partners, develops, creates and sells agricultural carbon credits. By utilizing these credits created by Faeger, Tokio Marine Asset Management seeks to realize a decarbonized society, the development of regional economies and environmental protection.

The other company, Innoqua Inc., has a proprietary "environment transfer technology," which enables the modeling of a marine environment for laboratory-level environmental analysis. Jointly with Innoqua, Tokio Marine Asset Management is exploring the possibilities of blue carbon. To promote the reduction of GHG emissions and conservation of biodiversity, the company has been engaging in joint research with Innoqua in Ishigaki City, Okinawa



Prefecture, since 2023 to restore tape seagrass beds. The project is conducted with the cooperation of a local nature conservation group and a local elementary school.

Tokio Marine Asset Management aims to become an institutional investor that acts to solve problems, becomes a new form of asset manager and proactively engages in social issues by bridging those needing funds, those having relevant technologies and those supplying funds.

In 2022, Tokio Marine Asset Management became a signatory to the Net-Zero Asset Managers Initiative (NZAM), an initiative of an international group of asset managers. As a responsible asset manager, the company will endeavor to realize a decarbonized society.

A-4. Initiatives as a Global Company (Leading Research and Discussions at International Climate Change Conferences)

As climate change is an important social issue that needs to be addressed by the entire world, Tokio Marine Group works closely with international organizations, governments, industries and academic communities as well as actively engages in dialogue with NPOs and NGOs. Tokio Marine Group is contributing to the creation of international rules and the progress in research on climate change and natural disaster risks through international initiatives and weather disaster research.

(1) Participation in Initiatives in and outside Japan [UNEP-FI]

In July 2018, Tokio Marine & Nichido became a founding member of the insurer pilot group, launched by the United Nations Environment Programme Finance Initiative (UNEP FI) under the Principles for Sustainable Insurance (PSI) framework to examine and develop methodologies and analytical tools for the insurance industry to make climate-related disclosures based on the TCFD



recommendations. The company has contributed to the publication of the final report of the UNEP FI pilot project, entitled "Insuring the climate transition," in January 2021.

[The Geneva Association]

The Geneva Association is an insurance industry think tank composed of approximately 70 CEOs from major insurance companies around the globe. Since 2008, we have led discussions at international conferences, which includes co-chairing a climate change-related working group for the Geneva Association. We have also joined the Association's climate change task force and have been engaging in the formulation of scenario analysis and stress test guidelines to perform forward-looking impact assessment of climate change.



[ClimateWise]

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



[Sustainable Markets Initiatives]

We are also the only Asian company to be a member of the Sustainable Markets Initiative, an insurance industry task force envisioned by the then Prince Charles of the United Kingdom and established in June 2021.



[Partnership for Carbon Accounting Financials (PCAF)]

PCAF is an international initiative to develop methods for measuring and disclosing GHG emissions associated with investment and financing, and Tokio Marine & Nichido joined in January 2022. In November 2022, PCAF developed and made available a method for measuring GHG emissions related to insurance underwriting portfolios. Tokio Marine & Nichido participates in discussions at the initiative and at the same time aims to improve the quality of dialogue with its insurance customers and recipients of investments and financing toward achieving decarbonization.

**[TCFD Consortium]**

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

**[GX League]**

The GX League was established as a forum to enable companies pursuing green transformation (GX) and sustainable growth to achieve carbon neutrality and social transformation. It collaborates with other companies working for the same goals as well as governments, universities and academic institutions. Since endorsing the basic concept of the GX League in April 2022 and joining the forum in May 2023, Tokio Marine & Nichido has been actively working as a leader of the GX Management Promotion Working Group. The company has deeply engaged in discussions led by the working group on the Basic Principles of Disclosure and Evaluation of Climate-related Opportunities and contributed to the formulation of these principles.

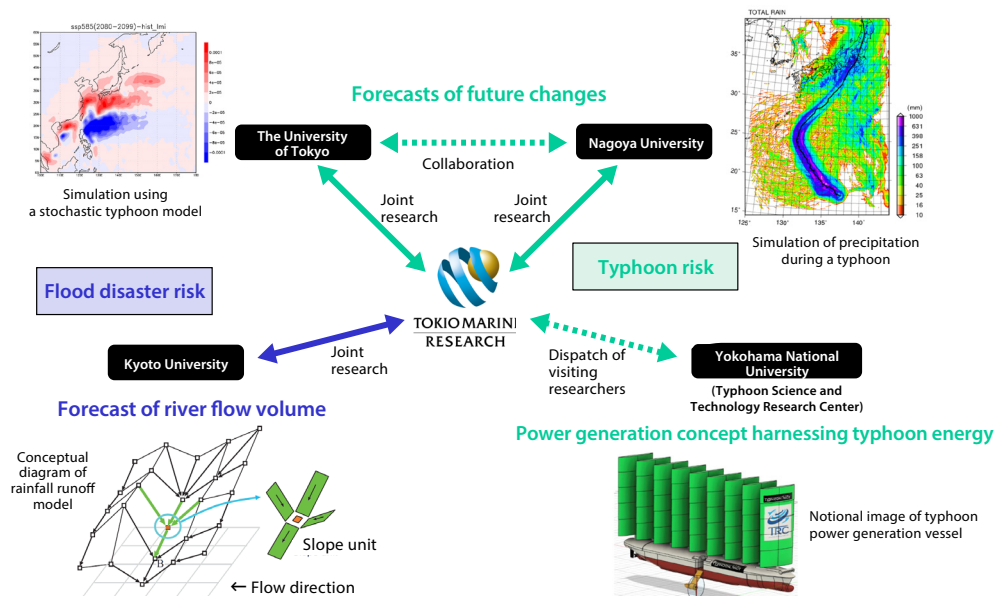
**[Taskforce on Nature-related Financial Disclosures (TNFD) Forum]**

TNFD is an initiative launched in June 2021 by the UNEP FI, Global Canopy and the World Wildlife Fund (WWF). Tokio Marine Holdings joined TNFD in January 2022. By establishing a framework for disclosing nature-related financial information and encouraging companies to disclose nature-related information, TNFD aims to shift global financial flows toward nature-positive outcomes. Tokio Marine Holdings has registered as an early adopter and published the TNFD Report based on TNFD recommendations in March 2024.



(2) Research Activities through Industry-Academia Collaboration

Tokio Marine Group seeks to promote research on climate change and natural disaster risks in collaboration with the world's leading scientists and researchers and to use research outcomes and other various findings broadly to the benefit of society. Simultaneously, as a corporate group engaging in the insurance business, we intend to translate our research activities into the ability to sustainably provide insurance products and related services to customers and local communities. In response, the Tokio Marine Research Institute engages in research on climate change and natural disaster risks through industry-academia collaboration. The following describes its efforts in cooperation with universities.

Overall Picture of Research on Natural Disaster Risks**[Joint Research with The University of Tokyo: Forecasting Future Changes in Typhoon Risk Using Climate Model Data]**

In joint research with The University of Tokyo, which started in 2007, we have developed an original stochastic typhoon model and investigated the relationship between global warming and changes in typhoons. The research to date has revealed that global warming will cause typhoons to take more eastward tracks and become stronger, increasing the number of typhoons reaching their maximum strength near Japan. These findings generally align with the content of the IPCC assessment reports. In fiscal 2021, we updated the global warming dataset we use for simulation to the Coupled Model Intercomparison Project Phase 6 (CMIP6), the latest dataset that has contributed to the creation of the IPCC Sixth Assessment Report. Using the dataset, we have been forecasting future changes in typhoons in respective global warming scenarios.

[Joint Research with Nagoya University: Analysis of Typhoons and Torrential Rain in the Future due to Global Warming]

Since 2010, joint research has been conducted with Nagoya University to forecast how typhoons and torrential downpours will change along with global warming. We have simulated how past typhoons will change under future climate conditions to forecast changes in typhoon-induced rainfall and non-typhoon precipitation. More recently, we have made stochastic future forecasts based on the enormous number of simulation results through the early adoption of the Database for Policy Decision-Making for Future Climate Change ("d4PDF") developed by the Japan Meteorological Agency's Meteorological Research Institute (MRI) and other organizations. We are currently carrying out research to forecast future changes in impacts from typhoon-induced rainfall and wind.

[Joint Research with Kyoto University: Assessment of Flood Disaster Risk under Future Climate Conditions]

Since 2012, in joint research with Kyoto University, we have forecast future changes in river flow volume by using a rainfall runoff model to simulate river flow volume based on precipitation data. After building a rainfall runoff model for river valleys in Japan, including the Arakawa River, we have customized it and expanded its scope to include the Red River in Vietnam and the Chao Phraya River in Thailand, enabling the use of the model for river valleys that are considerably different from those in Japan. Regarding precipitation data used in our simulation, we have been an early user of the d4PDF and performed stochastic flood disaster risk assessment based on thousands of precipitation data patterns. Currently, our ongoing research aims to build a more versatile model that enables the forecast of wide-area flood disasters, including small and medium-sized rivers.

[Yokohama National University: Research at the Typhoon Science and Technology Research Center for Generating Power Harnessing Energy from Typhoons]

Typhoons can be a threat, but from a different perspective, they are simply a mass of energy. If we could harness this massive amount of energy and use it as a resource, we would acquire a new energy source that would contribute to the realization of a decarbonized society. The Typhoon Science and Technology Research Center of Yokohama National University was established in 2021 as Japan's first research institute specializing in typhoons. It has since been conducting research toward the realization of power generation using energy from typhoons. The Tokio Marine Research Institute dispatches its researchers to the Center as visiting researchers to make contributions in terms of research activities and the social implementation of research outcomes together with the Center's researchers and other companies.

A-5. Initiatives as a Good Corporate Citizen (Social Contribution)

In keeping with our strong awareness that "it is our responsibility to pass on the irreplaceable global environment to future generations in a sustainable condition," we designated "future generations" as a

key stakeholder alongside customers, society, employees and shareholders/investors in 2021. We have been undertaking activities to contribute to future generations with three activity themes focusing on restoration of natural capital and response to climate change, nurturing the leaders of tomorrow and promoting a circular economy.

Mangrove forests have an effect on the prevention and mitigation of global warming by absorbing and fixing a significant volume of CO₂. Under the concept of "Insurance for the Future of the Earth," Tokio Marine & Nichido has engaged in the Mangrove Planting Project since 1999. As of March 31, 2024, approximately 12,567 hectares of mangrove forest have been planted through this project in nine countries, primarily in Asia. In addition to Tokio Marine & Nichido, other Group companies are now planting mangroves. We have also announced the Mangrove-Based Value Co-creation 100-Year Declaration, which aims to create value through the blessings of nature brought by mangroves in collaboration with forestry NGOs. Under the declaration, we will continue to undertake this project in the future.

In 2022, we launched activities to protect and restore eelgrass beds. Eelgrass is a type of seagrass, which grows in sandy, shallow waters with sunlight and gentle waves. It has a high ability to absorb and sequester CO₂ from the atmosphere as well as purify water. Together with mangrove forests, we will promote this initiative as an effort to protect the global environment.



Activities to plant mangroves (Malaysia)



Protecting and restoring eelgrass beds (Japan)



Tree planting activity (United States)

Since 2015, Philadelphia Insurance Companies (PHLY) has partnered with a local foundation to engage in a tree planting program. Throughout the United States, record wildfires, storms and other natural disasters, such as the Hawaii wildfires in August 2023, have destroyed millions of trees in recent years. PHLY and the foundation helped the planting of approximately 570,000 trees over the eight years from 2015 to 2023. This, in turn, has sequestered 344,766 metric tons of CO₂.

At every age, educating and enlightening children who will lead the future are a great responsibility adults must assume. Tokio Marine Group is visiting schools to provide “Green Lessons” and “Disaster Preparedness Lessons” to children to raise their awareness of climate change mitigation and adaptation.

Number of Lessons Provided in School by Tokio Marine & Nichido (as of March 31, 2024)

Lesson	Year of launch	Total No. of lessons provided	Total No. of participants
Green Lessons	2005	921	60,000
Disaster Preparedness Lessons	2012	1,483	95,000

Tokio Marine & Nichido’s “Green Lessons” and “Disaster Preparedness Lessons” have been attended by a total of 60,000 and 95,000 participants, respectively. These lessons have expanded globally and are now provided in Indonesia, Vietnam and China, among others.

We will continue to reinforce our tree planting and educational initiatives to pass on a sustainable environment and society to future generations.



Disaster Preparedness Lesson (Vietnam)



Green Lesson (Indonesia)

◆ New Head Office Building ◆



Tokio Marine Holdings’ new head office building is slated to be complete in fiscal 2028. It will be a 100-meter-high head office building made of trees, the world’s largest wooden hybrid structure at the time of its completion, which uses an unprecedented amount of domestic fire-retardant wood for its structural components, such as pillars and floors. Wood is an excellent eco-friendly construction material that absorbs and stores CO₂ during the process of growth. By utilizing a large quantity of domestic timber and through other CO₂ reduction measures, we can reduce the amount of CO₂ emitted during the construction of the building by approximately 30% compared to when constructing regular buildings. In addition, we will contribute to saving energy and realizing a decarbonized society by introducing highly energy-efficient facilities and a district heating and cooling system and using 100% renewable energy for our electricity consumption.

<B. Policies Concerning Insurance Underwriting as well as Investment and Financing>

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

Insurance Underwriting and Investment and Financing in Specific Sectors

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

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

Tokio Marine Group has established a strict underwriting management process for specific sectors that we deem to pose a high risk to the environment and society.

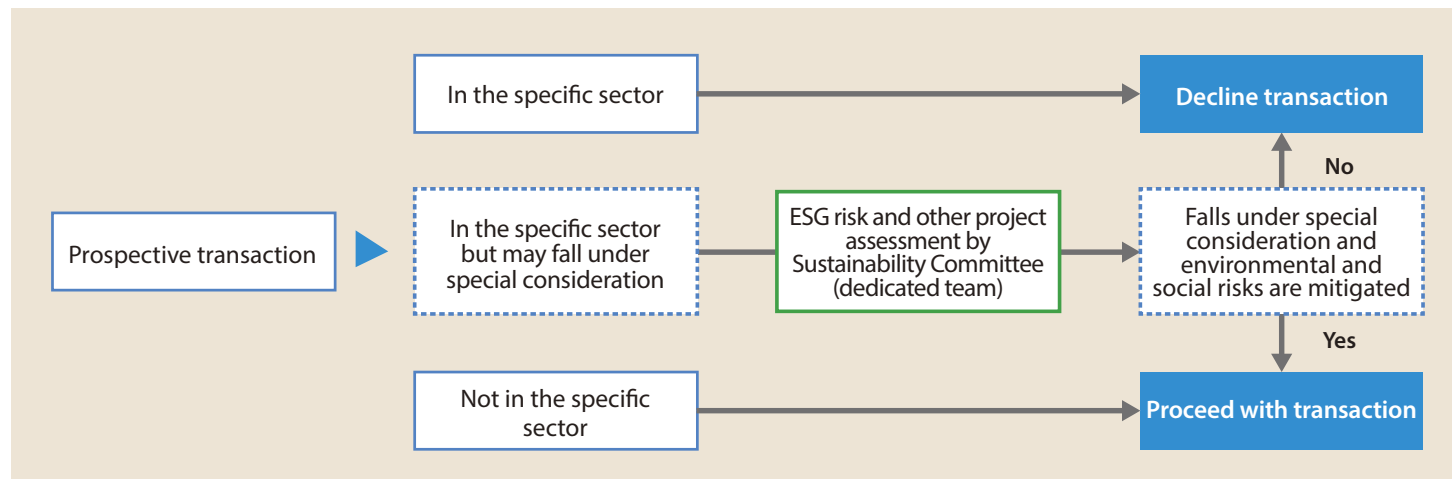
For projects that relate to any of the specific sectors but may be subject to special consideration^{*3}, we determine whether to underwrite insurance by using an escalation process, through which a dedicated team will perform risk assessments. We seek the approval of the Sustainability Committee if necessary.

In fiscal 2023, we received inquiries for four projects in the specific sectors. Of these, three were deemed eligible and underwent an assessment by the dedicated team.

*1 Carbon dioxide capture and storage/Carbon dioxide capture, utilization, and storage

*2 Exemptions for projects with decarbonization plans that are aligned with the Paris Agreement

*3 Projects with innovative technologies and approaches, such as CCS/CCUS and mixed combustion which contribute to achieving the goals set in the Paris Agreement, and projects conducted by companies with decarbonization plans aligned with the Paris Agreement will be carefully decided after analyzing their ESG risks.



Engagement with High-Emission Companies

Tokio Marine & Nichido has set an interim target of holding dialogue with 200 large corporate customers^{*1}, which account for approximately 90% of the company's insurance-associated GHG emissions, and achieving Level 2 or higher engagement with more than 160 customers by 2030.

As of March 2024, Tokio Marine & Nichido has conducted engagements deeper than Level 2 with 104 companies, which accounts for 52% of the 200 engagement target, and either made a proposal based on identified issues or provided insurance and related services.

Level	Topics	Activities	Number of customers engaged
1.	Identify issues	Understand customer's decarbonization plans and initiatives based on the company's management plan, IR reports, etc., while presenting our list of decarbonization solutions.	57
2.	Make proposal based on identified issues	Provide concrete solutions after creating a shared understanding of issues with each company Support introduction of renewable energy, conduct risk assessment and underwrite insurance to mitigate risks Provide consultation services for climate change-related information disclosures and formulation of decarbonization plans, etc.	75
3.	Provide insurance and solutions	Support customers' transition through our proposed list of solutions and insurance services.	29

^{*1} Companies listed in the Prime Market of the Tokyo Stock Exchange, selected from Tokio Marine Nichido's top 150 customers in terms of written insurance premiums and top 100 customers in terms of GHG emissions

Example of Customer Engagement 1. (Tokio Marine & Nichido)

Engagement levels

Land transportation company A (Listed on TSE Prime Market)

Level 1

Identify issues

- Faced with the challenges of setting GHG emission reduction targets and implementing concrete measures that meet stakeholders' expectations

Level 2

Make proposal based on identified issues

- Have our team of experts provide consulting services to strengthen decarbonization initiatives (formulating ICP^{*2}, setting quantitative targets, enhancing disclosure, etc.)

Level 3

Provide insurance underwriting and solutions

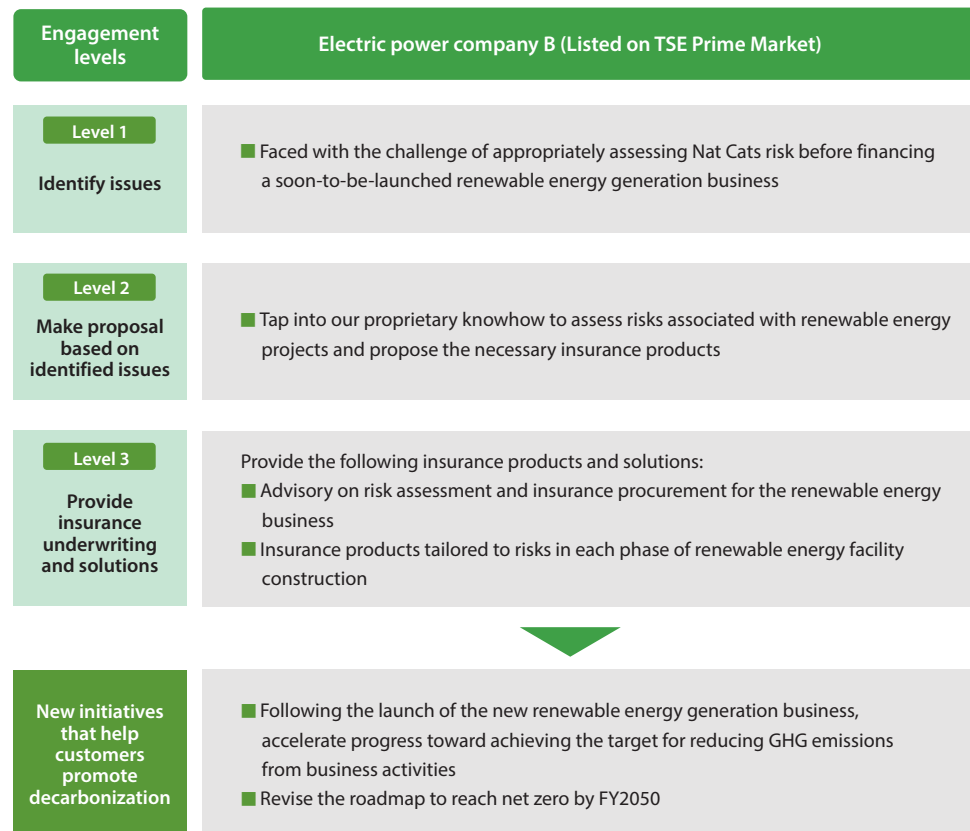
Provide the following solutions:

- Support setting of quantitative targets for emission reduction, etc.
- Support drawing up of ICP
- Support enhancement of disclosure based on the TCFD recommendations

New initiatives that help customers promote decarbonization

- Set a GHG emission reduction target in absolute volume
- Formulate ICP¹ to introduce a decarbonization perspective to decisions on M&As and capital expenditures

^{*2} Internal Carbon Pricing

Example of Customer Engagement 2. (Tokio Marine & Nichido)

Of the 200 large corporate customers, 60 companies are in high GHG-emission sectors, accounting for about 70% of Tokio Marine & Nichido's insurance-associated GHG emissions. In March 2024, the company set a policy that it will request these 60 companies to formulate decarbonization plans through engagement and will no longer provide insurance underwriting, investment and financing for companies that fail to have plans in place. The company will reinforce its engagements with business partners to help insurance customers and investment and financing recipients create decarbonization plans and realize the transition to a decarbonized society.

GHG-intensive sectors	Number of companies	Policy
Power (coal), oil and gas, transportation, real estate, steel, cement, aluminum and agriculture	60	We will require companies to have a decarbonization plan in place and will no longer provide insurance underwriting ^{*3} investment and financing ^{*4} for companies that fail to have them by 2030.

^{*3} Insurance policies for employee benefits are excluded.

^{*4} Equity, Bond and Corporate financing

④ Plan for the transition to a decarbonized society

Tokio Marine Group has set the target of achieving net-zero emissions by 2050 and formulated a plan for transition encompassing interim targets to define a path toward the ultimate target. The three pillars of our plan for transition are providing solutions through insurance products and services as well as investment and financing that support the transition to decarbonization; dialogue (engagement) with

business partners for the purpose of decarbonization; and insurance underwriting and investment and financing policies. We will steadily execute our plan while updating it for greater effectiveness in line with advancements in decarbonization technologies and expectations placed on us by society. See p41-42 Metrics and Targets for the details.

		Efforts to date	2026	2030	2050
Insurance customers and investment and financing recipients	Providing solutions	<ul style="list-style-type: none"> ●2020: Acquired GCube specializing in underwriting insurance for renewable energy business ●2023: <ul style="list-style-type: none"> • Launched a GX Roundtable and started joint development of decarbonization-related products on a Group basis • Established a company specializing in supporting corporate customers' decarbonization efforts <p>As of March 2024: their insurance premium JPY35.5 billion</p>	[Fiscal 2026 target] Decarbonization-related insurance premium JPY45 billion	[Fiscal 2030 target] Hold dialogue with 200 high-emission corporate customers and make deeper engagements with 160 companies among them ^{*1}	[Fiscal 2050 target] Achieve carbon neutrality (encompassing insurance underwriting and investment and financing portfolio)
	Dialogue (engagement)	<ul style="list-style-type: none"> ● Provided decarbonization support to insurance customers and investment and financing recipients through constructive dialogue <p>As of March 2024: deeper engagements conducted with 104 companies^{*1}</p>			
	Insurance underwriting and investment and financing policies	<ul style="list-style-type: none"> ●2020–2021: Restricted new transactions related to coal-fired power generation plants and thermal coal mining projects ●2022: Restricted new transactions related to oil and gas company extraction projects in the Arctic Circle and oil sands mining ●2023: Restricted transactions^{*1} with 60 companies in high-emission sectors if they fail to have decarbonization plans as of 2030 			
Direct operations Corporate citizenship activities		<ul style="list-style-type: none"> ● Reduced environmental impact associated with direct operations (introduction of renewable energy, etc.) ● Corporate citizenship activities <ul style="list-style-type: none"> • 1999: Launched mangrove planting • 2007: Mangrove Planting 100-Year Declaration • 2019: Mangrove-based Value Co-creation 100-Year Declaration • 2022: Launched activities to protect and restore eelgrass beds <p>As of March 2024: for the 11th consecutive year, absorption and fixation effects of mangrove planting (approx.96,000t) outperformed CO₂ emissions generated by our business activities(approx.70,000t)</p>		Reduce GHG emissions from Tokio Marine Group by 60% (vs Fiscal 2015) Use 100% of renewable electricity at Tokio Marine Group's major business facilities Switch all company-owned vehicles to electrified vehicles ^{*2}	

^{*1} Target of Tokio Marine & Nichido ^{*2} Target of Tokio Marine & Nichido, Tokio Marine & Nichido Life and Nisshin Fire

A wide-angle photograph of an Antarctic landscape. In the foreground, a large, white, rectangular iceberg floats in dark blue water. To its left, another smaller iceberg is visible. The water is dark blue with some lighter patches where the icebergs are. In the background, there are snow-capped mountains and icebergs under a clear blue sky with a few wispy clouds. The text "Risk Management" is centered in the middle of the image, overlaid on a semi-transparent white band.

Risk Management

Risk Management

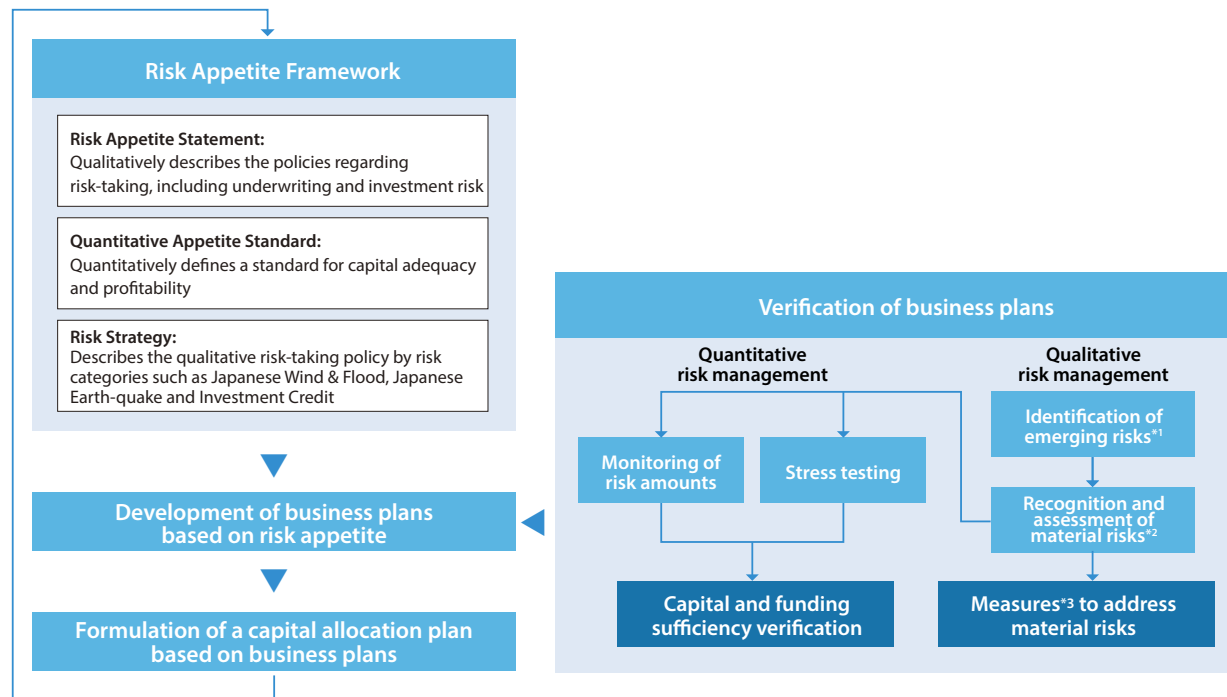
[Managing Climate-Related Risk Based on Enterprise Risk Management (ERM)]

Tokio Marine Group conducts enterprise risk management (ERM), which includes the management of climate risks. Through the ERM cycle, we comprehensively identify and assess climate-related risks, using both qualitative and quantitative approaches.

In the underwriting business, which pursues profit through risk-taking, risk assessment is the foundation of our business. The Group has been working for many years to increase the level of sophistication of its risk assessment for material risks (including those due to natural catastrophes) both quantitatively and qualitatively. Specific initiatives are as follows.

[Risk Factors](#) | [Financial Data](#) | [Tokio Marine Holdings, Inc.](#)

Notional Image of 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.

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

◆ Qualitative Risk Management

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

◆ Quantitative Risk Management

For material risks, through measuring risk amounts and implementing stress tests as part of our quantitative risk management, we perform a multifaceted review of the adequacy of capital relative to the risks held for the purpose of maintaining ratings and preventing bankruptcy.

We calculate risk amounts posed by natural disasters using a risk model (for Japan, a risk model we developed in-house based on engineering theory and the latest knowledge of natural disasters, and for overseas, models provided by outside vendors for insurance companies). We independently analyze changing trends of past tropical cyclones (typhoons in Japan and hurricanes in the United States) and torrential rains and incorporate the up-to-date trends as necessary in order to properly assess current weather phenomena.

Furthermore, within material risks, we conduct stress tests based on scenarios in which extreme economic losses are expected and scenarios where multiple material risks occur at the same time. As for risks involving major wind and flooding disasters, for example, these scenarios assume typhoons and flooding on a much larger scale than the major typhoons that hit the Greater Tokyo Area in 2018 and 2019 causing

extensive damages. We update scenarios continuously while taking into account stress tests released by the regulatory authorities of each country, the latest knowledge (including that of climate change) and the most recent cases.

[Appropriately Controlling Risk through Risk Diversification and Reinsurance, etc.]

Natural disasters are inevitable in Japan, our home market. For that reason, we have sought to control risk capital by geographic, business and product risk diversification through M&A overseas. In addition, reinsurance, as a hedge against risk, is also an effective way to protect our capital and stabilize profits. The Group utilizes reinsurance to prepare for major natural disasters (capital events) that occur once every few centuries, and we determine earnings coverage from the standpoint of economic rationality and take necessary measures.

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

Tokio Marine Group is deepening collaboration with both inside and outside experts to acquire knowledge about risks. The Tokio Marine Research Institute collaborates with The University of Tokyo, Nagoya University and Kyoto University, among others, to carry out impact analysis based on the possibility for increased insurance losses associated with natural disasters that are becoming more severe in nature.

Moreover, Tokio Marine dR and a team of experts in natural disasters working in Atlanta in the United States are leading efforts to upgrade natural disaster risk management across the entire Group, including various evaluations of natural disaster risk models.



Metrics and Targets

NET
ZERO

Metrics and Targets

1 Metrics and Targets

Timeframe	Metrics	Targets
Fiscal 2050	Amount of GHG emissions	Aiming to reduce GHG (CO ₂) emissions from Tokio Marine Group to net zero by fiscal 2050 for our own operations (including insurance customers and investment and financing recipients)* ^{1,2} .
Fiscal 2030	Reduction rate of GHG emissions (CO ₂) from operations of Tokio Marine Group	Reducing GHG emissions (CO ₂) from Tokio Marine Group's business activities by 60% (vs 2015)* ³
	Rate of Renewable electricity use	Using 100% of renewable electricity at Tokio Marine Group's major business facilities
	Rate of electrification of company-owned vehicles (Tokio Marine & Nichido, Tokio Marine & Nichido Life and Nisshin Fire)	Tokio Marine & Nichido, Tokio Marine & Nichido Life and Nisshin Fire: Switching all vehicles owned by Tokio Marine & Nichido, Tokio Marine & Nichido Life and Nisshin Fire to electrified vehicles (EV, PHV, HV, etc.)
	Number of engaged customers and level of engagements (Tokio Marine Nichido)	Tokio Marine & Nichido: Holding dialogue with 200 large corporate customers, which account for approximately 90% of its insurance-associated GHG emissions, and making Level 2 or higher engagements with more than 160 customers among them (See "Engagement with High-Emission Companies" on page 34); and requesting through engagement 60 companies, which are in high GHG-emission sectors out of the 200 large corporate customers, to formulate decarbonization plans and declining transactions with those failing to present such plans by 2030
Fiscal 2026	Premium of insurance which directly contributes to the realization of a decarbonized society	Achieving decarbonization related insurance premium* ⁴ JPY45 billion by fiscal 2026
	Amount of improved profitability in fire insurance (Tokio Marine & Nichido) As a metric, we use the profitability of fire insurance, which is for the protection from increasing natural disasters, and seek to provide the fire insurance system in a stable and sustainable manner.	Tokio Marine & Nichido: Improving profitability of fire insurance by around 15 billion yen* ⁵ from fiscal 2024 to fiscal 2026 (Tokio Marine & Nichido)

*1 Medium-term targets still under consideration

*2 Scope 3, Category 15, based on the GHG Protocol standards

*3 Associated with our own business activities (Scope 1 [direct emissions] + Scope 2 [indirect emissions] + Scope 3 [other indirect emissions; Categories 1, 3, 5 and 6] based on the GHG Protocol standards)
Scope 3 includes categories of importance to the Group for which numerical values can be obtained.

*4 Insurance coverage for renewable energy such as offshore wind and solar power, as well as insurance for electric vehicles and storage batteries, which directly contributes to the realization of a decarbonized society. Examples: Insurance for renewable energy related businesses (Construction/Engineering, Property, Liability, Business Income, Marine/Cargo Insurance), Warranty insurance for EVs and storage batteries, Warranty and Indemnity insurance for the acquisition and transfer of renewable energy businesses

*5 Supposing natural catastrophe claims in an average year

② GHG Emissions from Business Operations

[Emissions Associated with the Group's Business Activities and Achieving Carbon Neutrality]

Each Tokio Marine Group company is working to reduce the environmental impact associated with its business activities, and at the same time, aims to achieve carbon neutrality on a global basis, in which the amount of GHG fixed and reduced through mangrove planting and the use of natural energy exceeds GHG (CO₂) emissions from business activities.

Fiscal 2023

- Reduction of GHG (CO₂) emissions from Tokio Marine Group operations^{*1}: 69,888 tons (48% reduction vs 2015)

(Scope 1: 13,685 tons; Scope 2: 28,701 tons; Scope 3^{*2}: 27,502 tons)

- Amount of GHG (CO₂) Fixed and Reduced: 96,465 tons

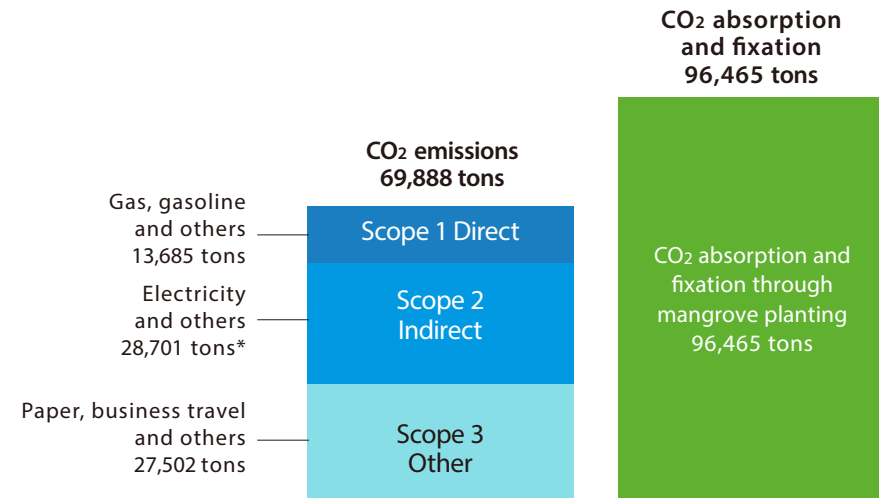
Tokio Marine Group is working to reduce the environmental impact (domestic and international) and become carbon neutral by 1) conserving energy and using energy more efficiently, 2) planting mangroves to absorb and fix CO₂, 3) using renewable energy (such as by procuring green electricity) and 4) amortizing carbon credits. As a result of these efforts, absorption and fixation effects of mangrove planting and the use of carbon credits in fiscal 2022 outperformed the CO₂ emissions generated by the Group's overall business activities for the 10th consecutive year (since fiscal 2013).

The value of ecosystem services generated through the Mangrove Planting Project from April 1999 to the end of March 2023 has reached approximately 202.3 billion yen. We expect the value to climb to 638.7 billion yen by the end of fiscal 2042^{*3}. As of March 31, 2024, we have planted a total area of 12,567 hectares of mangrove forest.

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

^{*2} Amount of paper used, etc. (Categories 1, 3, 5 and 6)

^{*3} Survey contracted out to Mitsubishi Research Institute, Inc. and evaluated following internationally recognized methodologies

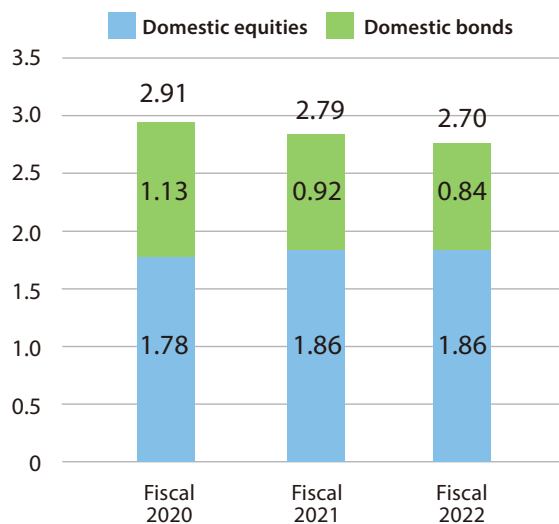


* CO₂ emissions include the effect of purchasing green power, etc., of 22,516 tons.

③ GHG Emissions for Investment Portfolio

To assess the climate change-related risks and opportunities of its investee companies and financing recipients, Tokio Marine & Nichido has performed analysis of total GHG emissions and weighted average carbon intensity (WACI) on its domestic listed equity and bond portfolios as of March 31, 2023, the disclosure of which is recommended by the TCFD. In performing the analysis, the company conducted measurements using data provided by MSCI ESG Research LLC^{*1, 2, 3}.

We will continue to urge our investee companies to fully disclose climate change-related information and work toward a decarbonized society through engagement, while also making use of this analysis.

Total GHG Emissions (Scopes 1 & 2; million tCO₂e)**WACI (tCO₂e/million USD)**

	Fiscal 2020	Fiscal 2021	Fiscal 2022
Domestic equities	111	114	107
Domestic bonds	545	542	453

Total GHG emissions:

GHG emissions associated with the portfolio, calculated based on the company's percentage of equity ownership to adjusted corporate value (market capitalization + interest-bearing debt)

Weighted average carbon intensity (WACI):

Calculated by multiplying each investee company's greenhouse gas emissions to revenue by the weight of the company in the portfolio and getting the sum of these figures

^{*1} The figures in the table cover 93.3% of the domestic listed equities in the portfolio (based on the market value). Likewise, the figures in the table cover 66.0% of the domestic bonds in the portfolio (based on the book value).

^{*2} Data may be subject to change retrospectively.

^{*3} We conducted measurement of our GHG emissions using information (the "Information") from MSCI ESG Research LLC and its affiliates (the "ESG Parties") as well as from other information providers. The Information may only be used for readers' internal use, may not be reproduced or resold in any form and may not be used as a basis for, or a component of, any financial instruments or products or indices. The ESG Parties do not allow the use of the Information to determine which securities to buy or sell or when to buy or sell them and do not warrant or guarantee the originality, accuracy and/or completeness of the Information. The ESG Parties expressly disclaim all explicit or implicit warranties, including those of merchantability and fitness for a particular purpose. None of the ESG Parties shall have any liability for any errors or omissions in connection with the Information or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if they have been notified of the possibility of such damages.