

UNEP FI PSI - Activity Report for FY2014

■ Company Profile

Company Name	Tokio Marine & Nichido Fire Insurance Co., Ltd.
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Corporate information	<p>Tokio Marine & Nichido Fire Insurance (TMNF) is the core company of the Tokio Marine Group, a Japan-based group active in 37 countries and regions worldwide, operating non-life insurance, life insurance, re-insurance, and financial and general businesses.</p> <ul style="list-style-type: none"> · Established: August 1879 · Net premiums written: 2,036.7 billion yen · Number of employees: 17,125 (as of March, 2015)

■ Description of Activities

The following is a report of our activities as they relate to the Principles for Sustainable Insurance.

■ What are your aspirations and targets for this principles?

In recent years, there are calls for corporate activities to pay greater attention to the environmental, social and governance (ESG) elements, which are relevant to running sustainable business.

Tokio Marine Group addresses a host of these issues, including responses to climate change and intensifying natural catastrophe risk, dealing with the aging of society, and promoting workplace diversity.

TMNF signed the Principles for Sustainable Insurance launched by UNEP FI in June 2012.

We will continually consider the roles expected of insurance companies and actively offer solutions to challenges that exist in communities around the globe, based on dialogue and cooperation with a diverse range of stakeholders.

■ How do you plan to achieve them?

Tokio Marine Group identified the following Key CSR issues in the current mid-term corporate strategy plan "Innovation and Execution 2014 (from FY2012 to FY2014)".

Key CSR Issues:

- (1) Environmental - Responding to climate change and natural catastrophe risk
- (2) Social - Contributing to local communities and societies
- (3) Governance - Strengthening CSR management

Recent natural catastrophes such as the Great East Japan Earthquake and the Thai floods have spurred rising social interest in the functions and roles of insurance, financial and consulting services as measures for adapting to risk. In working toward the realization of a sustainable society, we promote initiatives that make the most of the characteristics of our own businesses and give consideration to environmental, social and governance (ESG) in solving social issues.

http://www.tokiomarinehd.com/en/social_respon/group_csr/result_plan.html

In addition, Tokio Marine has formulated new mid-term corporate strategy plan "To be a Good Company 2017" (from FY2015 to FY2017) and identified three priority areas for CSR.

- (1) Promoting safety & security: One of the core objectives of insurance business is to create a safe, secure and sustainable society. We aim to contribute to the creation of disaster resilient communities worldwide, through insurance products and services related to risk reduction and post-disaster recovery.
- (2) Reducing the environmental footprint: Environmental footprint reduction is our priority issue to counter the threat of global warming and related natural disasters. We therefore engage ourselves in environmental protection activities (e.g. Mangrove planting, GREENPHLY, PHLY 80k Trees initiative) and environmental footprint reduction activities (e.g. Green power purchasing).
- (3) Investing in human capital: Offering an opportunity for children to learn and supporting people facing difficulties is critically important. We will focus not only on growth of young people, but also on support for the elderly, people with disabilities and athletes to respond to the growing social needs.

With this in mind, we encourage all Tokio Marine group members to proactively participate in CSR activities and contribute to communities and societies which will eventually lead to enhanced corporate and social values. There is no doubt that CSR can be most impactful if each and every individual dedicates his/her time and work to social issues.

■ **What key actions have you taken to date to achieve them(i.e. Demonstrate progress)?**

(1) Environmental - Responding to climate change and natural catastrophe risk

a. Provide value through our businesses

(http://www.tokiomarinehd.com/en/social_respon/environment/index.html)

Green Gift Project - Preserving Forests for the 22nd Century

TMNF has been promoting paperless business conduct by recommending policyholders to choose online insurance policy wording, policy certificate, and renewal notice for core lines of business such as auto, fire and super insurance products.

- FY 2014 Results: Approx. 9.7 million policyholders have chosen web-based contracts.
2,520 tons of reduction in annual paper consumption.

Environmentally Friendly Auto Repairs

TMNF encourages customers to accept repair over replacement to deal with physical damage resulting from automobile accidents. If replacement parts are required, we urge customers to accept recycled parts. In FY2014, approximately 25,800 parts were recycled in this way.

Insurance & Consulting Package Program for Solar Power Plant

TMNF launched a package program which combines insurance coverage (e.g. property, liability and warranty) and risk consulting services for solar power plant facilities in July 2012. TMNF has been providing more than hundreds of customers with such services since then.

Participating in the Pacific Disaster Risk Financing Pilot Program

TMNF participated in the Pacific Disaster Risk Financing Pilot Program which was implemented in collaboration with the World Bank and the Government of Japan and other insurance companies as an initiative for international cooperation in the fields of disaster risk reduction for Pacific island countries in January 2013. TMNF renewed its participation in the program in November 2013 and in November 2014.

<http://www.tokiomarine-nichido.co.jp/en/news/pdf/130118e.pdf>

<http://www.tokiomarine-nichido.co.jp/en/news/pdf/131101e.pdf>

b. Strengthen research on climate change and natural catastrophe risk

(http://www.tokiomarinehd.com/en/social_respon/environment/riskresearch.html)

Risk Analysis with the University of Tokyo

TMNF/TMRI(Tokio Marine Research Institute) have been working with the Atmosphere and Ocean Research Institute at the University of Tokyo from April, 2006. They have been engaged in typhoon risk assessment and other studies of medium-term (to 2035) and long-term (2001-2100) climate risks. Using climate change projection simulations by running climate models on supercomputers, and Monte Carlo simulations using statistical models and high-speed computers, the study team is scientifically analyzing how typhoon risks will be affected by future global warming. These analyses indicate the possibility that future typhoons will take more eastward tracks, become stronger and be generated in the northeastern region of the northwestern Pacific Ocean.

Risk Analysis with Nagoya University

Using simulations by Nagoya University's cloud resolution models and supercomputers, TMNF/TMRI are scientifically analyzing how genesis will be affected by changes in typhoon risk trends (scale and frequency of occurrence) in the vicinity of Japan due to future global warming. They have evaluated the risk of typhoons under climate change conditions for the near future to 2030. According to the findings, typhoons will tend to be stronger (with minimum core atmospheric pressure as low as 850 hectopascals).

Risk Analysis with Kyoto University

TMNF/TMRI initiated risk assessment on flood risk associated with global warming with Kyoto University in October, 2012.

There is growing concern about the occurrence and frequency of flood risk which is possibly exacerbated by climate change. The research team aims to develop a "Distributed Flow Routing Model" that forecasts the amount of flowing water after rainfalls. Subsequently, the Model is expected to produce estimation for flood risk and water damage assessment. Research results will be used to assist the Tokio Marine group companies in terms of risk management and insurance underwriting, while offering useful information to the public.

Earthquake and Tsunami Risk Analysis with Tohoku University

Tokio Marine Group has been bolstering its earthquake and tsunami risk research, making use of its underwriting and risk management expertise and accumulated data. TMNF has signed an industry-academia partnership agreement with Tohoku University in July 2011. TMNF is supporting the Earthquake and Tsunami Risk Research Team through a corporate sponsorship. The team is analyzing wave height distribution, arrival time, and other aspects of tsunamis following major past earthquakes such as the Great East Japan Earthquake, and is researching more reliable damage estimates (simulations) that take into consideration vulnerabilities and disaster readiness capabilities in society both in Japan and overseas, as well as tsunami risk assessment approaches that factor in the probability of occurrence. In addition, the team is working to make recommendations for disaster readiness and mitigation, including the provision of basic information, disaster readiness education and disaster mitigation planning of coastal areas.

(http://www.tsunami.civil.tohoku.ac.jp/hokusai3/E/irides_etrisk/index_e.html)

c. Reducing the Environmental Footprint of our Business

(http://www.tokiomarinehd.com/en/social_respon/environment/reduction.html)

TMNF continues working to reduce the environmental footprint arising from its business activities. TMNF installed or upgraded energy efficient equipment and devices in offices, and applied energy-saving practices for lighting and air conditioning, installed teleconferencing systems in major locations, converted to "thin client" ICT system network design for in-house intranet, introduced smaller, fuel-efficient, hybrid and electric vehicles to company fleet, and purchased renewable energy certificates (Wind Power).

In addition, not only TMNF but also the entire Group achieved carbon neutrality status for the fiscal 2014 by having the CO2 absorbed and fixed through mangrove planting in Asia and the purchase and use of green electricity certificates to offset CO2 emissions arising from its business activities.

Energy usage in FY2014:

- TMNF (Japan): 128,102 MWh (3.3% reduction from the previous year)
- TM Group (Global): 218,952 MWh (1.2% reduction from the previous year)

CO2 emissions (Scope 1+2) in FY2014

- TMNF (Japan): 55,764 tons (13.9% increase from the previous year)
- TM Group (Global): 93,115 tons (12.9% increase from the previous year)

Nevertheless TMNF reduced its energy usage in FY2014 by 3.3%, its CO2 emissions in FY2014 increased by 13.9% due to an increase in emission factors for electricity generation in Japan.

TM Group slightly reduced its energy usage in 2014 by 1.2%, however, its CO2 emissions in 2014 increased by 12.9% mainly due to an increase in domestic emission factors for electricity generation in 2014.

(2) Social - Contributing to local communities and societies

a. Responding to social issues -providing value through our core businesses

(http://www.tokiomarinehd.com/en/social_respon/contribute/challenge.html)

Through our core businesses, we create value that ensures "safety and security" of society against risks that have become increasingly diversified and complex. The following sections provide examples of our initiatives related to respective social issues.

Healthcare -Medical Assist

Medical Assist is a free healthcare consultation service that supports the health of TMNF policyholders. Assistance is provided mainly via telephone 24 hours a day, seven days a week, including advice on how to handle emergencies. The services initially respond to approximately 180-340 customer inquiries a day, and depending on the case, emergency medical specialists address the issue thereafter as necessary.

【Medical Assist Service Program】

- (1) Emergency medical consultation, (2) Consultation with medical specialists by appointment,
- (3) Information of medical institutions, (4) Transfers/Arranging patient transfers,
- (5) Cancer-specific consultation centers

One Day Auto Insurance

TMNF launched the One Day Auto Insurance (driver insurance available in the unit of days), which can be purchased anytime and anywhere via mobile phone. It is the first of its kind ever sold in the insurance industry in Japan, allowing infrequent drivers using cars owned by their parents or friends to purchase insurance at the cost of as low as 500 yen a day for just the number of days needed. The product was highly acclaimed for its ability to respond to the social issue of increasing traffic accidents involving uninsured drivers. The cumulative number of application for this insurance product reached 1,000,000 on August 9th, 2014.

b. Local community and social contribution activities

(http://www.tokiomarinehd.com/en/social_respon/contribute/philanthropy.html)

TMNF has been conducting its Mangrove Planting Project primarily in Asia. During the 16-year period up to fiscal 2014, it planted 8,994 hectares of new forest in nine countries covering Asia and Pacific region.

The project is conducted in partnership with the NGOs Action for Mangrove Reforestation (ACTMANG), The Organization for Industrial, Spiritual and Cultural Advancement-International (OISCA), and International Society for Mangrove Ecosystems (ISME) and through collaboration with local governments and communities.

The Tokio Marine Group considers mangroves as "insurance for the future of the Earth" because they protect the planet and people's lives and bring benefits. We are committed to stay involved in the mangrove planting project for 100 years.

(3) Governance - Strengthening CSR management

a. Reflecting climate risk in corporate management

(http://www.tokiomarinehd.com/en/social_respon/management/index.html)

Received a “strong” rating from Standard & Poor’s for ERM practices

Tokio Marine Group sees risks associated with natural disasters including the impact of climate change, as an important factor in insurance underwriting. At Tokio Marine Holdings, risks are controlled by allocating financial resources to match net assets (i.e., keeping the level of insured risk within allowable limits), in order to adequately absorb losses within the scope of its net assets, even in the event of catastrophes.

TMNF has received a “strong” rating from Standard & Poor’s for enterprise risk management (ERM) practices as part of credit rating processes. We are striving to maintain the rating, and sustain profitability in a consistent and efficient manner.

Tokio Marine Group faces the challenges of climate change based on this awareness and aims to fulfill its role in society as an insurance provider, by consistently and continuously offering a variety of insurance products and services to clients around the world, while managing risks in an appropriate way.

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