

UNEP FI PSI – Tokio Marine’s Progress Report for FY2016

■ Company Profile

Company Name	Tokio Marine & Nichido Fire Insurance Co., Ltd.
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Corporate information	<p>Tokio Marine & Nichido Fire Insurance Co., Ltd.(TMNF) is the core company of Tokio Marine Group, a Japan-based group active in 39 countries and regions worldwide, operating non-life insurance, life insurance, re-insurance, and financial and general businesses.</p> <p>Established: August 1879</p> <p>Net premiums written: 2,116.1 billion yen (as of March, 2017)</p> <p>Number of employees: 17,368 (as of March, 2017)</p>



■ 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?

Based on the new mid-term business plan “To Be a Good Company 2017 (FY 2015 – FY2017),” Tokio Marine Group set “Providing Safety and Security,” “Protecting the Earth” and “Supporting People” as our core CSR themes in consideration of our responsibilities to society as a global insurance group and the expectations of our stakeholders. We will promote initiatives focusing on these three core CSR themes in response to various social issues such as the frequent occurrence of natural disasters and changing demographics.

With the aim of raising the centripetal force of stakeholders in CSR initiatives, we newly established the Tokio Marine Group’s CSR Approach. As a result, our self-motivated employees will act with integrity and compassion, and as this spreads throughout organizations and the Group, we believe that it will create a virtuous cycle of developing innovative products and services along with contributing to local communities and society. Additionally, we seek to transform risks into opportunities and create value for a safe, secure and sustainable future for children, who will be tomorrow’s leaders.

From fiscal 2015 onward, while recognizing that the three core CSR themes will be integrated into business activities, we will implement CSR activities with the participation of all employees based on the above CSR approach across a wide range extending from the provision of products and services to corporate citizenship activities.

http://www.tokiomarinehd.com/en/sustainability/library/pdf/csr2016_web.pdf

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

(1) Providing Safety and Security

The world is now facing various social issues, inflicted by frequent large-scale natural disasters, demographic shifts, income disparities, poverty and technological innovation. In Japan as well, issues are becoming prevalent also in relation with technological innovation as well as community resiliency (disaster prevention and mitigation) and the country's declining birthrate and aging population. These issues may induce drastic changes in risks surrounding the insurance business. Tokio Marine Group regards these changing risks also as opportunities. Accordingly, we have selected "Providing Safety and Security" as one of our three CSR core themes and are making efforts toward a safe, secure and sustainable future throughout our entire business operations from providing products and services to undertaking corporate citizenship activities.

<http://www.tokiomarinehd.com/en/sustainability/theme1/>

Risk Analysis with the University of Tokyo

Tokio Marine & Nichido and the Tokio Marine Research Institute are undertaking joint research with The University of Tokyo to develop a novel stochastic typhoon model that estimates future changes in typhoons. In fiscal 2015, we advanced our research to explore how global warming would affect certain area of the ocean where the strongest typhoons occur and how this would affect Japan in the future. We also proceeded with our joint efforts with the Japan Meteorological Agency to formulate methodologies to forecast short-term change in climate patterns. We have been disseminating our findings in these research projects throughout Japan and overseas by means of presentations at academic conferences and research papers. As many aspects of future changes in typhoon patterns and other weather disasters remain unknown, researchers all over the world are engaged in ongoing research. Tokio Marine & Nichido and the Tokio Marine Research Institute keep a wide-ranging eye on these research activities to advance our investigation and research into climate change.

http://www.tokiomarinehd.com/en/sustainability/theme1/risk_research.html

Risk Analysis with Nagoya University

In cooperation with Nagoya University, Tokio Marine & Nichido and the Tokio Marine Research Institute are performing detailed analyses of how climate phenomenon such as typhoons, "bomb" cyclones and localized torrential downpours are changing along with climate change as part of efforts to promote research on future natural disaster risk, with particular focus on changes in precipitation amounts.

http://www.tokiomarinehd.com/en/sustainability/theme1/risk_research.html

Risk Analysis with Kyoto University

In 2012, Tokio Marine & Nichido and the Tokio Marine Research Institute launched joint research with Kyoto University into the assessment of water disaster risk under future climate conditions and are developing methods for the quantitative assessment of the flood risk of rivers. This will enable more accurate quantitative assessment of water disaster risk under future climatic conditions. In achieving this, we will combine the results of this research with the know-how for estimating precipitation volume under future climate conditions, which has been gained through joint research with Nagoya University which began in 2007.

http://www.tokiomarinehd.com/en/sustainability/theme1/risk_research.html

Earthquake and Tsunami Risk Research in Collaboration with the International Research Institute of Disaster Science at Tohoku University

In July 2011, Tokio Marine & Nichido signed an industry-academia collaborative agreement with Tohoku University and began research and development and human resource development initiatives in disaster science. The initiatives drew upon Tohoku University's knowledge and data concerning tsunami risk assessment and other areas of disaster science, and Tokio Marine & Nichido's knowledge and data concerning earthquake and tsunami risk accumulated through its insurance business.

In April 2012, an endowed research division named the Earthquake Induced Tsunami Risk Evaluation Field (Tokio Marine & Nichido) was established within the International Research Institute of Disaster Science (IRIDeS) at Tohoku University. This laboratory performs risk assessment research on earthquakes and tsunamis; analyzes tsunamis (wave height distribution, arrival time and other aspects) following major past earthquakes such as the Great East Japan Earthquake; develops 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 methods that factor in the probability of occurrence; studies and implements effective tsunami evacuation methods (provides basic information for disaster mitigation planning of coastal areas and cooperates in formulating disaster evacuation plans of regional municipal bodies); and promotes disaster prevention education and awareness activities (activities for disseminating information and providing recommendations for raising disaster readiness and mitigation for society as a whole). Additionally, this laboratory announces research outcomes at academic conferences in Japan and overseas and performs risk assessment studies on major disasters that have occurred overseas.

http://www.tokiomarinehd.com/en/sustainability/theme1/risk_research.html

Presenting Research Outcomes at the Third United Nations World Conference on Disaster Risk Reduction

At the Third United Nations World Conference on Disaster Risk Reduction held in March 2015 in Sendai, IRIDeS of Tohoku University and Tokio Marine & Nichido hosted a public forum event, "Tohoku University and Tokio Marine & Nichido: Industry-Academia Collaborative Research Presentation – Tsunami risk researches and educational activities for disaster prevention."

http://www.tokiomarinehd.com/en/sustainability/theme1/risk_research.html

Public Forum Event at the Third United Nations World Conference on Disaster Risk Reduction: “Insurance as contributors to problem solving and impact reduction”

Working again in collaboration with The Geneva Association’s secretariat, on March 16, 2015 Tokio Marine & Nichido held The Geneva Association’s Public Forum Event, “Insurance as contributors to problem solving and impact reduction,” at the Third United Nations World Conference on Disaster Risk Reduction held in Sendai, and invited Margareta Wahlström, United Nations Special Representative of the Secretary-General for Disaster Risk Reduction at the time. The event took the form of a multi-stakeholder meeting, in which about 120 researchers, NPO members and people from the insurance industry across the world participated.

http://www.tokiomarinehd.com/en/sustainability/theme1/risk_research.html

“Never Forget the Great East Japan Earthquake and Tsunami” Forum

In collaboration with Tohoku University, Tokio Marine & Nichido held “Never Forget the Great East Japan Earthquake and Tsunami” forum on March 13, 2016. Representatives from a municipal government, companies, NPOs, insurance agents gathered and shared their experiences, initiatives and thoughts with approx. 180 people in the audience from the field of Disaster Risk Reduction.

“Link Safety and Security to the Future” Forum

In collaboration with Tohoku University, Tokio Marine & Nichido held the Industry-Academia collaborative forum “Link Safety and Security to the Future – Are Lessons from Great East Japan Earthquake put in practice?” at the first Disaster Reduction Promotion Convention on August 27, 2016. Representatives from academia, DRR experts, NPOs, and academia gathered and shared their knowledge, experiences and thoughts with approx. 100 people in the audience. The outcome of the forum was compiled as a proposal to the government and reported to Cabinet Office, Government of Japan.

Disaster Prevention Lessons

Based on the lessons learned from the Great East Japan Earthquake, employee volunteers from Tokio Marine Group, including its agents, conduct Disaster Prevention Lessons to convey knowledge on disaster prevention to children and help them prepare for a next disaster. Disaster Prevention Lessons are a program to raise readiness for disaster prevention among elementary school children. Employee volunteers from Tokio Marine & Nichido Risk Consulting developed educational materials, which were then supervised by the Earthquake-induced Tsunami Risk Evaluation (Tokio Marine & Nichido) Research Division of the International Research Institute of Disaster Science (IRIDeS) at Tohoku University, with which Tokio Marine & Nichido has entered into an industry-academia collaborative agreement concerning the evaluation of earthquake and tsunami risk. In the lessons, children learn about the mechanisms that cause earthquakes and tsunamis and think about how to protect themselves in an earthquake and what preparations should be made in advance, including what to

take with them in an emergency, through a quiz and group discussion. The aim is to cultivate a correct understanding of earthquakes among children and the ability to prepare themselves for an impending disaster. Disaster Prevention Lessons began in fiscal 2012, and as of March 31, 2017, have been held at about 280 elementary schools across Japan, with approximately 23,000 children attending.

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 three times in November 2014, 2015 and 2016.

<http://www.tokiomarinehd.com/en/sustainability/theme1/productservice01/disaster.html>

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

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

Early Disaster Recovery Support Service through a Tie-Up with BELFOR

Following the Great East Japan Earthquake, there has been a growing recognition of the need to consider both "local recovery strategies" as well as "substitution strategies" and promote essential countermeasures to ensure business continuation. With "local recovery strategies," in particular, it is necessary to consider beforehand the methods for quick restoration of business. TMNF has formed a partnership with BELFOR (Japan) Co., Ltd., a company possessing highly specialized technologies in the disaster recovery support field, and has been providing the Early Disaster Recovery Support Service for customers. BELFOR uses its precision cleaning techniques to restore the condition and functions of contaminated equipment and facilities, for which replacement was the only option available in the past. This helps reduce the business interruption period significantly and is particularly effective in case of customized facilities that require considerable amount of time to replace.

One Day Auto Insurance

TMNF provides *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 in the insurance industry in Japan, allowing infrequent drivers using cars owned by their parents or friends to purchase insurance at the cost of 500 yen a day for just the number of days needed. The product was launched in January 2012, and the cumulative number of subscriptions exceeded 3 million (as of March 8, 2017). Since April 2017, TMNF has upgraded its product scope to include insuring maximum four persons as insured and its policy period to cover 24 hours a day from the inception time of the policy.

Our *One Day Auto Insurance* received the Nikkei Veritas Award for Superiority at the Nikkei Excellent Products & Services Award 2011, an annual award organized by Nikkei Inc. to recognize exceptional

new products and services. In addition to the novelty of enabling customers to buy the auto insurance at a reasonable price, with greater ease and when and where needed, the product was highly acclaimed for its ability to counter the social issue of increasing traffic accidents involving uninsured drivers.

Currently, the number of traffic accidents by uninsured drivers is estimated to exceed 100,000 a year. Through this product, Tokio Marine & Nichido will continue to contribute to the reduction of uninsured drivers involved in traffic accidents and offer safety and security by providing products and services that are useful in people's daily lives and business activities.

Facilitate Advancement of Regenerative Medicine

At the timing of the enforcement of a new act to ensure the security of regenerative medicine in 2014, Tokio Marine & Nichido developed new insurance products related to regenerative medicine, namely, insurance for clinical research on regenerative medicine and liability insurance for cell-cultivating companies.

Regenerative medicine, causing less side effects and burden on patients as compared with other conventional treatment methods, is expected to improve the quality of life (QOL) of elderly people and ensure a longer healthy life. In Japan, however, regenerative medicine is still in the process of developing into an industry and practical applications.

To accelerate the process, many players are waited to enter the field. One drawback is the cost and risk involved in regenerative medicine. The solution, we believe, is insurance.

If new players and researchers can leverage insurance as a means to provide compensation for negative effects in patients undergoing regenerative medicine treatments, and thus reduce the said cost and risk, there will be a better chance that more players would take on the challenge of developing regenerative medicine into an industry and practical applications. By providing such insurance products, Tokio Marine & Nichido will contribute to the advancement of regenerative medicine in Japan.

(2) Protecting the Earth

Having stated "Protecting the Earth" as a core CSR theme, Tokio Marine Group constantly undertakes steps toward global environmental protection through its products and services, including the Green Gift Project. Moreover, we work to provide products and services that are designed to mitigate or adapt to climate change such as weather insurance and the Mega-Solar Package Program, to realize a reduction in environmental footprint and become carbon neutral (net zero emissions) in our business operations, and to conduct global environmental protection activities around the world that include mangrove planting. Besides this, we contribute to global environmental protection by promoting environmental awareness and education as part of efforts to contribute to local communities and

societies, which includes Green Lessons run by employees and agents, and the Children's Environmental Award, an environment-themed picture and essay contest for elementary school children

Global Environmental Protection through Products and Services

Damage caused by climate change has escalated globally. Tokio Marine Group companies are cultivating know-how concerning climate change and global warming and promoting the development of products and services that mitigate and adapt to climate change, reduce natural disaster damage, preserve biodiversity and contribute to the development of local communities.

With the support of its customers, in 2009 Tokio Marine & Nichido initiated the Green Gift Project based on the concept of undertaking eco activities. Under this project, when a customer chooses Web-based insurance contracts (clauses) on its website rather than a paper-based contract in brochure form, the company donates funds corresponding to a portion of the value of the reduction in paper used to NPOs and other organizations involved in environmental protection activities to support costs of mangrove planting and other environmental protection activities in Japan and overseas

- FY 2016 Results: Approx. 10.8 million policyholders have chosen web-based contracts.
Approx. 2,950 tons of reduction in annual paper consumption.

In the United States, several million trees have been destroyed by unprecedented forest fires in recent years and natural disasters such as destructive storms, driving the increased importance of mitigating such damage by planting more trees.

U.S.-based Philadelphia Insurance Companies (PHLY) announced the start of the PHLY 80K Trees initiative launching on Earth Day 2015 (April 22) in conjunction with the environmental NPO Arbor Day Foundation with the aim of protecting the global environment, preserving biodiversity and minimizing disaster damage together with customers and agents. PHLY planned to plant a total of 80,000 trees in 2016 through support of the Arbor Day Foundation, with the slogan of "Replanting Our Nation's Forests and Community Tree Recovery," and achieved its planting target of 80,000 trees for fiscal 2016. To achieve the goal of planting 80,000 trees, PHLY is shifting to digital transactions (payment settlement) and taking on a paperless initiative together with its customers, brokers, independent agents and employees.

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 FY2016, approximately 26,800 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.

Reducing the Environmental Footprint of our Business

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 2016 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. Tokio Marine Group's total CO₂ fixed and reduced amounted to 163,459 tons-CO₂ for FY2016.

TMNF/Tokio Marine Group achieved carbon neutrality status for consecutive eight/four years.

Energy usage in FY2016:

TMNF (Japan): 118,253 MWh (3.5% reduction from the previous year)

TM Group (Global): 220,098 MWh (0.0% reduction from the previous year)

CO₂ emissions (Scope 1+2) in FY2016

TMNF (Japan): 49,369 tons (4.9% reduction from the previous year)

TM Group (Global): 90,953 tons (2.0% reduction from the previous year)

As TMNF reduced its energy usage in FY2016 by 3.5%, its CO₂ emissions in FY2016 decreased by 4.9% partly due to a decrease in emission factors for electricity generation in Japan.

As TM Group slightly reduced its energy usage in 2016 by 0.0%, its CO₂ emissions in 2016 decreased by 2.0% mainly due to its effectiveness of group-wide environmental footprint reduction initiatives.

Please note that the above carbon emissions and fixation and reduction impact data were guaranteed by a third party, EY Sustainability Co., Ltd.

<http://www.tokiomarinehd.com/en/sustainability/theme2/reduction.html>

Mangrove Planting Project

Since 1999, Tokio Marine & Nichido has been conducting its Mangrove Planting Project primarily in Southeast Asia. During the 17-year period leading up to fiscal 2016, we have planted 10,103 hectares of mangrove forests in nine countries: Indonesia, Thailand, The Philippines, Vietnam, Myanmar, Fiji, India, Bangladesh and Malaysia. (The Central Research Institute of Electric Power Industry (CRIEPI) has been engaged to evaluate the status of mangrove development and CO₂ absorption and fixation in

planted areas, and a report on the findings has been published.)

<http://www.tokiomarinehd.com/en/sustainability/theme2/productservice02.html>

Green Lessons: Mangrove Story

As part of its efforts to raise environmental awareness, since 2005 Tokio Marine Group has been offering "Green Lessons: The Mangrove Story", an environmental education program for children in elementary and special needs schools. Employee and agent volunteers visit these schools and give lectures on the theme of "prevention of global warming and preservation of biodiversity," in which they tell stories about mangrove planting. Children participating in these lessons receive flowerpots made from recycled uniforms.

As of March 31, 2017, the Group visited around 760 elementary and special needs schools throughout Japan and gave Green Lessons to approximately 51,800 children. We will continue conducting these lessons nationwide to encourage children, the leaders of tomorrow, to think for themselves about the environment.

<http://www.tokiomarinehd.com/en/sustainability/theme2/activity02.html>

(3) Supporting People

Room to Read

Participating in Room to Read's Educational Support Program in Developing Countries, Tokio Marine & Nichido has been participating in the educational support effort led by the international NGO Room to Read since fiscal 2010. Over the six years from fiscal 2010 to fiscal 2016, the company donated approx. USD100,000 annually, providing educational support for a total of 1,673 girls to help them attain independence in the future and offering a learning environment for children by opening 16 reading rooms and 3 literacy education support units in India, Bangladesh and Vietnam.

Course to Foster Support for Dementia Care –Properly Understanding Dementia and Providing Support Activities

Tokio Marine Group provides support for the Million-Supporter Caravan for Dementia, which is promoted by the Ministry of Health, Labour and Welfare and the nationwide Caravan Mate Liaison Council, and conducts courses to foster support for dementia care as a volunteer activity to support the safety and security of local communities and families. With the ultimate goal of creating neighborhoods where people with dementia and their families can live with peace of mind, the program is designed so that employees who take the course have an adequate knowledge about dementia to share with friends and families as well as support and give compassionate consideration to people with dementia and their families in work and private life.

Collaboration with the Special Olympics Nippon Foundation

In support of the Special Olympics Nippon Foundation's vision of creating a society where people with and without disabilities understand and respect each other's differences and live and grow

together, Tokio Marine & Nichido became an official sponsor of the foundation in fiscal 2005 and has been supporting its activities by providing funds and volunteers. Additionally, Tokio Marine Group undertakes a year-round volunteer activity to create good luck bracelets to show our support to athletes of the foundation. In fiscal 2016, a total of approximately 1,950 employees joined this activity.

In addition, around 250 employees took part in the Special Olympics Nippon National Summer Games held in Fukuoka in November 2014 as volunteers and around 28 employees took part in the Special Olympics Nippon National Winter Games held in Niigata in February 2016 as volunteers.
<http://www.tokiomarinehd.com/en/sustainability/theme3/activity03.html>

Empowering Female Employees

Women account for more than 40% of the employees at Tokio Marine Group consolidated companies in Japan. In keeping with the Group's Corporate Philosophy, by further empowering and promoting the growth of female employees, we aim to provide customers with products and services that achieve even greater customer satisfaction. In addition, we believe that active participation of female employees in business would promote the diversity and make workplaces more resilient.

For instance, the president of Tokio Marine & Nichido has been advocating the active promotion of diversity as his top message since assuming his current post, and delivers this message at Tokio Marine Senior Managers meeting and other venues to share his expectations. To put this into practice, Tokio Marine & Nichido established the Diversity Promotion Team within the Human Resources Planning Department in February 2013, as the company accelerated initiatives for promoting diversity as one of its growth strategies.

We also provide a variety of opportunities to every female employee at each Group company such as giving a responsibility that is based on their individual career vision, providing year-round OJT, optional training programs, and applying job rotation as part of a larger environment that allows women to take on challenges according to their intentions and abilities. In implementing these initiatives, we especially value the communication with each female employee to understand their needs so that we could maximize their ability, which eventually help them foreseeing their careers by themselves. As for practicing the communication, use of internal assessments called 'Self-motivated Role Setting System' is quite effective. Through this System and other communication methods, female employees themselves have opportunities to plan their career vision in our company.

Fostering female employees in the managerial position is one of the challenges we meet. As a result of these initiatives, the number of women in management-level positions (excluding executive officer) rose from eight in 2004 to 180 in 2015, and 213 in 2016 at Tokio Marine & Nichido, marking more than a 26-fold increase. Many of them are taking on active roles as managers on the frontline

of sales and/or claims service.

Appointing women in executive position is also strongly encouraged as well from the perspective of incorporating more female opinions and perspectives in management. At Tokio Marine & Nichido, there are five female executive officers, one of whom was promoted to the position of managing executive officer in fiscal 2015. Three other Group companies already have women in executive positions. In addition, one of the three Outside Directors and one of the three Outside Audit & Supervisory Board Members at Tokio Marine Holdings are women while two of the three Outside Audit & Supervisory Board Members at Tokio Marine & Nichido are female in order to ensure that a more diverse range of opinions is reflected in management.

At Tokio Marine Group companies, we hope to foster more female candidates for management-level positions and accelerate initiatives to produce more women in management. At the same time, we continue to place importance on communication with each female employee to help finding out their career path.

End