



Tokio Marine Holdings

Climate & Nature REPORT 2025

Editorial Policy for This Report

The purpose of Tokio Marine Holdings Climate & Nature Report 2025 is to describe to its stakeholders initiatives undertaken by the Group to address climate change and nature-related challenges. We believe we need to take an integrated approach since climate change and nature-related challenges are closely intertwined. This is why we are publishing this integrated report for the first time.

In addition to the CEO message outlining our determination to address climate change and nature-related challenges, the report describes the initiatives undertaken by the Group in line with the four pillars of the TCFD/TNFD recommendations: governance, strategies, risk (and its impact) management, and metrics and targets.

One of the special features highlight the efforts made by ID&E Group, which has recently joined Tokio Marine Group, to resolve environmental and societal challenges. Another casts a spotlight on Tokio Marine & Nichido Forest for the Future (Higashiyama Forest Park in Aki City, Kochi Prefecture), which contributes to achieving the 30 by 30 target.

Publication information



- Reporting period: Fiscal 2023 and fiscal 2024
- Reporting organizations: Tokio Marine Holdings and its major subsidiaries (consolidated Group companies and others, including Tokio Marine & Nichido) (hereafter collectively referred to as “Tokio Marine Group”)
- Subject of analysis:
 - Analysis of insurance underwriting portfolio: Tokio Marine & Nichido’s corporate customer insurance underwriting
 - Analysis of investment and financing portfolio: Japan listed stocks and bonds held by Tokio Marine & Nichido
 - Analysis of Tokio Marine Group’s business locations (including the value chain): business locations of Japan consolidated Group companies and some insurance agents of Tokio Marine & Nichido
- Reference guidelines: Recommendations of the TCFD and recommendations of the TNFD



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CEO Message



Masahiro Koike

President and Group CEO
Tokio Marine Holdings, Inc.

Since it was established in 1879, Tokio Marine Group has met, and endeavored to solve ever-changing societal challenges based on the Group's purpose of "to be there for our customers and society in times of need". From the development and provision of products and services to corporate citizenship activities, we have contributed our customers and society to flourish while continuously increasing our corporate value by tirelessly attempting to address societal challenges through our business activities. This history is testament to our commitment to sustainability.

The Group has a global business presence, operating in more than 50 countries around the world. As such, what happens in any part of the world is now something that concerns us. We consider the intensification of natural disasters due to climate change as one of the most crucial societal challenges to us as we underwrite insurance in Japan, a disaster-prone nation, but also across the rest of the world. Japan has experienced a succession of windstorms, floods and hail damage. In fact, natural disasters have occurred on an unprecedented scale, such as devastating flooding in Brazil in 2024 and wildfires in 2025 in California, United States, and Ofunato City in Iwate Prefecture, Japan.

Witnessing this reality has made me keenly aware of our mission as an insurance company and the weight of responsibility on our shoulders. Being able to promptly and reliably provide customers with the necessary support in times of need is one of our greatest strength. In the event of a major disaster, we not only quickly pay insurance claims but we send support staff to the affected area and also determine the damage using satellite imagery in a timely manner. Beyond our insurance products, we hope to help create a disaster-resilient society by offering greater value in domains such as measures to minimize damage and risks, early recovery and recurrence prevention.

Degradation of natural capital and loss of biodiversity are also pressing challenges. Examples of natural capital degradation include a declining ability of forests to absorb carbon and the earth's ability to store water on land, which increases the risk of damage from heavy rains and flooding. Biodiversity loss leads to food and water insecurity and increases the risk of infectious diseases. We need to take concrete action now so that we can pass on a sustainable natural environment to future generations. Tokio Marine Group is in the process of analyzing the dependencies and impacts on nature in our business and across our portfolio and has been engaging in dialogue with a variety of stakeholders, including international organizations, governments, industry, academic institutions and civil society. In fact, we actively support customers who champion the achievement of the nature-positive status and the realization of a circular economy by offering insurance products and services.

We have identified eight material issues to underpin our sustainability strategy, by considering the external environment and their impact on the Group. Among them, "taking climate action," "improving disaster resilience" and "protecting the natural environment" are material issues directly linked to the climate change and nature-related challenges explained in this report. Tokio Marine Group is united in its efforts to address these challenges, as we seek to build a bridge to the future by realizing a sustainable society where people can live in safety and with peace of mind. We hope to achieve sustainable growth and be a presence that is truly needed 100 years from now.

Tokio Marine Group's Approach to Climate Change and Nature-related Challenges

① Corporate Philosophy and Sustainability Charter

As its [Corporate Philosophy](#) states, Tokio Marine Group continually strives to raise corporate value with customer trust as the foundation for all its activities. We have also established the Sustainability Charter, under which we are committed to fulfilling our corporate social responsibility (CSR) by implementing our Corporate Philosophy to achieve sustainable growth with society in line with the following six principles: providing products and services; respect for human dignity; protection of the global environment; contribution to local communities and societies; compliance; and communication. Solving nature-related challenges thus represents the actual application of our Corporate Philosophy.

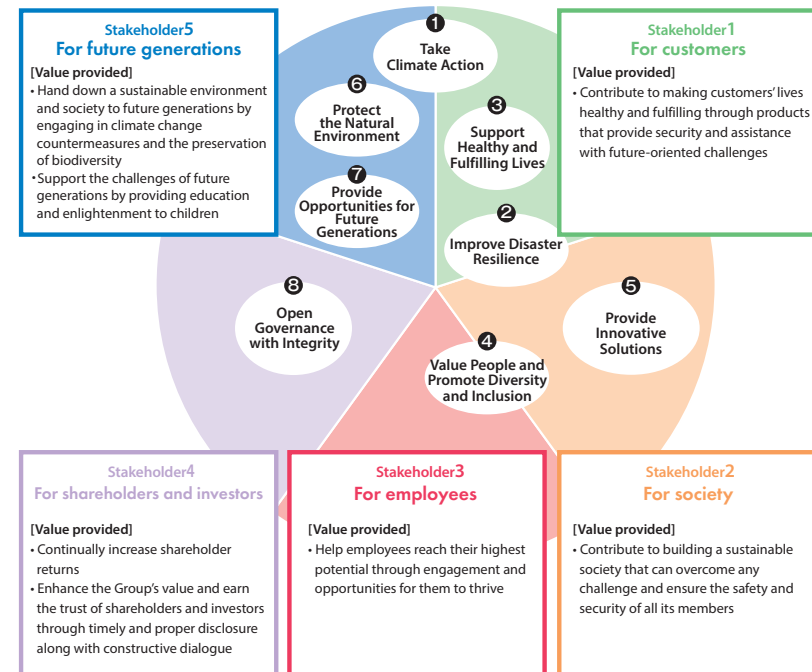
In 2021, we formulated a range of policies: the [Tokio Marine Group Basic Policy on Environment](#) to protect the global environment and create environmental value through business activities as a Group; the [Tokio Marine Group Basic Policy on Human Rights](#) that advocates respect for the human rights of all people; and the [Tokio Marine Group Policy to Address Environmental and Social Risks](#) for our insurance underwriting and investment and financing. In March 2023, we established the [Tokio Marine Group Responsible Procurement Guidelines](#) as we work closely with our business partners in the value chain on climate action, disaster resilience, reducing environmental impacts, the effective utilization of resources and preserving natural capital and biodiversity.

② Materiality and Conservation of Natural Capital and Biodiversity

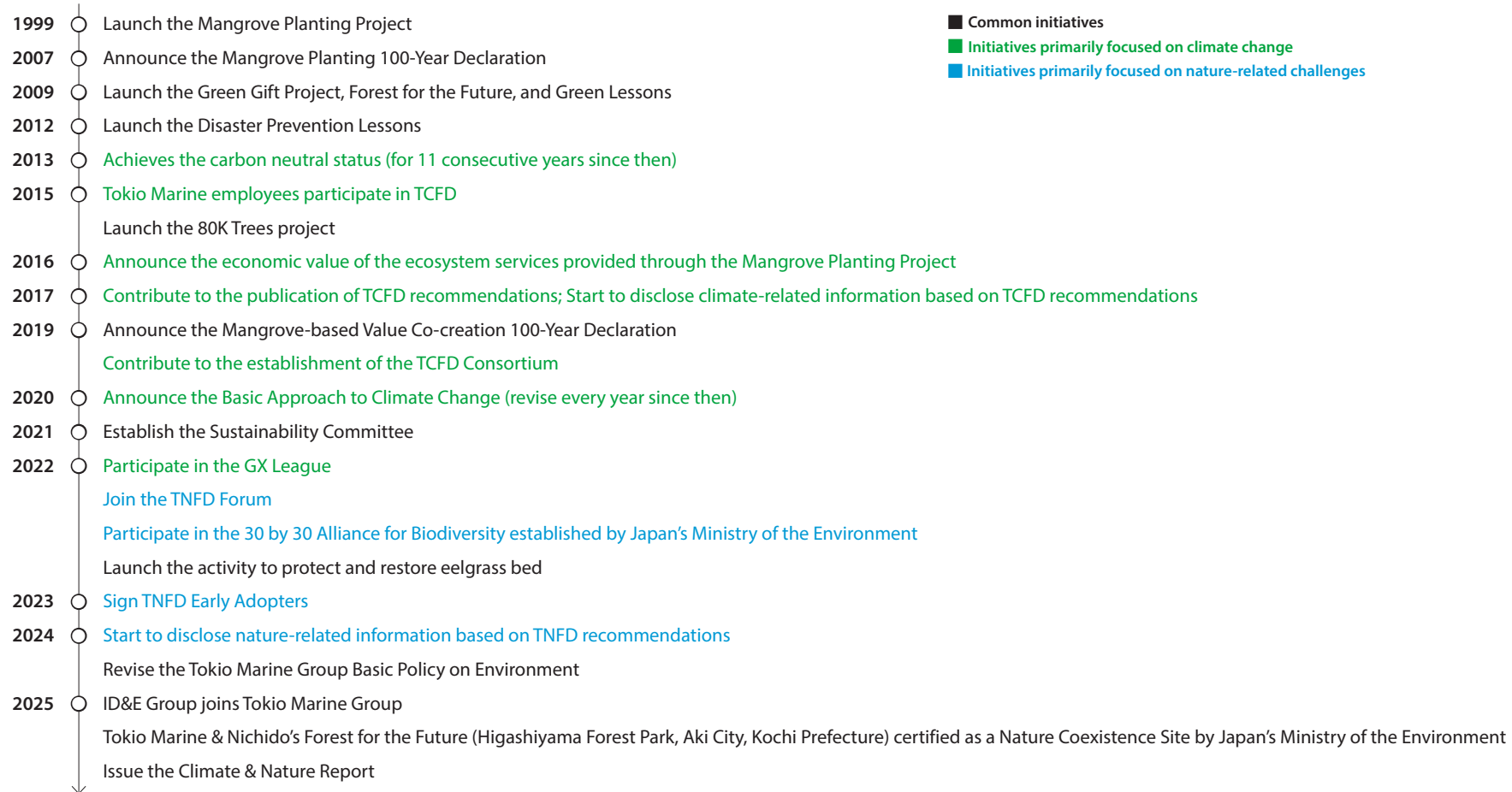
Based on the strong belief that it is our duty to pass on a bright future to the next generation, we have positioned future generations as a stakeholder. In 2021, we clarified eight material issues (materiality) that we must address based on the value we provide to each type of stakeholder and the societal challenges that affect our insurance business. We determined these material issues by seeking advice from stakeholders such as customers, investors, business partners, corporate citizenship organizations and employees, as well as specialists and outside experts while referencing principal frameworks related to domestic and international societal challenges such as the SDGs, ISO 26000 and New Industry Vision.

Among the eight material issues, “taking climate action,” “improving disaster resilience” and “protecting the natural environment” are directly linked to climate change mitigation and adaptation and to conserving natural capital and biodiversity.

Tokio Marine Group is working to resolve societal challenges in these material issues through all business activities.



3 Key Initiatives for Climate Change and Nature-related Challenges



④ The Nexus between Climate Change and Nature-related Challenges, and Resilience

Climate change and nature-related challenges are inseparably linked. They also affect resilience. The intensification of natural disasters due to climate change causes severe damage to social infrastructure and natural capital, reducing both social and corporate resilience. Damage to ecosystems on land and in coastal areas accelerates climate change, threatening human and social sustainability. It is therefore more important than ever for Tokio Marine Group to understand the nexus and start appropriate initiatives. As an insurance group operating globally, we believe we can make considerable contributions through our insurance service. It is also necessary to offer greater value in pre- and post-event domains, such as disaster prevention, disaster mitigation, early recovery and recurrence prevention. These efforts in turn enhance social resilience, which ultimately ensures appropriate claims payments and helps reduce insurance premiums we receive from customers.

Over the years, Tokio Marine Group has worked to address these challenges through its business activities. Examples include the Mangrove Planting Project and Green Gift Project carried out by Tokio Marine & Nichido and the PHLI 80K Trees Initiative, a planting project launched by Philadelphia Insurance Companies in the United States. Mangrove trees have an exceptional ability to absorb and store carbon. They serve as a natural breakwater and protect communities and infrastructure in coastal areas, while also playing a crucial role in preserving biodiversity by purifying water and stabilizing soil. In addition, we are developing and providing solutions designed to reduce damage caused by natural disasters.

In terms of climate change, as a member of the TCFD, we have supported the publication of the TCFD recommendations and have disclosed climate-related financial information since 2017. We collaborate with relevant government and private-sector parties in Japan and overseas to formulate policy recommendations. We participated in the TCFD Insurer Pilot Group project, launched by the United Nations Environmental Programme Finance Initiative – Principles for Sustainable Insurance (UNEP FI-PSI), to support the 2021 publication of the report, “Insuring the Climate Transition.” We also helped establish

the TCFD Consortium as well as supported the release of the TCFD Guidance and “A Guide to Flood Risk Assessments for Enhanced TCFD Disclosures” of the Ministry of Land, Infrastructure, Transport and Tourism.

In terms of natural capital, we participated in the TNFD Forum in 2022 and began disclosing information in accordance with the TNFD recommendations in 2024. We took part in the Nature-Positive Insurance Working Group, an initiative of UNEP FI-PSI, and helped publish the report, “Insuring a Resilient Nature-Positive Future: Global Guide for Insurers on Setting Priority Actions for Nature” in 2024.

We will continue to make concerted efforts across the Group and take an integrated approach to addressing climate change and nature-related challenges and resilience so that we can actively assist the transition to a sustainable society.



Governance

Governance

Various initiatives related to climate change and nature-related challenges are discussed at a meeting of 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

[Board of Directors]

The Board of Directors recognizes responding to climate change and nature-related challenges 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 change and nature-related challenges, 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 change and nature-related challenges, to fully utilize the knowledge of outside directors and outside Audit & Supervisory Board members.

[Corporate Governance, Integrated Annual Report 2024](#) (P.102-117) 

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

Date	Deliberated items
Apr. 2024	Activities of the Group's annual sustainability plan for fiscal 2023 (second half)
May 2024	Group's sustainability-related initiatives in fiscal 2023 and the annual plan for fiscal 2024
Oct. 2024	Activities of the Group's annual sustainability plan for fiscal 2024 (first half)
Mar. 2025	Activities of the Group's annual sustainability plan for fiscal 2024 (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 change and nature-related challenges, 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.

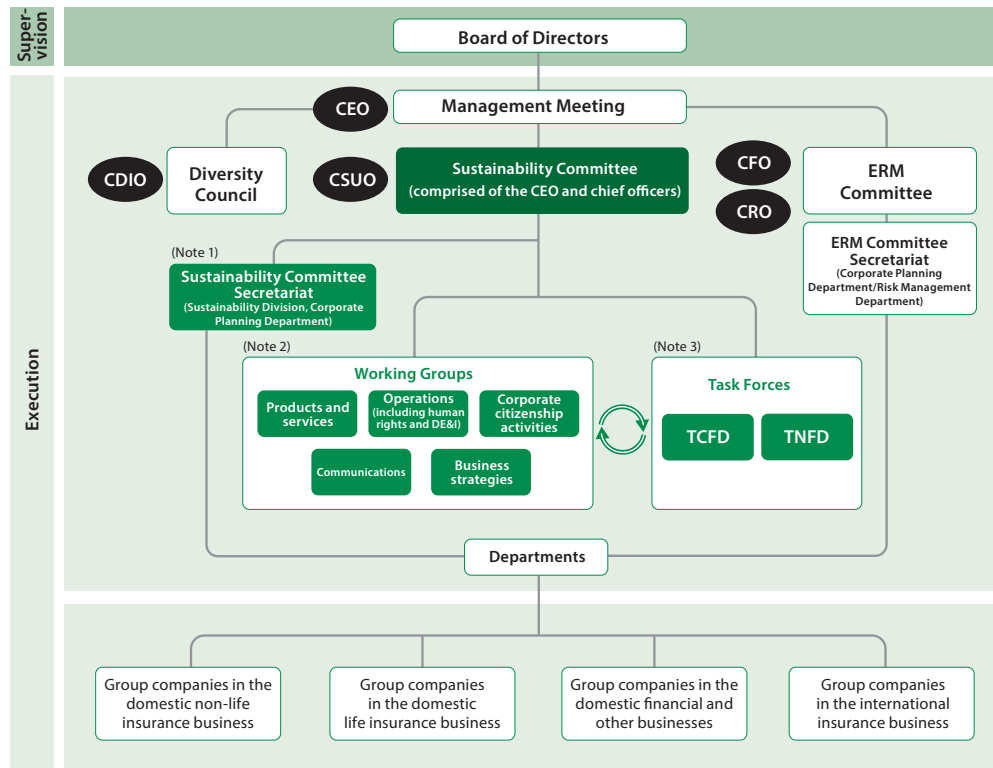
[Sustainability Committee]

Chaired by the CSUO and comprising such members as chief officers, including the CEO, CFO and CRO, and management of overseas Group companies, the Sustainability Committee was established in April 2021 to deliberate on details of our sustainability initiatives and policies on a global basis and monitor the progress of each initiative. The committee met four times in fiscal 2024 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. The committee is also responsible for risk management for the entire Group, including climate change and nature-related risks, based on enterprise risk management (ERM) through discussions at the ERM Committee.

[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 change and nature-related challenges. This division is responsible for operating the Sustainability Committee and discussing how to promote sustainability initiatives with working groups and task forces in which relevant departments participate, including the Risk Management Department. The division shares matters discussed with Group companies through departments and organizes educational and support activities to encourage the globally consistent implementation of sustainability initiatives across the Group.

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 forces: Project teams formed by relevant members, including the Risk Management Department, to effectively respond to climate change and nature-related challenges of the entire Group.

② Compensation for Directors and Executive Officers

From fiscal 2022, we have incorporated non-financial indicators concerning priority issues of our sustainability strategy, including climate action, into the performance-linked compensation for Directors and Executive Officers. We use the progress toward our vision as an indicator, and after the first assessment at the Sustainability Committee, deliberation and final decision is made at the Compensation Committee.

③ Stakeholder Engagement Policies

Recognizing that protecting the environment and creating environmental value are important responsibilities for future generations, Tokio Marine Group has formulated the Basic Policy on Environment, which demonstrates our commitment to realizing a safe, secure and sustainable society through every aspect of our corporate activities. Accordingly, based on dialogue, cooperation and collaboration with various stakeholders, we are working to take climate action, conserve natural capital and biodiversity, sustainably improve the environment, prevent, and reduce pollution. We have also formulated the Basic Policy on Human Rights to promote respect for human rights throughout our business activities, including our entire value chain, as respect for human rights of all people is the foundation for implementing our Corporate Philosophy.

In addition to our Basic Policy on Environment and Basic Policy on Human Rights, we have formulated the Policy to Address Environmental and Social Risks to identify risks that have a negative impact on the environment and society. This policy also stipulates that we undertake transactions with external partners based on factors such as their consideration of the environment and society.

These policies are presented on our corporate website and in our Sustainability Report and we also distribute a summary of key points of our approach to Group employees as an effort to ingrain these policies throughout the Group.



Strategies

Strategies

① Overview of Strategies

Tokio Marine Holdings identified “taking climate action,” “improving disaster resilience” and “protecting the natural environment” as materialities and believes that climate change and nature-related issues should be a strategic theme in enhancing corporate value. There are many similarities between our two initiatives, namely achieving net zero emissions by 2050 and becoming nature positive, the aim of which is to protect and restore biodiversity. As such, we are executing transition plans to achieve the targets, including interim targets, by taking an integrated approach that also considers synergies and trade-offs.

Tokio Marine Group has identified the risks and opportunities associated with climate change and nature-related issues and analyzed their impacts on its business. In terms of climate change, we have performed an analysis of its impacts, including scenario analysis, on claims payments, asset management and business continuity. The results indicate that the Group can respond flexibly and be resilient to these impacts although natural disasters continue to intensify. As described in “The Nexus between Climate Change and Nature-related Challenges, and Resilience” on page 6, we believe initiatives to improve disaster resilience will help reduce the claims payments and insurance premiums we receive from customers. In terms of nature-related issues, we adopted the LEAP approach* to visualize the dependencies and impacts on nature in our business and across our portfolio and identified material sectors we need to prioritize. We will contribute to creating a society that is in harmony with nature through engagement such as dialogue with customers primarily in these material sectors.

Based on these analyses, we help customers and investment and financing recipients address issues as an insurance business operator (insurance product and service provider), institutional investor and asset manager. Specifically, we provide insurance products and services that support the transition to a decarbonized society, such as the promotion of renewable energy; insurance to compensate for the

damage caused by natural disasters and pollution; and services that lead to the prevention and mitigation of damage. We also make sustainable investments. To enhance the disaster resilience of society as a whole, we are working to offer greater value in pre- and post-event domains, such as disaster prevention and mitigation, speedy recovery and reoccurrence prevention.

As a global company, we actively collaborate and cooperate with international organizations and others so that we can grow with our stakeholders. As a good corporate citizen, we also support local communities through mangrove planting and research and educational activities designed to enhance social resilience.

* Short for Locate, Evaluate, Assess and Prepare, LEAP is an integrated approach developed by the TNFD for assessing and managing nature-related issues.

② Plan for the transition to a decarbonized society

Tokio Marine Group has set the targets of achieving net-zero emissions by 2050 and realizing a society in harmony with nature and formulated a plan for transition encompassing interim targets. 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 a decarbonization society; dialogue (engagement) with business partners for the purpose of decarbonization; and insurance underwriting and investment and financing policies.

Aiming to build a society in harmony with nature, we are stepping up our efforts to promote certification of sites in harmony with nature, providing insurance through engagement with our business partners and supporting information disclosure based on the TNFD recommendations. We will review our plans by considering technological advances in decarbonization and nature-based solution domains as well as the expectations of society so that we can take effective action in line with the transition plan.

Efforts to date		2026	2030	2050
Achieving a decarbonized society	Providing solutions	Decarbonization-related insurance underwritten 45 billion yen	Hold dialogue with 200 high-emission corporate customers and make deeper engagements with 160 companies among them ^{*1}	Achieve carbon neutrality (encompassing insurance underwriting and investment and financing)
	Dialogue (engagement)			
	Insurance underwriting and investment and financing policies			
<ul style="list-style-type: none"> ●2020: Acquired GCube specializing in underwriting insurance for renewable energy business ●2023: Established a company specializing in supporting corporate customers' decarbonization efforts ●2024: Launched the GX Project to promote joint development of decarbonization-related products on a Group basis ●2022--: Provide decarbonization support to insurance customers and investment and financing recipients through constructive dialogue ●2020--: Restrict new transactions related to coal-fired power generation plants and thermal coal mining projects ●2022--: Restrict new transactions related to oil and gas company extraction projects in the Arctic Circle and oil sands mining ●2023--: Restrict transactions^{*1} with companies if they fail to have decarbonization plans as of 2030 				
Realizing a society in harmony with nature			<ul style="list-style-type: none"> Support the achievement of nature positivity Conservation, creation and registration of sites in harmony with nature that help achieve the 30 by 30 targets 	Contribute to realizing a society in harmony with nature
<ul style="list-style-type: none"> ●2022--: Joined the 30 by 30 Alliance for Biodiversity established by the Ministry of the Environment to commence initiatives for the certification of sites in harmony with nature ●2024--: Analyzed insurance customers and investment and financing recipients and identified "Industrials"^{*3} and "Consumer Discretionary"^{*4} as our material sectors Help realize a society in harmony with nature through engagement with businesses primarily in these material sectors Tokio Marine & Nichido Forest for the Future (Higashiyama Forest Park in Aki City, Kochi Prefecture) certified as a site in harmony with nature 				
Direct operations Corporate citizenship activities			<ul style="list-style-type: none"> Reduce GHG emissions from Tokio Marine Group by 60% (vs 2015) Use 100% of renewable electricity at Tokio Marine Group's major business facilities Switch all company-owned vehicles to electrified vehicles^{*2} 	
<ul style="list-style-type: none"> ●Reduce 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 				

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

^{*3} Trading Companies and Distributors, Industrial Machinery, Construction Machinery and Heavy Trucks, Air Freight and Logistics, Aerospace and Defense, etc.

^{*4} Automobile Manufacturers, Auto Parts and Equipment, Household Appliances, etc.

③ Recognition of Risks and Opportunities

Regarding strategy, recognizing inherent risks is essential. Tokio Marine Group assumes an increase in climate change and nature-related risks and accordingly identifies and evaluates their impact on our business. Climate change-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. An analysis of the way in which weather events as well as changes in the disaster resilience of society and asset exposure may affect the Group is described later.

There are two types of nature-related risks. One is physical risks, which result from the degradation of nature and consequential loss of ecosystem services. The other is transition risks, which stem from a misalignment of economic actors with actions aimed at protecting and restoring nature or reducing negative impacts on nature. Nature-related opportunities are generated by creating positive impacts on nature or mitigating negative impacts on nature.

The chart on the right shows examples of events for each risk and opportunity based on the TCFD/TNFD recommendations and examples of related risks and opportunities in the Group's business activities.

Examples of events			Examples of risks to the Group's business activities	Time frame
Physical risks	Acute	<ul style="list-style-type: none"> Potential for growing frequency and scale of natural disasters Occurrence and expansion of damage due to the reduction in soil water retention capacity and coastal erosion 	<ul style="list-style-type: none"> Drop in insurance profits (impact on claims payments, etc.) Impact on business continuity caused by damage to buildings and other facilities at bases 	Short term or longer
	Chronic	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 investment and financing recipients and the value of the assets held by Tokio Marine Group due to higher carbon prices Impact on liability insurance payments 	Medium to long term
	Technology	<ul style="list-style-type: none"> Progress in technological innovation toward the transition to a decarbonized society and a society in harmony with nature 	<ul style="list-style-type: none"> Decrease in the corporate value of investment and financing recipients whose efforts for the transition to a decarbonized society and a society in harmony with nature are insufficient and in the value of the assets held by Tokio Marine Group 	Medium to long term
	Markets	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Changing customer and public awareness of initiatives for transitioning to a decarbonized society and a society in harmony with nature 	<ul style="list-style-type: none"> Reputational damage due to Tokio Marine Group's efforts being deemed inappropriate 	Short term or longer
Opportunities	Resource efficiency, energy sources, products and services, markets and resilience	<ul style="list-style-type: none"> 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"> Dramatic increases in insurance needs related to renewable energy and nature-related projects Increases in opportunities to gain insurance profits and for investment and financing on the back of companies' increasing insurance associated with the transition to a decarbonized society and a society in harmony with nature Increases in disaster prevention and mitigation needs aimed at disaster resilience 	Short term or longer

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

4 Climate Change Analysis

In terms of climate change, we have analyzed its impacts, such as through scenario analysis, on claims payments, asset management and business continuity. 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. 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.

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 the change in our insurance claims paid 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 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 our insurance claims paid 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. In assessing the impact of climate change, it is also important to evaluate not only weather phenomena but also the disaster resilience 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.

(1) Changes in Weather Events

How a weather event will change due to the impact of climate change and the level of confidence of such an impact forecast will vary depending on the type of weather event. Figure 1 shows the certainty of climate change impact projections by weather event type. As seen in the figure, the level of 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). Confidence in the impact of climate change on wildfire has substantially increased in recent scientific literature.

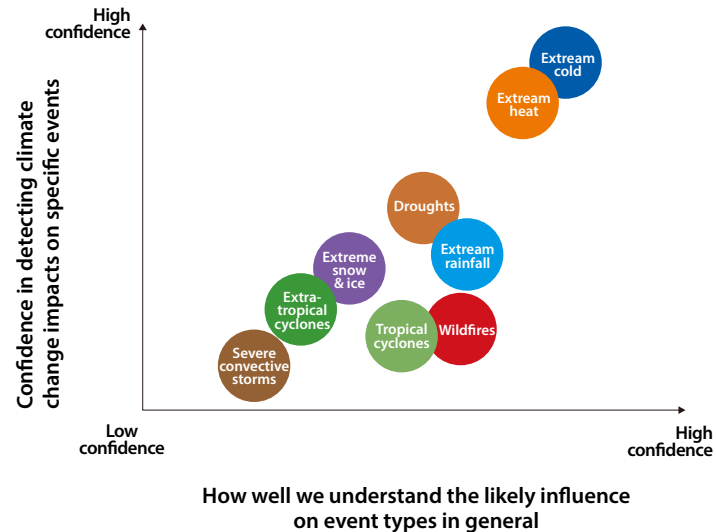


Figure 1: Confidence of impact forecasts of climate change

Source: Tokio Marine Holdings based on material prepared by the U.S. National Oceanic and Atmospheric Administration (2023)

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.

(1)-a Impact of Climate Change on Heavy Rains

The frequency and intensity of heavy rains have increased in many regions due to climate change. In Japan, the frequency of heavy rains has been on the rise since 1900 (Figure 2). The IPCC Sixth Assessment Report states that the intensity (precipitation) of heavy rains will increase by approximately 7% for every 1°C temperature rise. It has also been reported that climate change is likely to increase flood risk significantly, particularly in flood-prone regions.

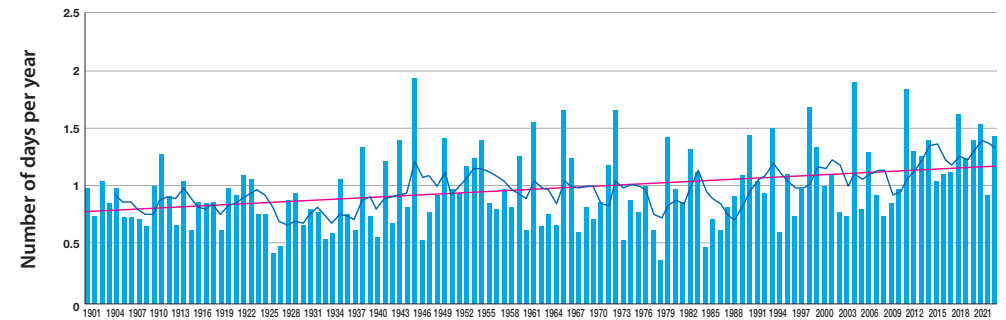


Figure 2: Days per year with daily precipitation of 100 mm or more

Source: Tokio Marine Holdings based on materials from the Japan Meteorological Agency (website)

(1)-b Impact of Climate Change on Tropical Cyclones

Atmospheric and oceanic large-scale circulations (e.g., El Niño, Atlantic Multidecadal Oscillation 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 confidence 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).

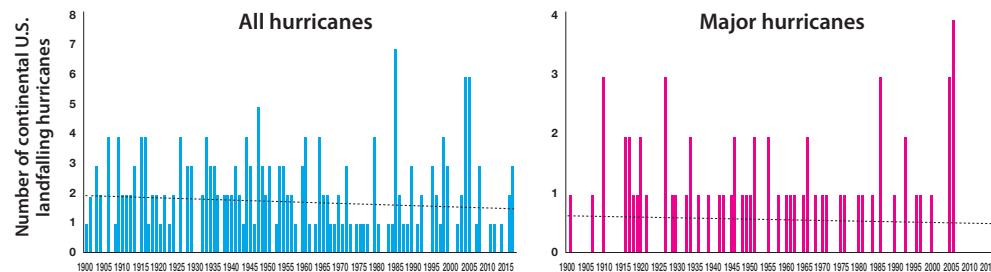


Figure 3: Number of hurricanes making landfall in the United States

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

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).

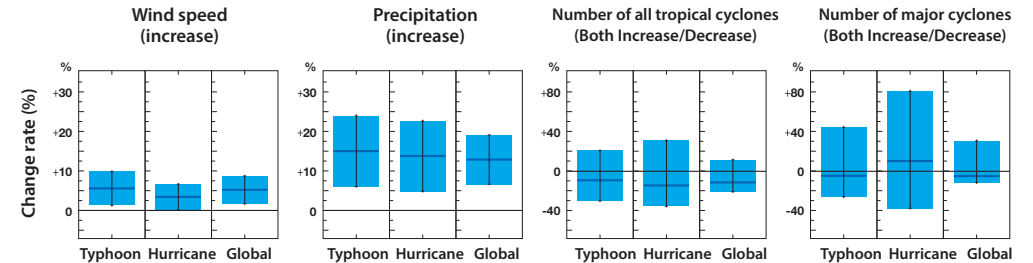


Figure 4: Changes in tropical cyclones due to a temperature change of +2°C

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.)

(2) Changes in Disaster Resilience in Society and Asset Exposure

As shown in Figure 2 on page 16, 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.

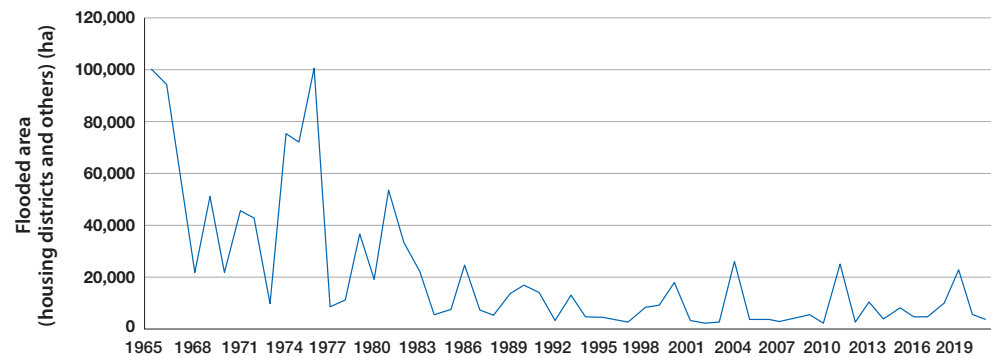


Figure 5: Areas inundated by floods (ha)

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

The amount of insurance claims 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 disaster resilience to disasters and in asset exposure are essential in predicting the impacts of natural disasters.

(2)-a Changes in Disaster Resilience 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 worldwide, Tokio Marine Group has been contributing to greater resilience of the entire society by offering greater value of its insurance products in the pre- and post-event domains, such as disaster prevention and mitigation, speedy recovery and reoccurrence prevention.

(2)-b 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 2020 to 2050, even though the total number of general households in the country is projected to decline 5.6% 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.

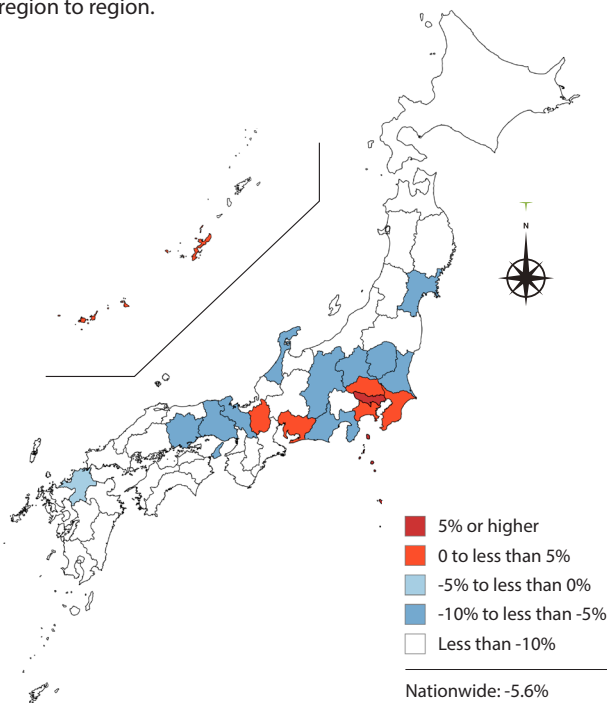


Figure 6: Rate of increase in the number of households from 2020 to 2050

Source: National Institute of Population and Social Security Research, "Number of Household Projections for Japan (Estimates by prefecture) (2024)"

Changes in the exposure geographic distribution are important in considering natural disaster damage both in Japan and overseas. In the United States, insurance 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 insurance loss is mostly a result of these factors.

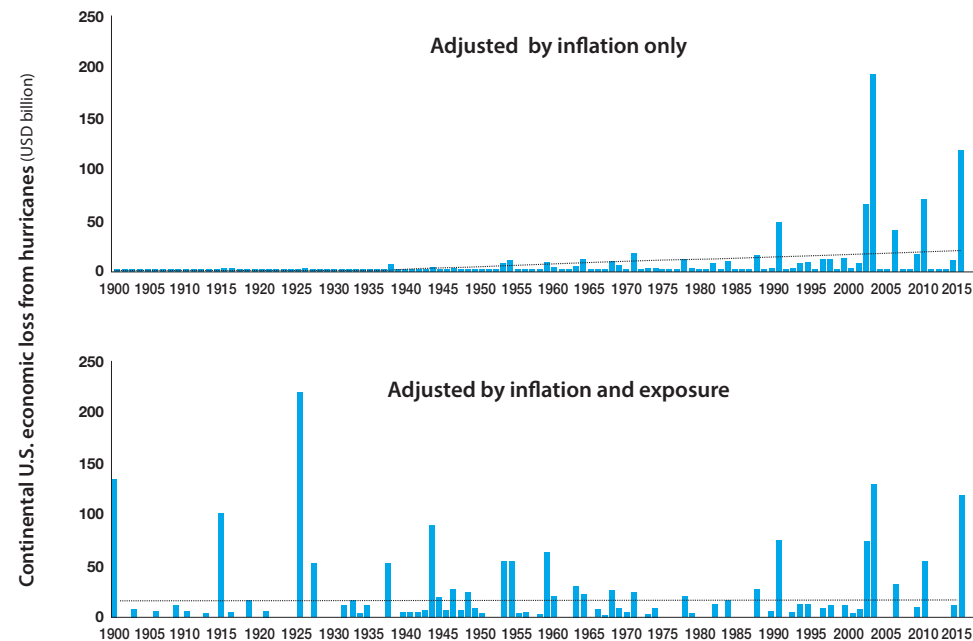


Figure 7: Insurance loss due to hurricanes on the U.S. mainland

Tokio Marine Holdings based on insurance loss data of Collins and Lowe (2001)* and insurance loss data quired by the Company*

* Collins, D. J., and Lowe, S. P. (2001). A macro validation dataset for U.S. hurricane models. Casualty Actuarial Society, Winter Forum, pp. 217–252

(3) 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		
2024	Hailstorm in Hyogo in April	¥50.5 billion	Hurricane Helene	¥19.9 billion
	Typhoon Shanshan	¥16.2 billion	Hurricane Milton	¥11.0 billion
2025	Hailstorm in the Kanto and Tokai regions in March	¥12.5 billion		

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

*2 Before tax

Column

Impact of Climate Change on Wildfires

The IPCC Sixth Assessment Report finds that climate change is increasing the frequency and severity of wildfires worldwide. Rising temperatures and shifting precipitation patterns are contributing to drier conditions and more fire-prone weather in many regions.

The report projects that at 4°C of warming, the global burned area could increase by 50–70%, with fire frequency rising by about 30%. In the United States, there has been a large increase in area burned observed over the past 20 years (see the figure below).

Wildfires will exacerbate climate change by destroying forests, which are natural carbon sinks, releasing stored CO₂, methane, and other greenhouse gases into the atmosphere.

We are improving the methods we use for quantitative assessment to determine the risk of various natural disasters, including wildfires, that may affect our profits.

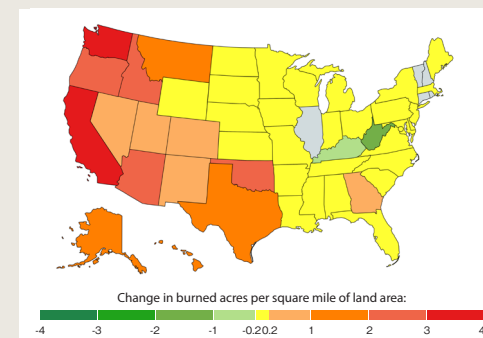


Figure: Changes in Annual Burned Acreage¹ by State Between 1984–2002 and 2003–2021

Source: U.S. Environmental Protection Agency

Impact on Asset Management

Climate change poses transition risks as well as the physical risks described in the preceding pages. Transition risks refer to risks that may impair the corporate value of our investment recipients and affect the business of Tokio Marine Group in the same way that physical risks do. Transition risks arise due to rapid changes that take place as the world accelerates its decarbonization efforts, including tightening laws and regulations, technological innovation, fluctuations in asset value as well as changes in the investment environment and customer needs.

The Group is working to reduce the total amount of shares it holds as business-related equities and conduct engagement and other means of mitigating the negative impacts described above.

We estimate the impact of physical and 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 quantify the impact on corporate value due to changes in scenario variables (carbon prices, energy demand, fuel prices, emissions, temperature, etc.) based on scenarios provided by The Network of Central Banks and Supervisors for Greening the Financial System (NGFS).

Specifically, we looked at the Group's assets under management (equities, corporate bonds, CMBS and government bonds) as of March 31, 2025. To assess physical risks, we compared the pre-simulation asset value as of March 31, 2025, with the post-simulation asset value following the two scenarios below. To assess transition risks, we compared the asset value when current policies continue to 2050^{*1} with the post-simulation asset value following the two scenarios below. We then quantified both risks. The simulation results on the impact on asset value between now and 2050 are as follows:

- 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)

^{*1} 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

	Physical risks		Transition risks	
	Orderly	Disorderly	Orderly	Disorderly
Total	-1.3%	-1.4%	-3.2%	-1.4%
Equities	-4.4%	-4.8%	-18.4%	-6.5%
Corporate bonds	-0.7%	-0.8%	-2.2%	-1.4%
CMBS	-	-	-0.7%	-1.1%
Government bonds	-0.6%	-0.6%	-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. Since this and other quantification models of climate change are still in the development stage, undergoing upgrades based on the latest research findings, we don't use the data shown above in our management decision-making process yet, but will continue to carry out research and investigations to explore more appropriate ways to utilize such quantification modeling methods.

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 provision 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.

^{*} Top-tier agents of Tokio Marine & Nichido, designated as "TOP QUALITY" agents, and Tokio Marine & Nichido Partners, wholly owned insurance agents of Tokio Marine & Nichido

Findings of 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