

## UNEP FI PSI - Activity Report for FY2013

### ■ Company Profile

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Corporate information	<p>Tokio Marine &amp; 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"><li>· Established: August, 1879</li><li>· Net premiums written: 1,966.3 billion yen</li><li>· Number of employees: 17,248 ( as of March, 2014)</li></ul>

### ■ 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](http://www.tokiomarinehd.com/en/social_respon/group_csr/result_plan.html)

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

Green Gift Project - Presenting Forests to the 22nd Century

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

- FY 2013 Results: 9 million policyholders have chosen web-based contracts.  
2,450 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 FY2013, approximately 22,000 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.

<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](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 the making of typhoon 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.

We have growing concern that the occurrence and frequency of flood risk 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 and disaster readiness education in the disaster mitigation planning of coastal areas.

([http://www.tsunami.civil.tohoku.ac.jp/hokusai3/E/irides\\_etrisk/index\\_e.html](http://www.tsunami.civil.tohoku.ac.jp/hokusai3/E/irides_etrisk/index_e.html) )

#### **c. Reducing the Environmental Impact of our Business**

([http://www.tokiomarinehd.com/en/social\\_respon/environment/reduction.html](http://www.tokiomarinehd.com/en/social_respon/environment/reduction.html))

TMNF continues working to reduce the environmental impact 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 vehicles, fuel-efficient vehicles, hybrid vehicles and electric vehicles to company fleet, and

purchased renewable energy certificates (Wind Power).

In addition, not only TMNF but also the Group achieved carbon neutrality for the fiscal 2013 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.

Electricity usage: -CO2 emissions ( Scope 1+2) in FY 2013 (tentative)

- TMNF (Japan) - Result 48,950 tons (- 2,473 ton/ 4.8% reduction from the previous year )
- TM Group (Global) - Result 82,509 tons (- 6,378 ton/ 7.2% reduction from the previous year )

## **(2) Social - Contributing to local communities and societies**

### **a. Challenging social issues -providing value through our core businesses**

([http://www.tokiomarinehd.com/en/social\\_respon/contribute/challenge.html](http://www.tokiomarinehd.com/en/social_respon/contribute/challenge.html))

Through our core businesses, we deliver new 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 policyholders of TMNF. 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 650,000 at the end of December 2013.

## **b. Local community and social contribution activities**

([http://www.tokiomarinehd.com/en/social\\_respon/contribute/philanthropy.html](http://www.tokiomarinehd.com/en/social_respon/contribute/philanthropy.html))

TMNF has been conducting its Mangrove Planting Project primarily in Asia. During the 15-year period up to fiscal 2013, it planted 8,405 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](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 management 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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