



“To Be a Good Company”

Protecting customers and society
in their times of need

CORPORATE PHILOSOPHY

With customer trust as the foundation for all its activities, Tokio Marine Group continually strives to raise corporate value.

Through the provision of the highest quality products and services, Tokio Marine Group aims to deliver safety and security to all our customers.

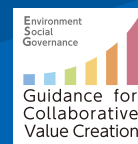
By developing sound, profitable and growing businesses throughout the world, Tokio Marine Group will fulfill its mandate to shareholders.

Tokio Marine Group will continue to build an open and dynamic corporate culture that enables each and every employee to demonstrate his or her creative potential.

Acting as a good corporate citizen through fair and responsible management, Tokio Marine Group will broadly contribute to the development of society.

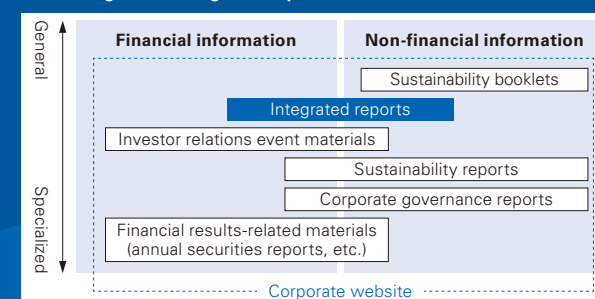
Editorial Policy

This integrated report has been compiled to provide a clear explanation of the Company's purpose and vision as well as the strengths and strategies for realizing these ideals in order to deepen understanding of the general initiatives being undertaken to drive our sustainable growth. In particular, we aimed to clarify financial and non-financial connectivity as much as possible, for instance by explaining the relationship between management plans and our ability to resolve social issues, and the impact of material social issues on the Company in terms of opportunities and risks. In preparing this report, we have referred to the International Integrated Reporting Framework proposed by the International Integrated Reporting Council (IIRC) and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation advocated by Japan's Ministry of Economy, Trade and Industry. We also took heed of the opinions offered by investors and other stakeholders and sought to include a more extensive range of information.



This report is for disclosure (explanatory material regarding the status of operations and assets) and was prepared based on the Insurance Business Act (Article 271-25) and the Ordinance for Enforcement of the Insurance Business Act (Article 210-10-2).

Positioning of this integrated report



The materials listed above can be found on our website.
www.tokiomarinehd.com/en/

Forward-Looking Statements

This report contains information on forecasts, targets, and other matters that are not based on historical fact. These forward-looking statements include a certain degree of risk and uncertainty, and, accordingly, actual results and performance may differ materially from the information provided in this report.

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Question

Why do we exist?

Answer

The Group’s purpose is to protect our customers and society in times of need.

Tokio Marine Group was founded in 1879 as Japan’s first insurance company. Eiichi Shibusawa, who was deeply involved in the establishment of the Company, espoused the union of morality and the economy in his literary work. The philosophy of companies contributing to the resolution of social issues, or, in other words, existing for the sake of society, is one that has been part of our DNA since our founding and passed down over the years.

When we were first established, our mission was to contribute to the development of Japan’s economy and society by protecting trade cargo from maritime accidents through ocean marine insurance. Following that, we sought to contribute to the resolution of various social issues that change with the times by providing a series of products and services to society that take into account changes in the environment. These include auto insurance, which was crucial to Japan’s postwar motorization, and cyber insurance, which currently supports the dramatic shift to working from home due to COVID-19. The purpose of our existence that we have advocated throughout our history is to protect customers and society in their times of need by providing safety and security.

To realize this purpose, we have worked to ensure a bright and vibrant place of work for our employees and collaborated with agents to help resolve various social issues throughout our 141-year history. As a result, we have sought to achieve sustainable profit growth and return gains commensurate with investment to shareholders.

Providing all our stakeholders with value is hardly a simple task, but we will never stop trying. The status quo is not an option; we must constantly seek improvement. Our core identity “To Be a Good Company” is embraced by the entire Group.

In addition, we will keep looking for new ways to protect customers and society in their times of need, especially as the world changes and evolves. In that sense, we will remain vigilant to our surroundings and take on challenges without fear of failure. By doing so, we can continue providing value as a trusted company that is chosen by people and manifests ongoing growth. I am dedicated to making Tokio Marine Group a robust and agile organization.



S. Komiya

Satoru Komiya
President and Group CEO



Eiichi Shibusawa
(Source: Shibusawa Memorial Museum)



Question

How do we do it?

Answer

Our success is built on three strengths which we continuously strive to enhance.

We are able to achieve our purpose and enable ongoing growth on the back of three strengths that we continue to refine.

First, we have the ability to deliver safety and security. We have enjoyed consistent growth over the years through a deep understanding of the business environment as it changes with the times and of issues facing customers and society at large, and by creating and providing a diverse range of products and services that resolve these challenges.

Second, we have the ability to implement successful mergers and acquisitions (M&A). As insurance is a business that underwrites risk, we therefore must diversify risk in order to stabilize

our business and ensure that we are able to offer support in times of need. Through M&A, we are striving to build a robust management base by diversifying risk globally while driving growth.

Third, we have Group’s collective strength. Insurance is called “a people business” because personal engagement is essential when selling and servicing high-involvement intangible products. As social issues are becoming more globalized, Tokio Marine Group leverages its collective strength through the optimal allocation of talent secured via M&A in Japan and overseas, and by putting a high level of expertise at the core of Group strategy.

01

The ability to deliver safety and security


➡ Pages 6–9



02

The ability to implement successful M&A


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03

Group’s collective strength

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01

The ability to deliver safety and security

By developing and providing innovative products and services that help resolve the social issues particular to an era, Tokio Marine Group has become a chosen favorite among customers, thus stimulating consistent growth. Our ability to deliver safety and security underpins this track record and gives us a sizeable competitive edge in the market.

Ability to Detect Issues for Customers and Society

The world is changing at breakneck speed due to such factors as climate change, technological advancements and the spread of COVID-19, exacerbating risks for customers and society.

Under these circumstances, it is important for us to correctly identify changes in the environment and the challenges facing customers and society in order to protect them in their times of need. Tokio Marine Group shares information from the frontline, the closest proximity to the market, as well as any findings by our agents, within our group in a timely manner, with a focus on pertinent locations, articles and frontline sites. In addition to this, product and service developments and improvements are regularly brought to our attention through analysis of feedback from customers together with consumer advisors, and market research.

A medium- to long-term approach is crucial to protect customers and society from new risks. We are also making efforts in research on medium- to long-term environmental changes and the social issues that arise from them through industry-academia collaboration, group think-tanks and external research institutes.

The Ability to Develop Products and Services that Resolve Issues

With the aim of developing products and services that can clear up challenges facing customers and society, and to transform these into viable businesses, it is necessary to calculate appropriate premiums commensurate with risk and have sufficient capital to underwrite it stably.

In Tokio Marine Group, professional actuaries with a background in mathematics use probability theory and statistics to quantify risks such as the frequency of occurrence of an accident and the amount of damage to enable appropriate premium calculations. In recent years, we have taken on the challenge of further improving our analytical methods by incorporating high-end knowledge through such means as Predictive Analytics*, a tool used by overseas Group companies. We have received top-class ratings on a global scale for our capital level, which forms the basis for underwriting risk, from major rating institutions. In addition to this strong capital base, we also utilize reinsurance to appropriately control risk and build a stable system for underwriting.

* Analysis for predicting the future by applying statistical methods to data

The Ability to Deliver to Customers

There is no use developing a great product or service if it never makes its way to market. Tokio Marine Group proposes optimal insurance based on detailed consulting. As an example, we work with chambers of commerce to raise risk awareness and propose specialty insurance amid diversifying risk surrounding companies, in particular since small- and medium-sized enterprises (SMEs) are less likely to take up specialty insurance such as liability insurance or cyber insurance. Also, given the heightened intensity of natural disasters in recent years, we launched a nationwide campaign to reconfirm the content of customer policies so that we can provide them with the products and services they truly need.

At the same time, the rise of digital natives—a person who has grown up in the digital age—has brought further diversification to customer needs. We aim to deliver safety and security to as many people as possible by building contact points with new customers through alliances with platform operators, or large-scale online service providers.

This initiative has been well received by customers and we have steadily increased our market share.

We also deliver high-quality services such as prompt claims payments and more careful support to customers in accident response and claims processing.

Prompt Claims Payments Using Satellites

It is now possible to identify the extent of damage early on, even in the case of major floods, through analysis of satellite images using AI.

This allows for prompt claims payments while also enabling us to provide swift guidance to customers who are yet to make a claim without missing anyone.



Creation of a Simple, Speedy Claims Payment Process

We use world-leading digital technologies to automate the claims payment process to the greatest degree possible, thereby realizing simple and speedy claims payments. We

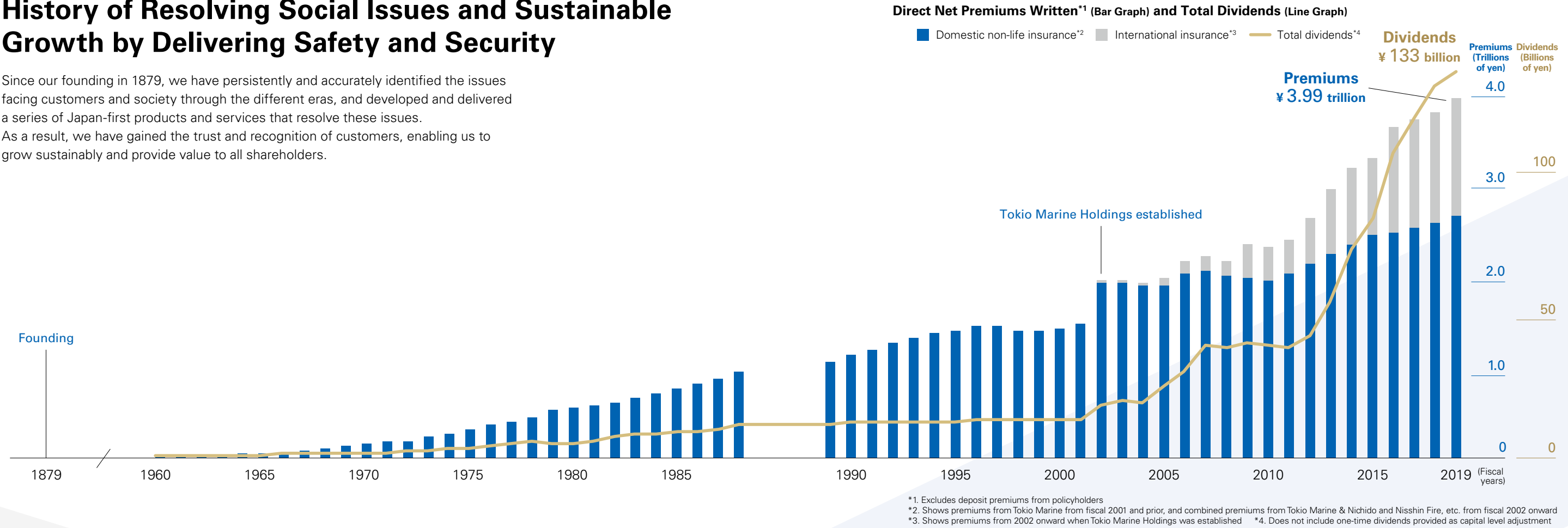


utilize the time that this creates for us to deliver high-quality services requiring a human touch, such as dealing with advanced settlement negotiations and taking close care of our customers.

(Please see pages 8–9, 26–31 and 80 for concrete examples of issue resolution.)

History of Resolving Social Issues and Sustainable Growth by Delivering Safety and Security

Since our founding in 1879, we have persistently and accurately identified the issues facing customers and society through the different eras, and developed and delivered a series of Japan-first products and services that resolve these issues. As a result, we have gained the trust and recognition of customers, enabling us to grow sustainably and provide value to all shareholders.



History of Issue Resolution

1914

Supports motorization

Tokio Marine Insurance launched Japan's first auto insurance product at a time when there were only around 1,000 vehicles in Japan in anticipation of the future of motorization.



1998

Realizes sufficient compensation for victims

Tokio Marine Group launched Japan's first auto insurance with coverage for personal injury designed to compensate for all damages a policyholder may be liable for after an accident. It is now the standard for auto insurance products.



1959

Cultivates awareness and establishes standards regarding compensation

At a time when accident victims often found themselves with no recourse other than to give up, we launched Japan's first liability insurance product, cultivating awareness regarding proper damage compensation and defining the appropriate level of compensation.



1999

Protects customers from cyber risk

Amid rising cyber risk worldwide due to technological advancements, UK-based Tokio Marine Kiln (TMK) offered cyber-related coverage from early on. Tokio Marine Group has a 5.0%*5 share of the global market for cyber insurance, making us a leading player worldwide.



*5. Fiscal 2019 result (Source: Company estimate based on Prescient & Strategic Intelligence material)

2001

Addresses the problem of poverty through insurance

India-based IFFCO-TOKIO started providing microinsurance (insurance that can be purchased at a low price) to help farmers work with more peace of mind (Please see page 80).



2002

Protects customers with integrated life and non-life insurance product

Tokio Marine Group launched a globally unique integrated life and non-life insurance product called *Super Insurance* based on the concept of providing optimal compensation tailor-made to each individual that ensures protection throughout their entire life.



2020

Protects the livelihood of earthquake victims

In order to protect the livelihood of people directly following an earthquake, we developed Japan's first insurance that pays out in a minimum of three days depending on the intensity of the earthquake. This new type of insurance can be handled entirely by smartphone, from contract through to claim.



2020

Supports the spread of renewable energy

To support the shift to renewable energy, we acquired GCube, a global leader in the field. Also, in Japan, we developed insurance that seamlessly compensates the risk associated with offshore wind power generation projects, thereby supporting operators from the perspective of insurance.



02

The ability to implement successful M&A

The companies that we acquired have continued to grow well after joining Tokio Marine Group and we are already enjoying synergistic effects. Our ability to conduct successful M&A helps us diversify risk as well as strengthen our management base.

Cultural Fit Key to M&A

Insurance is a business that underwrites risk. Under no circumstances can we allow the foundations of our business to be shaken. Therefore, it is important to diversify risk and stabilize business. That's the aim of our M&A. We first identify M&A deals by ourselves and compile a list of potential candidates. The International Executive Committee (IEC) then holds discussions each month on progress toward M&A with these potential companies. That

means if the opportunity comes, we can move quickly and with agility to execute the M&A. Specifically, we look at whether or not the target company is a good company that satisfies strict criteria regarding cultural fit, high profitability and solid business model, with a particular focus on cultural fit. In other words, we make doubly sure that the values of the target company concerning insurance business match Tokio Marine Group's core identity "To Be a Good Company" by placing value on customers and society in particular. Such a cultural fit is also the basis for creating synergies thereafter.

Strong Track Record

Three companies that we acquired in North America account for approximately 80% of profits in the international insurance business. In addition to their own strong capabilities, these companies have synergy with Tokio Marine Group companies, providing a more extensive product lineup, greater underwriting capacity and sales in new countries and regions. Accordingly, premiums of these companies have exceeded market growth

after joining the Group and so too have profits as a result. This has enabled us to establish a top 10 position in commercial lines for Tokio Marine Group in the North American market, the world's largest insurance market. In particular, we are a leading player in the specialty insurance field*1. PURE also joined our Group in fiscal 2020, driving further growth for the Company and enhancing our risk diversification.

*1. Special insurance provided to corporations such as liability insurance and medical insurance in place of general auto insurance and fire insurance

Tokio Marine Group's Core Identity and the Founding Philosophy of the Acquired Company

Spreading our core identity

To Be a Good Company



Provide the safety and security necessary in order to contribute to the continuing economic aspirations of an affluent and comfortable society (corporate philosophy)



Founder (Maguire) started to sell new types of insurance to widely spread insurance coverage for the disabled which was not available at the time



Collaborators who strive to make the world a better place through insurance



"Do the right thing," "Think about the long-term" (part of management philosophy)



Highly consistent corporate value and culture originating from pursuit of social significance and contribution to positive social change (Holland Purpose)

To be a "Good Company" that supports customers and society in times of need in 100 years time

| | (Billions of USD) | Top-line ^{*2} | Bottom-line ^{*3} |
|---|---|--|---------------------------|
| <div>Achieved high growth after joining the Group</div> <div>Aim for further growth after joining the Group</div> | <div><p>1.7 2008 3.4 2019</p></div> <div><p>1.5 2011 2.5 2019</p></div> <div><p>2.8 2015 3.6 2019</p></div> <div><p>0.3 2014 1.2 2019</p></div> | <div><p>Philadelphia Market 6.5% 3.6% 2008-2019 CAGR +0.5%^{*4}</p><p>Delphi Market 6.5% 4.9% 2011-2019 CAGR +19%</p><p>TMHCC Market 6.6% 5.3% 2015-2019 CAGR +6%</p><p>PURE Market 26.8% 5.0% 2014-2019 CAGR +31%</p></div> | |

*2. Net premiums written on a local accounting basis (For PURE, premiums under management company) *3. After-tax profits on a local accounting basis *4. Temporary slowing of growth due to increased past reserve provision in FY2019. CAGR based on FY2020 profit excluding the impact of COVID-19 is 5%.

10

11

03

Group's collective strength

Tokio Marine Group is enhancing its ability to resolve social issues through the optimal allocation of talent in Japan and overseas, including personnel acquired via M&A, in order to most appropriately implement Group strategy.



Optimal Allocation of Talent to Execute Group Strategy

Tokio Marine Group has sought to diversify risk and expand profits through M&A, with the greatest effect of this initiative being the acquisition of talent and their expertise. Based on the aim of continuing to grow as a Group, it is necessary to further refine our business. To achieve this, we are striving to build a dominant competitive advantage for each of our Group companies in their respective regions and markets as well as bring together our diverse human resources as one team and tap into their expertise and knowledge.

To that end, we are ensuring the optimal allocation of our outstanding human resources through Japan and the world so as to make the most effective use of their expertise. This involves appointing them as Group Co-Heads*1 and key positions in each specialized field.

These efforts are already generating Group synergies across the four areas of “expanding top-line,” “expanding investment income,” “optimizing retention/reinsurance” and “reducing costs.” In quantitative terms, this has resulted in a profit contribution of approximately ¥35 billion.

*1. Tokio Marine Group has adopted a system in which its chief officers manage the strategies and policies of the entire Group for each particular field, thereby leveraging functions in a cross-organizational manner. In particular, non-Japanese executives have been appointed as Group Co-Heads to make this cross-organizational functionality more global in nature.

Non-Japanese Executives Appointed as Group Co-Heads



Donald Sherman

Co-CIO (Group Co-Chief Investment Officer)
Delphi Financial Group CEO



Christopher Williams

Co-CRSO (Group Co-Chief Retention Strategy Officer)
Former HCC Insurance Holdings CEO

Human Resources with Advanced Expertise Appointed to Key Positions in Group Strategy

Internal Audit



Desmond Yeo

TM Asia Regional Head of Internal Audit (additional post: HD)
<Main career>
Previously worked as an Internal Audit Director of a Global Insurance company. 23 years of working experience in areas of IA, ERM and IT risk management.

Reserving*2



Daniel Thomas

Chairperson of International P&C Reserving Actuary Committee
<Main career>
Worked as an adviser on reserving to global insurance companies for over 20 years at a major audit firm.

Specialty



Philippe Vezio

TM Asia Deputy CEO & Chief U/W Officer (Transferred from TMHCC Barcelona)
<Main career>
Engaged in various senior positions in a Specialty business unit writing international business.

Legal & HR



Caryn Angelson

TMNAS CHRO & CLO (additional post: HD)
<Main career>
Leveraging her background as a lawyer at a global law firm with a focus on litigation, Caryn provides legal counsel to various global corporate functions across a broad range of issues, including in the field of employment and labor.

Reinsurance



Barry Cook

CEO of International Group at TMHCC (TMHDD Global Reinsurance Advisor)
<Main career>
Leads TMHCC's International businesses, and has over 30 years service with TMHCC and a reinsurance brokerage company Barry started that was acquired by TMHCC.

Cyber Insurance



Daljitt Barn

Cyber Centre of Excellence Global Head of Cyber Risk
<Main career>
Previously worked at a global reinsurance company where he developed the group Cyber insurance strategy. He has also built and managed the Cyber risk team within an audit firm.

*2. To estimate future payments on reported and unreported claims, with respect to insured events that have occurred

Expansion of Domains that Provide Value through Advanced Expertise

While we would rather that accidents and disasters did not occur, in the event of such dilemmas, it is of course better to minimize the damage and recover quickly. From this perspective, Tokio Marine Group brings together the advanced expertise from each of our Group companies in Japan to provide services such as prediction/prevention and early recovery that go beyond merely paying claims.

Support for Early Recovery in a Disaster

Fire or water-related disasters can cause pollutants that corrode equipment and machinery, and unless repairs are made swiftly, recovery may take a long time. Tokio Marine Group supports the quick resumption of operations by utilizing the advanced cleaning technology of BELFOR*3, a specialist property restoration firm we have a business alliance with, to remove pollutants.



Before restoration



After restoration

*3. A global disaster recovery specialist with more than 300 locations in 28 countries worldwide

BCP Formulation and Training Support Service

Amid a raft of natural disasters and the COVID-19 outbreak, a critical issue for companies is the strengthening of systems in preparation for an emergency. We support business continuity and early recovery for companies by helping them create a BCP*4 and providing training to improve its effectiveness.

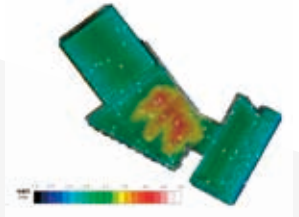
*4. A BCP, or business continuity plan, is a plan designed to ensure a business can continue operating or recover swiftly in the event business is temporarily halted.



BCP training

Proposing Measures to Prevent and Mitigate Disaster

Amid rising risk awareness for natural disasters, we propose effective measures to prevent and mitigate such calamities that include simulating a flood based on analysis of ground height using a drone as well as damage prediction, and risk diversification and transfer.



Analysis of ground height

Question

Answer

What are we aiming for?

We seek to sustain long-term growth by providing safety and security for a sustainable society.

Since our founding, Tokio Marine Group’s purpose has been to protect customers and society in their times of need by providing safety and security. Sincere efforts in this regard have resulted in continuous growth.

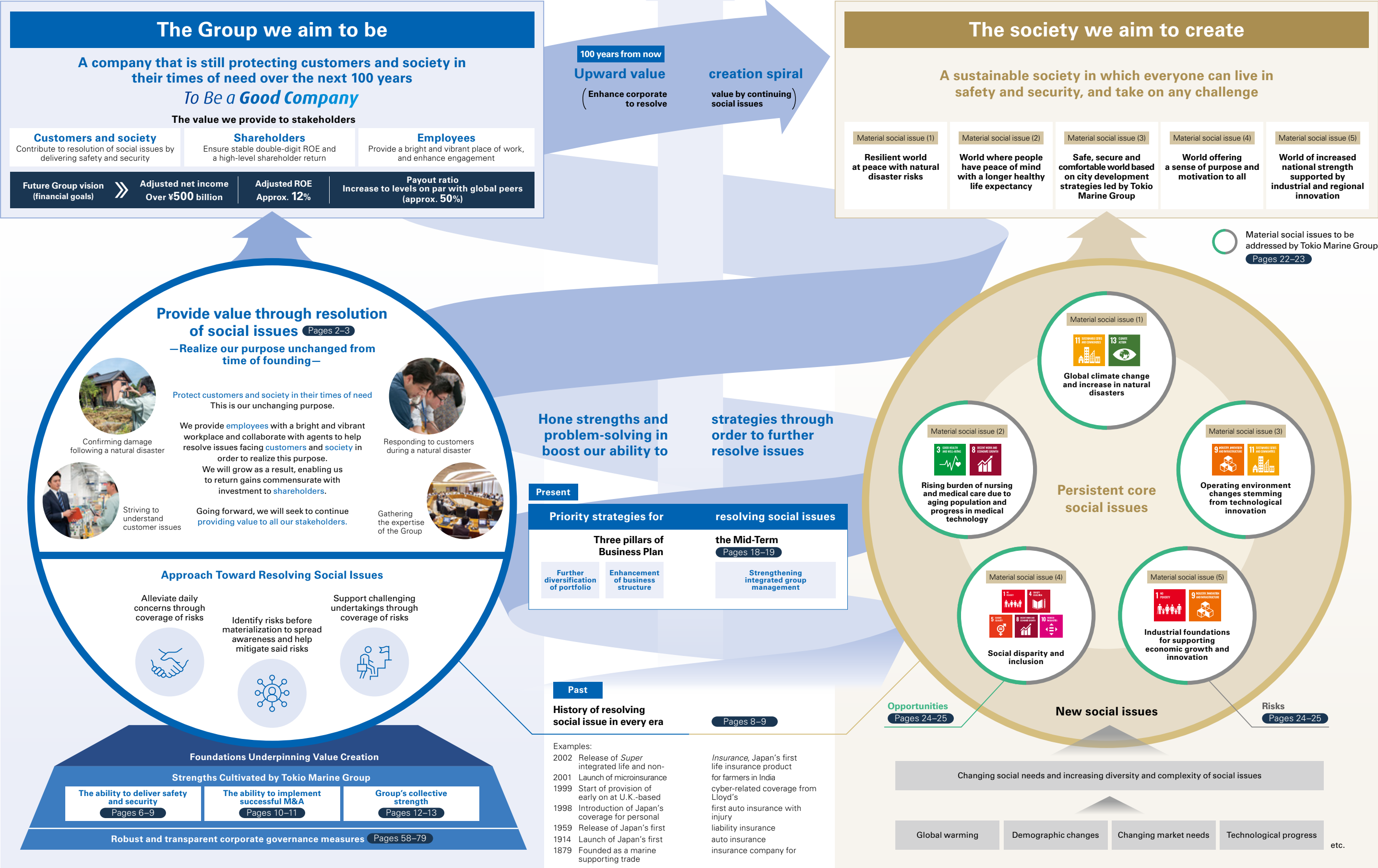
These are volatile, uncertain, complex, and ambiguous times. COVID-19 has merely added to the uncertainty in society. Despite this, our purpose will never change over time.

We will continue to seize opportunities that arise from changes in the environment and contribute to the resolution of social issues by leveraging the strengths we have amassed throughout our 141-year history and executing appropriate

business strategies (further diversification of portfolio, enhancement of business structure, and strengthening integrated group management). By taking on such challenges, we can hone our strengths and strategies, thereby further enhancing our ability to resolve social issues, which in turn enables us to help create a sustainable society. As a result, we can also enjoy ongoing, long-term growth.

The swift execution of this cycle allows us to consistently provide value to all our stakeholders. Moving forward, we will continue aiming to be a “Good Company” that is truly deemed necessary over the next 100 years.

Our Approach to Value Creation

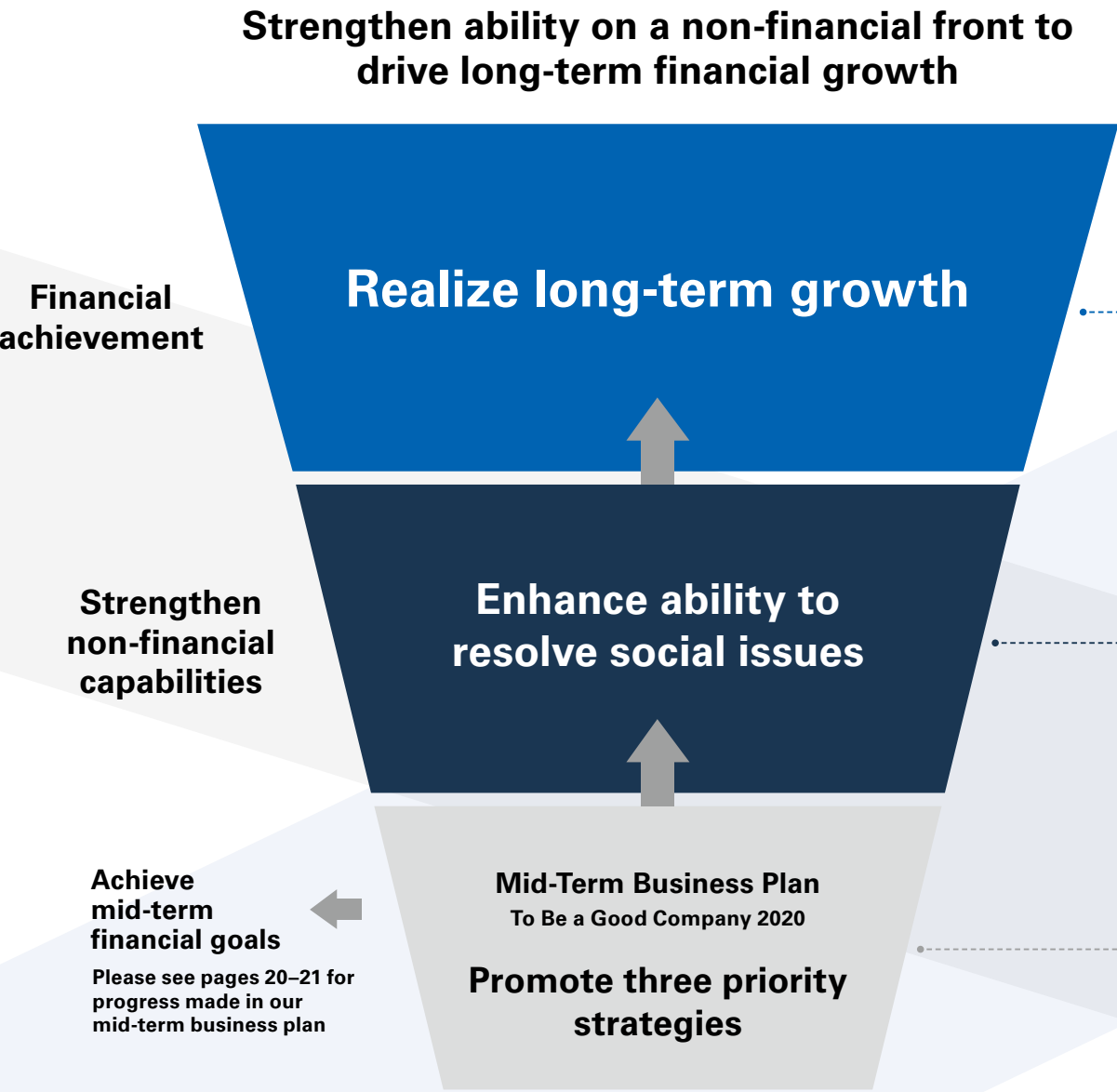


Promotion of Mid-Term Business Plan

Tokio Marine Group aims to strengthen our ability to resolve social issues through three strategies in order to achieve long-term financial growth.

In fiscal 2018, Tokio Marine Group launched the mid-term business plan, “To Be a Good Company 2020.” The plan includes three priority strategies for realizing its goals in fiscal 2020, namely “further diversification of portfolio,” “enhancement of business structure” and “strengthening integrated group management.”

The goals of these strategies does not stop with the achievement of financial targets in a single fiscal year or solely for the mid-term business plan. We also seek to boost financial performance from a long-term perspective by increasing our non-financial capabilities in terms of our ability to resolve social issues. That is the true aim of carrying out these strategies.



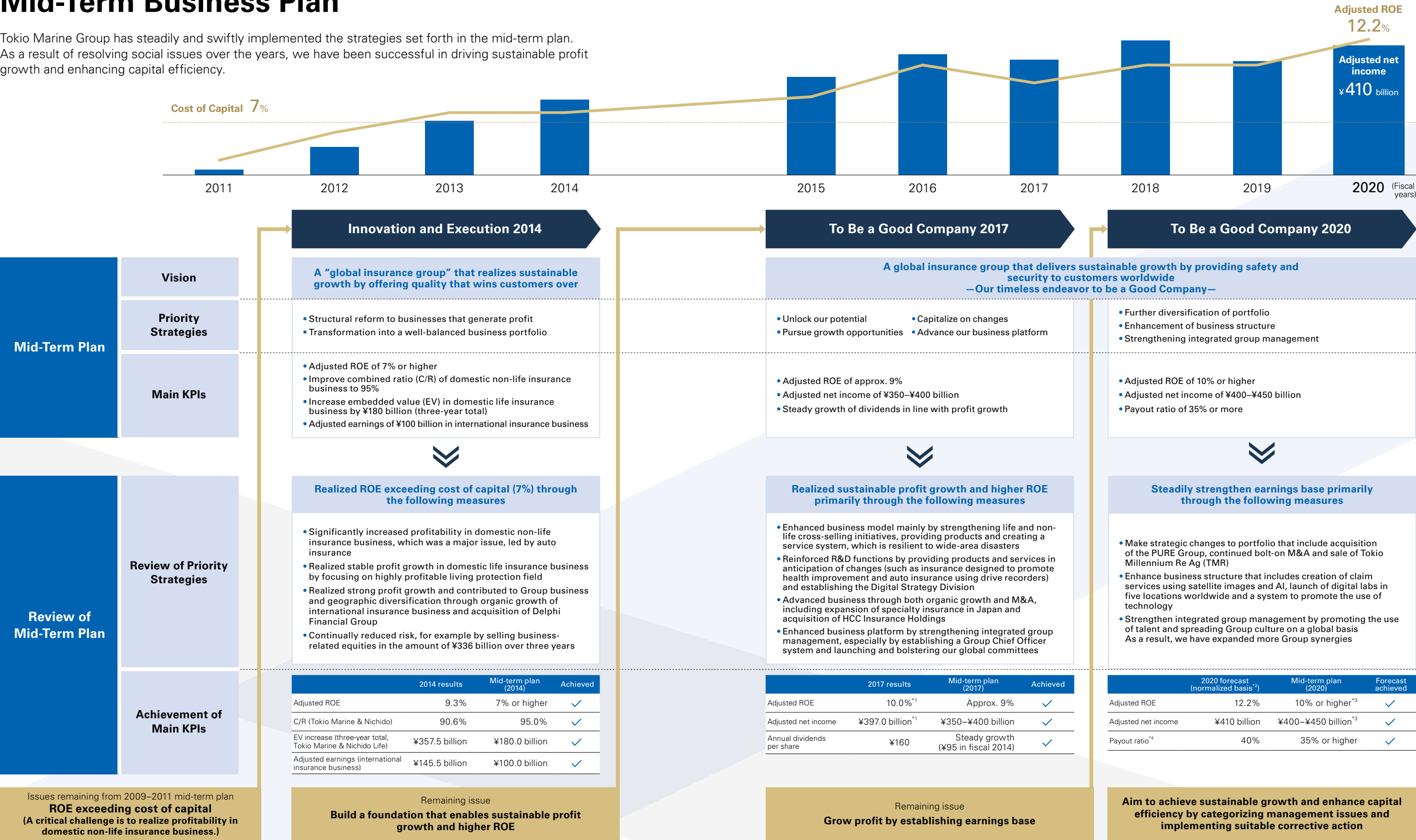
| Future Group Vision (Medium- to Long-term Goals) | | | |
|--|--|---------------------------------|---|
| | FY2020 forecast (normalized basis) ^{*1} | FY2020 target | Future Group Vision |
| Adjusted net income | ¥410 billion | ¥400–¥450 billion ^{*2} | Over ¥500 billion |
| Adjusted ROE | 12.2% | 10% or higher ^{*2} | Approx. 12% |
| Shareholder return Payout ratio ^{*3} | 40% | 35% or higher | Gradually increase to levels on par with global peers ^{*4} |

| Resolution of Social Issues (Please see pages 22–25 for details on material social issues to be addressed by us and related risks and opportunities) | | |
|--|--|--|
| Important measures <ul style="list-style-type: none">Stabilize business by diversifying risk and continue to provide insuranceIncrease capacity to underwrite new risk | Important measures <ul style="list-style-type: none">Accelerate claims payments in the event of natural disasters by making full use of technologyPropose optimal insurance tailored to each individual through use of AI | Important measures <ul style="list-style-type: none">Gather global expertise to guide optimal solutionsCreate innovation by utilizing the diverse knowledge of the Group |
| Further diversification of portfolio <ul style="list-style-type: none">Promote geographic and business risk diversification after ensuring risk has been appropriately controlledReview portfolio of existing businesses | Enhancement of business structure <ul style="list-style-type: none">Utilize new technology to:<ul style="list-style-type: none">(1) Provide innovative products and services(2) Review business model for sales and claim services(3) Enhance productivity and reduce operating costs | Strengthening integrated group management <ul style="list-style-type: none">Ensure optimal placement and utilization of talent globallyGenerate greater synergies among the GroupSpread group culture |

^{*1}. Excluding the impact of COVID-19.
^{*2}. Net incurred losses relating to natural disasters are normalized to an average annual level. In addition, FX effects and the one-time impact of U.S. tax reform have been excluded.
^{*3}. Payout ratio is based on the five-year average for adjusted net income as well as an original projection.
^{*4}. The payout ratio of global peers stands at approximately 50% as of the present time.

For Reference: Review and Progress of Mid-Term Business Plan

Tokio Marine Group has steadily and swiftly implemented the strategies set forth in the mid-term plan. As a result of resolving social issues over the years, we have been successful in driving sustainable profit growth and enhancing capital efficiency.



*1. Adjusted net income: Net incurred losses relating to natural disasters are normalized to an average annual level. In addition, excluding FX effects and the one-time impact of U.S. tax reform are excluded.
Adjusted net assets: Adjusted to the market conditions of March 31, 2015.
*2. Excluding the impact of COVID-19.
*3. Net incurred losses relating to natural disasters are normalized to an average annual level. In addition, one-time impact of U.S. tax reform has been excluded.
FX rates are as of March 31, 2018
*4. Payout ratio is based on initial forecast.

Addressing Material Social Issues and Their Risks and Opportunities

Tokio Marine Group identifies the risks and opportunities associated with each material social issue, and then takes the necessary steps in response.

Tokio Marine Group identified material social issues (materiality) in fiscal 2018 with the formulation of the current mid-term business plan. A total of five issues were selected from a host of issues currently facing the world, as encapsulated in the Sustainable Development Goals (SDGs), with selection criteria based on our ability to find resolution by leveraging our corporate strengths as well as potential impact on business continuity.

Each of the issues was categorized according to possible repercussions to the Group’s business from the perspectives of risk and opportunity, with appropriate steps being taken. This entails minimizing the negative impact on business when risk emerges, taking advantage of opportunities to expand business and striving to translate risks into opportunities in order to realize long-term growth.

Process of Identification of Material Social Issues



Contribution to the SDGs



The SDGs were set as targets for government and corporations to strive to achieve within “Transforming Our World: the 2030 Agenda for Sustainable Development” adopted at the United Nations Sustainable Development Summit in September 2015. Tokio Marine Group aims to contribute to the achievement of the SDGs through its business activities. (Please see pages 84–85 for details).

| The society we aim to create | Material social issues | Reason for the identification |
|---|--|--|
| (1) A resilient world at peace with the risk of natural disasters | (1) Global climate change and increase in natural disasters | The various adverse effects of climate change, such as the intensification of natural disasters, pose a serious threat to people’s safety and security while also hindering the sustainable development of society. Tokio Marine Group assumes responsibility for risks in Japan, a country prone to natural disasters, as its home market. That means a material social issue for us is responding to climate change and natural disasters. |
| (2) A society with a longer healthy life expectancy and where people can live with peace of mind | (2) Rising burden of nursing and medical care due to an aging population and progress in medical technology | While everyone hopes to live a long healthy life, a real possibility in today’s world where people often live to 100, aging societies and the proliferation of advanced medical care are putting increasing economic pressure on the individual, family unit and society at large. Tokio Marine Group provides a large number of products that cover illnesses in both non-life and life sectors, and we believe that we can leverage our accumulated expertise to contribute to the resolution of these issues. |
| (3) A safe, secure and comfortable world based on urban strategies led by Tokio Marine Group | (3) Operating environment changes stemming from technological innovation | Technological innovation has skyrocketed in recent years on the back of the digital economy, otherwise known as Industry 4.0, driving immense change in society and the economy. Tokio Marine Group aims to cover the new risks generated by this change as well as deliver high-value-added products and services by actively utilizing digital technology. |
| (4) A society in which everyone is motivated to work and live | (4) Social disparity and inclusion | Many countries are now faced with growing disparities in terms of economy, income distribution and information. These disparities can also be seen from nation to nation. And such differences have led to a bevy of social issues ranging from poverty, hunger, and loss of educational opportunity. As a global group, Tokio Marine Group believes in the importance of contributing to the resolution of issues caused by these disparities. |
| (5) National strength through industrial and local innovation | (5) Industrial foundations supporting economic growth and innovation | In Japan, where the workforce is shrinking and people continue to shift out of rural areas, a pressing challenge is to create foundations for industry and technological innovation in order to ensure sustainable economic growth. The insurance business is closely connected to all kinds of industries, and we believe that economic advancement is a critical ingredient in the growth of the Group. |

| Impact of material social issues on business ● Risks ● Opportunities | Response to risks and opportunities | Related indicators (contribution to resolution of social issue) | SDGs we are addressing |
|--|---|---|--|
| <p>(1) Global climate change and increase in natural disasters</p> <ul style="list-style-type: none">● Increase in claims payments associated with the intensification of natural disasters and extreme weather patterns● Growing public awareness toward the risk posed by natural disasters● Revisions to energy policies in different countries in light of the transition to a low-carbon society● Negative effects of global environmental destruction on society | <p>The increasing severity of natural disasters caused by climate change is one factor behind deteriorating earnings from fire insurance in particular, owing to the rising number of claims payments. At the same time, individuals and corporations are becoming more acutely aware of the danger posed by natural disasters, stimulating demand for enhanced coverage when concluding an insurance agreement and the need for more extensive service when a disaster strikes. Accordingly, we aim to increase our earnings opportunities by boosting our dominance through such means as effectively generating demand, providing exceptional service in response to a disaster and accelerating claims payments. In addition, while there is a risk that the transition to a low-carbon society will shrink the existing insurance market in the energy sector, if we can be an early mover in supporting the growing renewable energy sector, we will be well placed to enhance our reputation and secure opportunities to cultivate the market.</p> | <ul style="list-style-type: none">✓ Net incurred losses related to natural disasters*¹ amounted to ¥195.8 billion for fiscal 2019 by covering worldwide natural disaster risk.✓ Premiums from fire insurance*² grew by 14.2% in fiscal 2019 on the back of a review of compensation (Tokio Marine & Nichido Fire).✓ A reduction in CO₂ emissions and mangrove planting were primary factors in achieving carbon-neutral status for the seventh consecutive year. | <div><div>11 SUSTAINABLE CITIES AND COMMUNITIES</div><div>13 CLIMATE ACTION</div></div> |
| <p>(2) Rising burden of nursing and medical care due to an aging population and progress in medical technology</p> <ul style="list-style-type: none">● Higher awareness in health and greater needs associated with longevity risk● Development and expansion of new markets due to innovation in medical technology● Increase in adverse selection*³ in underwriting risk associated with innovation in medical technology | <p>The desire to live a longer, healthier life is increasing nowadays as expectations of surviving until 100 grow. The market for living protection is expanding as a result. Tokio Marine & Nichido Life, a Group company, is a pioneer in the field and if it can continue developing many different competitive products going forward, it will have the chance to increase premiums as well as market share. In addition, if the accuracy of predicting the incidence of diseases rises with advancements in medical technology, prevention and treatment costs will grow and a new market may be born. At the same time, there is also the risk that adverse selections will increase, and as such, we will enhance our discipline in terms of product and underwriting risk to capture market growth.</p> | <ul style="list-style-type: none">✓ In-force policies ANP for medical and cancer insurance in fiscal 2019 increased by 6.2% due to expansion of longevity risk (Tokio Marine & Nichido Life).✓ The R series of life insurance products where policyholders can receive health reimbursement benefits topped 1 million policies in the five years since launch due to growing customer support. | <div><div>3 GOOD HEALTH AND WELL-BEING</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div></div> |
| <p>(3) Operating environment changes stemming from technological innovation</p> <ul style="list-style-type: none">● Loss of competitive advantage● Foray into insurance market by other industry players such as digital platformers● Emergence and expansion of new markets through the spread of innovative technologies● Increased operational efficiency through the proliferation of AI and IoT | <p>Technological innovation offers both risks and opportunities since it has the potential to fundamentally change the insurance business model. In addition, there is a risk that competition will intensify as other players enter the industry, including platformers, which will put downward pressure on profits. Tokio Marine Group has been able to provide innovative products and services and reduce operating costs by implementing business structure enhancement with digital technology. If we can continue to hone these efforts, we can enhance our competitive edge.</p> | <ul style="list-style-type: none">✓ More than 350,000 policies are now using <i>Drive Agent Personal (DAP)</i>*⁴, which helps increase safety and security in driving.✓ The uptake of cyber insurance has manifest double-digit growth*² for the fourth consecutive year owing to an increase in cyber incidents (Tokio Marine & Nichido Fire).✓ The expense ratio for fiscal 2018 was 30.6% (Tokio Marine & Nichido), 2.5 pt lower than the market, due to a reduction in costs by using technology. | <div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>11 SUSTAINABLE CITIES AND COMMUNITIES</div></div> |
| <p>(4) Social disparity and inclusion</p> <ul style="list-style-type: none">● Increase in the number of people having difficulty paying premiums● Utilization (or non-utilization) of diverse talent within the Group● Emergence and expansion of new markets born with the establishment of an inclusive society | <p>There is a risk we may lose earnings opportunities as poverty grows and more people find it difficult to cover premiums. As one way to address this issue, the Group provides microinsurance to farmers at low cost in India, where poverty is extreme. Also, there are critical risks and opportunities as the working population dwindles that depend on whether talent is being utilized effectively and whether an appropriate approach to inclusion is being taken. As such, we will continue to accelerate the optimal allocation of talent within the Group, which includes the use of diverse personnel acquired through M&A.</p> | <ul style="list-style-type: none">✓ The number of microinsurance policyholders in fiscal 2019 stood at approximately 19,420,000, contributing to the alleviation of poverty in India.✓ Engagement with the Company*⁶ has risen to a level of 4.3 on a scale with a maximum of five (fiscal 2019) after striving to enhance employee motivation. | <div><div>1 NO POVERTY</div><div>4 QUALITY EDUCATION</div><div>5 GENDER EQUALITY</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>10 REDUCED INEQUALITIES</div></div> |
| <p>(5) Industrial foundations supporting economic growth and innovation</p> <ul style="list-style-type: none">● Decrease in premiums owing to the economic downturn● Growth in the movement to support local economies and small- and medium-sized enterprises● Emergence and growth of new needs due to the globalization of corporations | <p>Since the premiums of many products are determined based on corporate sales, growth in GDP is essential to expand the top line for Tokio Marine Group. However, a decline in local economies and in small- and medium-sized enterprises (SMEs) has become an issue in Japan and may result in a loss of earnings opportunities for the Group. On the other hand, there is a growing movement to support local communities and SMEs, which provides the chance to increase sales of our products and services that are related to regional revitalization and health management. Going forward, we will continue to accelerate business aiming to drive corporate growth.</p> | <ul style="list-style-type: none">✓ Premiums for package products for SMEs grew 4.4-fold relative to fiscal 2010 (Tokio Marine & Nichido Fire).✓ We supported around 1,800 companies in fiscal 2019 by promoting health management (Tokio Marine & Nichido Fire). | <div><div>1 NO POVERTY</div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div></div> |

*1. On a business unit profits basis. *2. Growth rate for net premiums written. *3. People with a higher likelihood of having an accident are more likely to get insurance. *4. The Group's unique auto insurance using drive recorders. *5. All lines and markets refer to the total of members of The General Insurance Association of Japan (excluding Tokio Marine & Nichido Fire) (Source: The General Insurance Association of Japan website) *6. Internal culture and values survey (percentage of people who are proud to work for Tokio Marine Group among personnel working overseas and at Tokio Marine Holdings).

Special Feature (1)



Response to Global Climate Change and the Increase in Natural Disasters

From a social perspective, Tokio Marine Group is in a position of responsibility when it comes to climate change and natural disasters, and for that reason, we have been facing these social issues head on for some time. As an insurance company, an institutional investor and a global enterprise, we will remain deeply involved in and support the transition to a low-carbon society so that people can continue to live with peace of mind. Taking the lead in such efforts and translating the risks into opportunities will help us drive long-term growth.

| ● Risks and ● Opportunities for Tokio Marine Group | Key Response | |
|--|--|---------------------|
| ● Increase in claims payments associated with the intensification of natural disasters and extreme weather patterns | ● Manage climate-related risk based on Enterprise Risk Management (ERM) ● Create a sustainable fire insurance system ● Appropriately control risk through risk diversification and reinsurance, etc. | Please see page 27. |
| ● Growing public awareness toward the risk posed by natural disasters (Rising demand for greater compensation and better services when a disaster strikes) | ● Enhance support for victims (accelerate claims payments, etc.) ● Contribute to the creation of a disaster-resistant society by providing information on natural disasters and disaster prevention | Please see page 28. |
| ● Revisions to energy policies in different countries in light of the transition to a low-carbon society (shift to renewable energy) | ● Provide insurance for renewable energy projects ● Launch renewable energy funds and invest in green bonds (Initiatives as an institutional investor) | Please see page 29. |
| ● Negative impacts of global environmental destruction on society | ● Promote ESG investment (initiatives as an institutional investor) ● Lead discussions at international climate change conferences (initiatives as a global enterprise) | |

The society we aim to create:
A resilient world at peace with natural disaster risks

Initiatives as an Insurance Company

Manage Climate-Related Risk Based on ERM

Tokio Marine Group takes a wide-ranging view of risk management regarding climate-related risks and has put a lot of effort into researching the topic over the years. To give an example, we evaluate and calculate the impact on insurance loss from changes in typhoon risk and flood risk due to torrential rain based on assumed climatic conditions in the future. Enterprise Risk Management (ERM)

is being implemented throughout the Group in consideration of the impact of natural disasters on underwriting that may be exacerbated by climate change, referring to the findings of these scenario analyses. In this way, appropriate measures that consider risk can be discussed by the ERM Committee before a decision is made via the Management Meeting or Board of Directors.

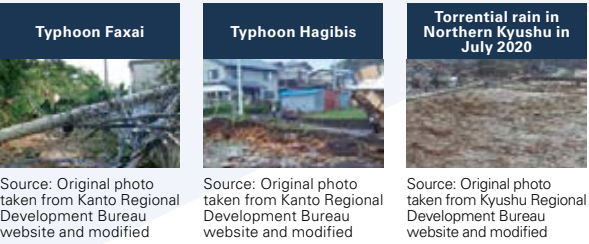
Create a Sustainable Fire Insurance System

In fiscal 2019, Japan was once again faced with large-scale natural disasters in typhoons Faxai and Hagibis. Industry-wide insurance claims related to natural disasters exceeded ¥1 trillion, which included around ¥330 billion in claims to Tokio Marine Group. Natural disasters are indeed one of the most critical social issues in Japan. Fire insurance that covers natural disasters is therefore essential here, and an urgent task is to make a sustainable product given the increased severity of these calamities in recent times.

To achieve this, it is first necessary to accurately comprehend the risk. In light of rising sea surface temperatures and the incidence of natural disasters, the Group is revising its risk model and making improvements to methods for measuring natural disaster risk.

It is of course important to enhance earnings from fire insurance itself and we will look to take the appropriate steps in line with revision to

Reference Loss Cost Rates*1. In addition, amid the changing environment, we will tackle the issue of policies where premiums are set for a long period of time since the effect of efforts to improve earnings are not immediately apparent. We are also looking exhaustively at “making response at a different level to before” and from multiple angles due to the recent spate of massive natural disasters and future climate change.



*1. Loss cost rates are the pure premiums for covering insurance claims and loss cost rates calculated by the General Insurance Rating Organization of Japan (GIROJ) are called Reference Loss Cost Rates. Insurance companies that are members of GIROJ use these rates as reference figures when determining premiums.

Appropriately Control Risk through Risk Diversification and Reinsurance, etc.

Natural disasters are inevitable in Japan, our home market. For that reason, we have sought to control risk capital by geographic and business risk diversification through M&A overseas. Through these efforts, we managed to keep net incurred losses from natural disasters exceeding our average budget to only around 20% of the entire Group's profits for fiscal 2019.

In addition, reinsurance, as a hedge against risk, is also an effective way to protect our capital and stabilize profits. Since costs mount up when utilizing reinsurance, however, we prepare by making appropriate reinsurance arrangements and accumulating catastrophe loss reserves*2 based on

economic rationale.

Going forward, we will continue to stabilize business by reducing and controlling risk.

Impact of natural disasters on adjusted net income*3



*2. Reserves that an insurance company accumulates by using a set portion of premiums in preparation for massive natural disasters, etc.
*3. Proportion of net incurred losses related to natural disasters exceeding initial natural disaster budget

Special Feature (1)

Enhance Support for Victims (Accelerate Claims Payments, etc.)

Receiving claims payments swiftly in the aftermath of a disaster provides significant peace of mind and the impetus to move forward. We responded to the series of natural disasters during the year through a policy of “prioritizing swift claims payments above all else,” mobilizing 22,000 employees from all over Japan to support affected areas in fiscal 2019.

We are also working to accelerate payments by using digital technology. Through the use of satellite images and drones, we identify the situation of a damaged area early on, enabling us to efficiently move forward on victims’ insurance claims. We are also trying to automate part of the claims payment process with robotic

process automation (RPA). On top of this, we are promoting a nationwide campaign to confirm the details of policies so that we can provide customers with the required compensation in the event of an emergency. By providing more careful support to customers and stimulating needs, net premiums written for fire insurance in fiscal 2019 (Tokio Marine & Nichido) grew significantly by 14.2% year on year, or approximately ¥40 billion. Further, we are preparing for the launch of Japan’s first earthquake index insurance, which will enable customers to secure immediate funds in the event of a disaster.



Confirmation of customer damage after a disaster



Image overlaid onto a satellite image to show the extent of damage in a flood as analyzed with AI

Contribute to the Creation of a Disaster-Resistant Society by Providing Information on Natural Disasters and Disaster Prevention

Amid the increasing severity of natural disasters, initiatives related to disaster prevention and mitigation have become critical for creating a resilient society. Tokio Marine Group provides support that includes corporate risk evaluations, and help formulating a business continuity plan (BCP) and creating business continuity management (BCM) in collaboration with local government and financial institutions. To achieve this, we make use of knowledge and experience gained through past disaster response as well as

expertise and risk consulting capabilities held within Group companies. Customers have praised us highly for providing safety through these services, which has led to a further increase in the support for us.

In addition, BCP workshops and delivery lessons—1,500 conducted to date, with around 100,000 children participating—serve to raise individual awareness of the need for disaster prevention. This also provides the opportunity for us to boost understanding of the Group more widely.



BCP workshop

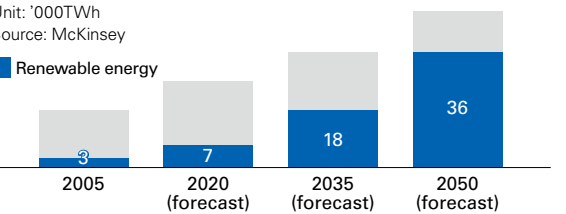


A Disaster Risk Prevention Lesson (the instructor is President Hirose from Tokio Marine & Nichido)

Contribution to Environmental Sustainability (Provision of Insurance for Renewable Energy Projects)

Efforts to expand the use of renewable energy are vital to alleviate the effects of climate change, and related markets are expected to grow rapidly in the future. Tokio Marine Group has for many years provided exclusive package products to support the spread of renewable energy. In May 2020, we acquired GCube, which underwrites insurance in the renewable energy sector worldwide. By sharing and utilizing the knowledge held in GCube, a leading player in the field, we can help grow the domain even further.

Growth Potential of Renewable Energy Businesses (As a Proportion of Global Power Supply)



Initiatives as an Institutional Investor

Promote ESG investment and Launch Renewable Energy Funds

As an institutional investor, it is important to contribute to the realization of a sustainable society through our investment and loan activities.

Based on this philosophy, Tokio Marine Asset Management and Tokio Marine & Nichido pledged early commitment to the United Nations Principles for Responsible Investment (PRI) in 2011 and 2012, respectively, and since then have promoted ESG investment, including the perspective of climate change. We engage in dialogue on ESG with the companies we invest in, launch funds in support of

renewable energy companies and actively invest in green bonds.

Performance of Renewable Energy Funds* (As of March 31, 2020)



* TM Nippon Solar Energy Fund 2012, 2013 and 2014 and TM Nippon Renewable Energy Fund 2017

Initiatives as a Global Enterprise

Lead Discussions at International Climate Change Conferences

Climate change is a material social issue that needs to be addressed by the entire world on a united front. Tokio Marine Group actively engages in talks with international organizations, governments, industry, academia, NPOs/NGOs and others. We have also led discussions at international conferences, which includes a co-chairing climate change-related working group for The Geneva Association, since 2008.

We actively heed Task Force on Climate-related Financial Disclosure (TCFD) recommendations and improve our disclosure while also contributing to the formulation of such recommendations as a member of the task force. We also promote the

dissemination of climate-related information in Japan in part through involvement in the launch of the TCFD Consortium.

In addition, we have taken a leading role for the entire industry as a founding member of the UNEP FI’s TCFD pilot insurance group, and as a global enterprise will continue to actively take measures against climate change.



Geneva Association's Annual General Assembly (Far left is Tokio Marine Holdings Chairman of the Board Tsuyoshi Nagano)

Special Feature (2)



Response to COVID-19

The outbreak of COVID-19 has caused major disruption to people and industries the world over, and significant uncertainty remains along the road to recovery. Amid heightened unpredictability in financial, economic and social circles, corporations and individuals have become increasingly aware of the risks posed to their peace of mind, safety and stability, which has led to changes in behavior. Against this backdrop, Tokio Marine Group recognizes the growing role it has to play in the issue as well as the rising expectations of society and customers. As such, we have been promoting initiatives aimed at ensuring business continuity in our corporate community, placing the highest priority on the safety of employees and their families. These efforts are primarily being handled by the COVID-19 management task force, which is led by the CEO. We are also formulating a strategy for a post-COVID world that takes into consideration the risks and opportunities presented by the outbreak.

Efforts for Stakeholders

| | |
|--------------|---|
| Customers | <p>Expect claims payments in the range of ¥30–¥40 billion for fiscal 2020 (As of May 2020)</p> <ul style="list-style-type: none">• The majority of this amount entails event cancellations and business interruption insurance overseas.• In Japan, we have introduced certain riders explicitly covering communicable diseases such as riders for specific industries. <p>Note: We are providing online medical consultations in addition to extending coverage by revising product offerings.</p> |
| Employees | <p>The number of people working at the office significantly declined due to the work-from-home policy prioritizing the safety of employees and their families</p> <ul style="list-style-type: none">• Up to 70% of employees in Japan and 100% overseas are working from home.• In addition to distributing masks and bringing increased flexibility to working hours, pregnant women and employees with preexisting diseases are given priority in terms of working from or isolating at home depending on their intentions. |
| Society | <p>Provided or donated masks and protective clothing to medical institutions and other facilities, and set aside a budget for the Group of ¥1 billion for donations</p> <ul style="list-style-type: none">• Tokio Marine Holdings added 50% to the amount donated by Group companies worldwide in light of the conditions and need for support in each region. |
| Shareholders | <p>Forecast an increase in dividends for the ninth consecutive period in fiscal 2020 on the back of steady growth in capabilities</p> <ul style="list-style-type: none">• Excluding the impact of COVID-19, adjusted net income and adjusted ROE are projected to amount to ¥410 billion and 12.2%, respectively, for fiscal 2020. (Mid-term business plan: Adjusted net income of ¥400–¥450 billion and adjusted ROE of 10% or more)• The payout ratio is projected at 40% of the five-year average for adjusted net income. (Mid-term business plan: 35% or more) |

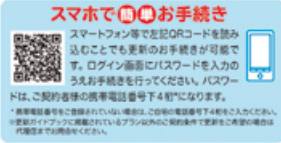

Smooth Operations during COVID-19

Tokio Marine & Nichido has long used digital technology to reform its business model and work styles, which has resulted in exceptional business efficiency. This has proven to be extremely useful during the COVID-19 outbreak as well, with work being performed without any major problems despite up to 70% of employees operating from home. Going forward, we will further accelerate such initiatives as expanding infrastructure and

shifting to a paperless environment so as to ensure smooth operations under even more grueling conditions and build a business model that is comfortable for our customers.

As an example of overseas endeavors, we are able to maintain excellent service quality and grow business at Tokio Marine Seguradora (TMSR) in Brazil even though every employee is working from home.

Examples of Enhanced Operational Efficiency

| | |
|-----------------------------|---|
| Sales | <ul style="list-style-type: none">• In response to the need for social distancing, we took such measures as enabling policy renewal procedures via smartphone based on a QR code while also boosting the efficiency of administrative procedures.• An online video conferencing system was employed, serving to eliminate travel time as well as ensure speedy customer response.• Utilizing an AI-based inquiry response system enhanced the self-sufficiency of customers and agents while increasing the efficiency of query response. <p>▼Display only activated by QR code</p>  |
| Claim Service ^{*1} | <ul style="list-style-type: none">• Communication methods aside from the telephone have been employed, such as allowing customers to make claims on their smartphone, in order to meet needs. We also expanded the sphere of operations that could be completed by working from home.• A message board (chat-based communication tool) was used to enable simple, easy-to-comprehend communication, which was well received. This met the need for customers who are unable to communicate by telephone during the day.  |

^{*1} Division in charge of making claim payments

Work performed without major problems during COVID-19

Post-COVID-19 Strategy Based on Re-Examination of Measures and Competitive Advantages

The COVID-19 pandemic has raised awareness of the risks posed to corporations and people like never before. Tokio Marine Group remains committed to protecting customers in their times of need by providing safety and security, and supporting people and corporations seeking to carve out a new path toward the future. We believe we can achieve further growth as a result.

Tokio Marine Group is currently re-examining its measures and competitive advantages from the perspective of the risks and opportunities presented by the pandemic, and reviewing strategies with the view to a post-COVID-19 world. In our products and services, we recognize the need to build effective response mechanisms for communicable diseases such as COVID-19 as well as to introduce products that deal with changing

work styles from both individual and corporate perspectives, which includes the increase in telework and working from home.

We have in fact already started offering such products. One example is “cloud insurance” for Microsoft Azure^{*2} users in Japan launched in June 2020. This product is designed to help ensure the safe and secure use of cloud computing. In addition, we are looking into our strategy overseas at the management level based on the view that rising premium rates, particularly in North America, offer a significant business opportunity. To this end, we will study the risks closely and how we can boost our capacity for underwriting them while also trying to appropriately control the amount of risk.

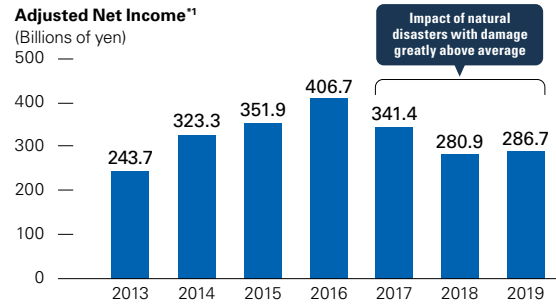
^{*2} A public cloud service provided by Microsoft Corporation that is used in 140 countries worldwide.

Financial and Non-Financial Highlights

Financial Highlights

Promoting Risk Diversification and Generating Stable Profits

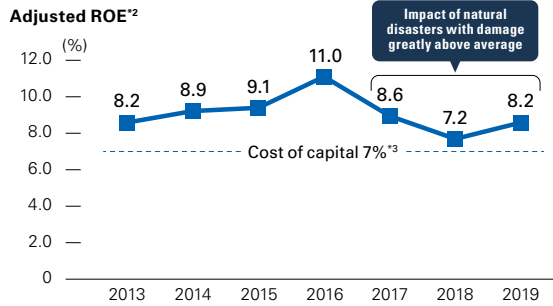
As a result of building a well-balanced business portfolio both geographically and in business terms, we have been able to generate stable profits even in the past few years that have seen a number of large natural disasters.



*1. Indicator used for business plans and shareholder return; please see page 100 for details.

Pursuit of Higher Capital Efficiency

We are aiming to improve capital efficiency by revising our business portfolio, strengthening control of natural disaster risks and continuing to sell business-related equities.

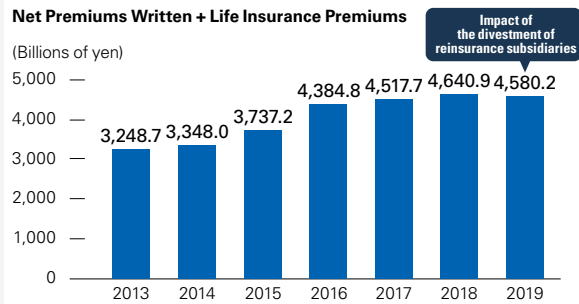


*2. Indicator used for business plans and shareholder return; please see page 100 for details.

*3. Return expected by investors; calculated using the capital asset pricing model (CAPM).

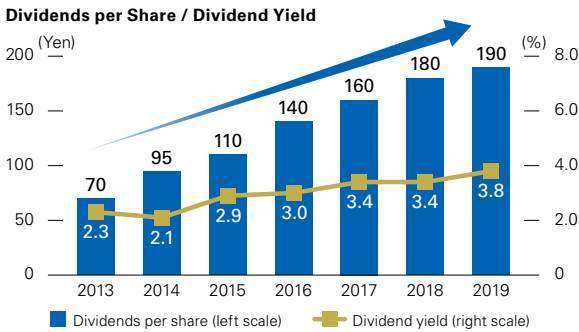
Steady Expansion of Top-Line

Excluding the impact of the divestment of reinsurance subsidiaries in the amount of approximately ¥130 billion, insurance premiums are steadily increasing due to organic growth and the disciplined execution of M&A.



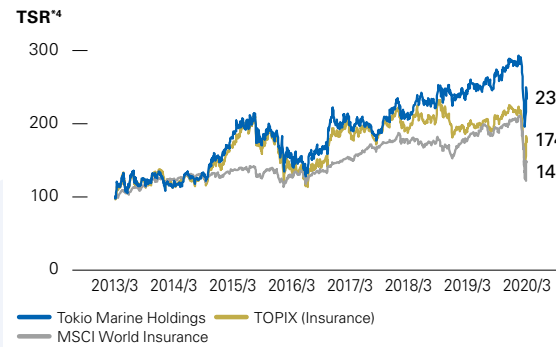
Eighth Consecutive Year of Higher Dividends

Dividends per share for fiscal 2019 were increased by ¥10 year on year to ¥190 based on a policy to enhance total dividends in line with profit growth.



Shareholder Value Growing with TSR Greatly Outperforming Market

Total shareholder return (TSR), an indicator of the capital returns achieved after reinvestment of dividends, is greatly outperforming that of peers in Japan and overseas.

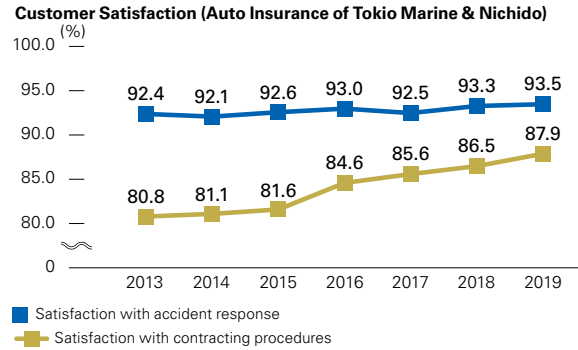


Source: Bloomberg
*4. Stock prices on March 31, 2013 are set at an index value of 100.

Non-Financial Highlights

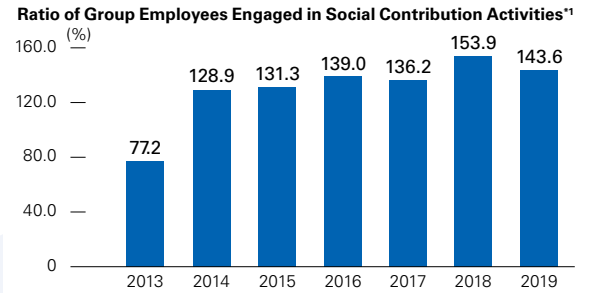
Customer Favor Gained through Comprehensive Customer-Oriented Approach

We are entrenching a customer-oriented approach and improving quality by earnestly responding to customer feedback.



Active Participation in Social Contribution Activities

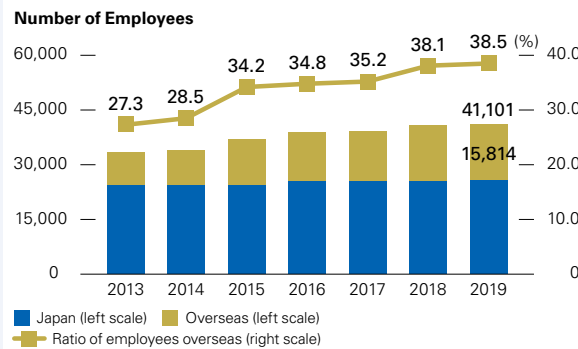
Tokio Marine Group employees are actively engaged in activities for reducing environmental impacts and preserving the environment as well as for promoting disaster-prevention awareness, supporting post-disaster restoration and assisting persons with disabilities.



*1. Total for Tokio Marine Holdings and major domestic subsidiaries; the aggregate number of participants is used for the numerator.

Worldwide Promotion of Diversity

Tokio Marine Group is drawing on its strength arising from the unique corporate cultures of Group companies and a diverse human resource pool.



High Employee Loyalty

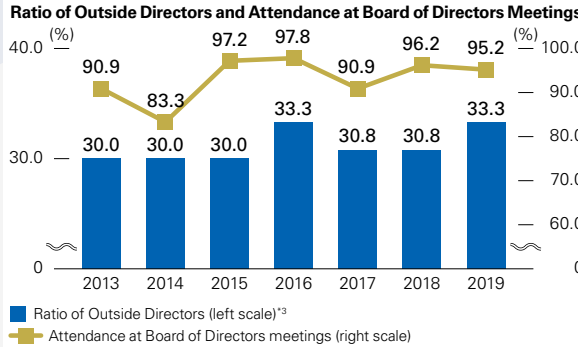
Employees are exhibiting higher engagement with Tokio Marine Group as a result of efforts to spread recognition of our core identity, "To Be a Good Company."



*2. Fiscal 2019 survey (total of Tokio Marine Holdings and overseas businesses)

Rising Contribution of Outside Directors

Outside Directors with deep insight and extensive experience are appointed to enhance the effectiveness of the Company's corporate governance system.



*3. 38.5% in fiscal 2020.

High Evaluation from ESG Rating Institutions

Tokio Marine Group has received high evaluations from various global ESG rating institutions for its environmental, social and governance (ESG) initiatives advanced through business activities and the transparency of its information disclosure.





We always aspire to be a “Good Company,” trusted by our customers and society in their times of need as a truly global insurance group.

Reflections on my first year

Whatever happens, we'll always be there for our customers and society

First, I would like to extend my heartfelt sympathies to all those affected by COVID-19 and natural disasters.

My first year in this position has been a turbulent one. Large-scale natural disasters affected significant portions of Japan's population for a second year in a row. Moreover, since the beginning of this year, COVID-19 has snowballed into a pandemic that is still claiming precious lives everywhere on Earth. The Olympic Games and other events have been postponed or cancelled and global economic activity has slowed to a crawl. Indeed, COVID-19's scale of devastation is being compared to the Great Depression of 1929. To make matters worse, July brought extreme rainfall to Kyushu and other areas.

Insurance is a business that underwrites risk and supports customers and society in times of need. Under no circumstances can we allow the foundations of our business to be shaken. A top priority of mine, therefore, is to further build on geographic, business, and product diversification. The aforementioned natural disasters and COVID-19 pandemic have only reinforced this belief.

The Group has spent some 15 years working toward risk diversification by expanding in its business overseas where there is a low correlation with natural disasters in Japan. In fiscal 2019, we acquired the PURE Group, which has posted industry-topping growth in the U.S. high-net-worth market. In Brazil, meanwhile, we have reached agreement with Caixa Group, Brazil state-owned largest mortgage lender, to launch a joint venture insurance company.

Ongoing interaction with our customers, society, shareholders and employees is very important to me. Since my appointment, I have spared no effort to engage stakeholders about the issues facing the Group, our vision, and my own views. There is still room to improve and I promise to create many more opportunities for dialogue going forward.

Tokio Marine Group's competitive advantages, strengths, and purpose

Building a well-diversified business model through M&A

Tokio Marine Group's greatest competitive advantage is its well-diversified business model. As the founding company of our Group, Tokio Marine & Nichido, Japan's largest insurance company, has continuously expanded its market share, while generating stable earnings by carefully tailoring products and services to customers' evolving needs.

Our international business outside of Japan accounts for 50%*1 of the Group's profits. Across the developed countries, we have established a strong specialty insurance*2 business platform. In the U.S., the world's largest market for insurance, we are among the top-10 corporate insurance provider, and lead the market specialty insurance.

Regarding emerging markets, we target regions of large market size and high growth potential to strategically capture that growth and geographically diversify risk. In February 2020, we launched Tokio Marine Safety Insurance (Thailand), the third largest player in Southeast Asia's richest insurance market. The new entity was formed by integrating Safety Insurance PCL, acquired in fiscal 2018, with our Thai subsidiary. In Brazil TMSR has grown to generate annual profits in the bracket of ¥10 billion and above.

These competitive advantages were driven by Group's M&A activities, whereby our disciplined execution is a strength of its own. In evaluating M&A opportunities we look for (1) cultural fit, (2) high profitability and (3) a solid business model. We target only companies that satisfy all three criteria.

Cultural fit is the most critical. Does the prospective M&A partner share our Group purpose of supporting customers and society in times of need through its business? High profitability and a solid business model in respective regions and markets alone are not, in our view, enough. These must be underpinned by a purpose, a *raison d'être*, that meshes with our own.

A shared purpose nurtures mutual respect and

learning, regardless of differences in regional focus, markets or business model. It lets partners smoothly exchange expertise and experience for the benefit of customers and society.

By optimally allocating talent in Japan and overseas, and putting such expertise and ideas at the core of Group strategy, we boost Group-wide growth potential and performance. The synergy of a highly specialized talent pool and Group's collective strength create a powerful competitive advantage.

*1. Excluding the effects of natural disasters and COVID-19
*2. Specialty insurance provided to companies, such as liability insurance and medical insurance, rather than general auto and fire insurance.

Supporting society with our core identity
“To Be a Good Company”

These are volatile, uncertain, complex and ambiguous times. COVID-19 has compounded society's existing uncertainty regarding the future. Around the world, people are increasingly concerned about the sustainability of society and their future safety and security. I feel that this has led to a renewed questioning of the purpose of corporate existence.

In recent years, there have been calls for a shift to “multi-stakeholder capitalism.” This has been our philosophy since our founding, as we have made it our purpose to support our customers and society in times of need. This will never change over time.

Providing all our stakeholders with all the value they seek is hardly a simple task, but we will never stop trying. The status quo is not an option; we must constantly seek improvement. Our core identity “To Be a Good Company” is embraced by the entire Group.

The experience of the Great East Japan Earthquake of March 2011 reinforced this core identity. At the time, I headed the Personal Lines Marketing Department for our retail business and arrived in Sendai a week after the disaster. When I saw how the tsunami had devastated the coast and reduced whole towns to rubble, I was at a loss for words. I reported the situation to management, knowing that we were in for a long battle. The president at the time decided that such unprecedented circumstances called for outside-the-box thinking to settle 80% of claims, about 180,000 cases, by the end of May to help those who were affected by the disaster. This meant paying out vast sums in a period of less than two months.

Frankly, I was impressed by the way our

employees and agents rose to the task. Going beyond the call of duty, everyone joined together to address the enormous challenge. They worked night and day, united in their mission of delivering on our promise to the victims as soon as possible.

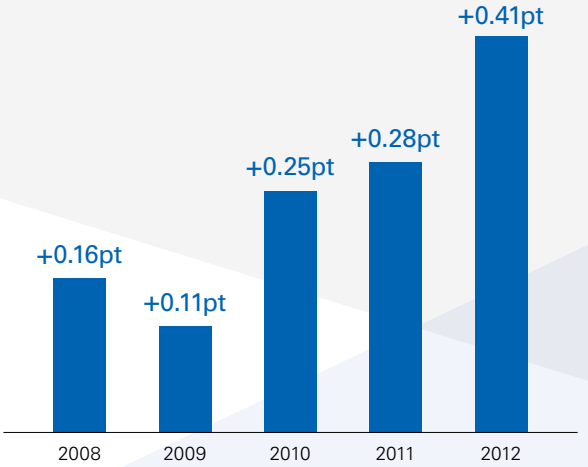
What motivated and inspired us in the face of adversity was the desire to support the communities we serve and be of service to others. From all over Japan our employees volunteered to come and help out, while the remaining workers filled in for those who came. Needless to say, selling insurance was not on our minds. We had our hands full just helping customers in their time of need.

By quickly satisfying these massive claims we earned an extra measure of support from our customers, which led to a significant increase in our market share. Timely insurance payouts in the event of accidents and disasters boost customer confidence and give people fortitude to face the future.

We take pride in supporting our customers and society to the fullest through valorous teamwork. As a result, we keep growing. This is what drives our group.

Our group-wide sense of unified purpose extends beyond national and geographical boundaries. The year before last, when Japan was hit by one of the largest natural disasters ever, the CEOs of our overseas Group companies contacted us immediately, asking how they could help. In the face of repeated hurricane damage in the U.S. in 2017, we kept communication channels open at multiple levels. This kind of

Tokio Marine & Nichido market share growth before and after the 2011 earthquake
(Managerial accounting basis)



solidarity comes naturally to our group, both at home and internationally.

For strong and healthy collaboration among global group companies, I, as CEO and CCO (Chief Culture Officer), assign great value to dialogue with our executives and employees in Japan and abroad. I prod everyone to discuss issues thoroughly; there can never be too much communication.

Through communication, I share with the management team and with all employees the meaning and value of being part of Tokio Marine Group. They, in turn, take pride in contributing to customers and society as a team so that we will be chosen again and again, which leads to more profits and higher corporate value.

Through this virtuous cycle, the Group will provide more value to all stakeholders and continue to grow over the long term.

Moving forward with
our mid-term business plan

Steady strides forward despite COVID-19 and natural disasters

The three-year mid-term plan launched in April 2018 set KPI targets of ¥400 billion in adjusted net income and a 10.0% adjusted return on equity (ROE). Fiscal 2019 targets were initially ¥400 billion in adjusted net income and ROE of 10.4%, but the impacts of last year's natural disasters in Japan and this year's COVID-19 cut our results to ¥286.7 billion and 8.2%, respectively. Discounting these adverse circumstances, the Group's actual performance was on track to meet projections.

For fiscal 2020, we project adjusted net income of ¥410 billion and adjusted ROE of 12.2%, which reflects the Group's underlying capabilities excluding COVID-19 impact. Supporting factors are our solid fundamentals, both domestic and international, as well as the onetime effect of our reserve provision in North America for fiscal 2019 and contributions from the newly consolidated the PURE Group. Most of all, we believe that our ability to deliver profitable growth is in line with our plan.

Forward-looking business analysis and portfolio optimization

We have three main initiatives ahead of us: further diversification of portfolio, strengthening integrated group management, and enhancement of business structure. Implementing these will not only achieve our current Mid-term Plan KPI targets, but also enhance our ability to address social issues, with a view towards sustainable long-term growth.

First, Japan's numerous large-scale natural disasters over recent years are what drive us to further diversify our portfolio. Fiscal 2019's natural disaster related claims, industry-wide, exceeded ¥1 trillion, of which the Group paid out approximately ¥330 billion.

Our efforts toward geographical and business risk diversification to date have paid off in the Group's ability to keep net incurred losses from natural disasters exceeding our average budget to only about 20% of the whole Group's profits for fiscal 2019. In light of recent sequential natural disasters, however, I believe that 20% is still too much and that further risk diversification is well warranted.

In fiscal 2019, we acquired the PURE Group, which is delivering industry-leading growth in the U.S. high net worth market. This promises



significant synergies, derived from the acquired company's growth-supporting business model and limited overlap with the Group's existing businesses. What cinched the decision was the good culture fit: the company's management values jibed with our purpose in doing business and our value system.

The acquisition will further diversify the Group's portfolio, increase the scale and profitability of operations, and enhance capital efficiency. North America accounts for approximately 80% of the Group's overseas profits. Each US based Group company sells products tailored to its own customer segment, which is differentiated from segments targeted by other Group companies. This approach diversifies risk through a non-redundant "product mix" even though the companies may target overlapping geographical markets.

In emerging markets, we established a joint venture with Brazil's Caixa Group, which holds around a 70% share of the Brazilian mortgage loan market. This decision to enter the profitable mortgage and homeowners sectors was made with profit stabilization and geographical diversification in mind.

Optimizing our business portfolio is an ongoing

process of not only acquisition but also analysis and replacement, as strategically necessary. Our European reinsurance subsidiary TMR was a valuable launchpad for high-gear international expansion. But considering reinsurance market trends and having achieved risk diversification with our current portfolio of primary insurance companies, we executed the sale of TMR in FY2018. In the past fiscal year, we decided to divest 75% of our stake in Egyptian life insurance company TMFT.

M&A must never be an end in itself. Instead of having preconceived M&A goals of region, size or timing, we are flexible and proactive in seeking opportunities to diversify risk in terms of geography, business content and product mix. We judge prospects strictly according to our acquisition criteria mentioned above. Those that qualify enter our pipeline of long- and short-listed candidates.

Finding new pillars of growth to counter evolving and increasing risk in our lives

The situation in Japan presents its own unique challenges. Automobile insurance currently accounts for half of our insurance premiums,

making it a growth driver for the Group as a whole. Although we view automotive sector growth as sustainable over the near term, negative factors loom ahead. Japan's dwindling population, the sharing economy, automated driving and other disruptors will sharply undermine demand. Before we are affected, we must accurately identify market changes and create new growth drivers.

Disruptive technology and globalization are spawning fresh risks for corporates. This, in turn, generates opportunities for us to expand our specialty insurance offerings. Although market penetration of these lines-of-business is still slow among small and medium-sized companies, in particular, we see vast growth potential ahead.

Over the decades, we have grown and addressed social issues by creating products that meet customer needs based on a firm grasp of the changing risk environment. When the Company was founded, we provided ocean marine insurance to support international trade; during Japan's postwar economic boom, it was automobile insurance to support motorization.

What's next could be cyber-risk protection or it could be innovations in the healthcare sector. We deliver safety and security by staying close to our customers. Through this approach, we are developing businesses that will continue to fuel growth for Tokio Marine & Nichido and the Group, while optimizing our portfolio to adapt to the changing needs.

professionalism we will not be able to give customers the value they seek. In these times of rapid change, a willingness to tackle challenges without fear of failure is another requisite.

While following through on the Group's commitment to diversity and inclusion, we focus on recruiting professionals and developing specialized expertise while nurturing each employee's potential and leveraging their experience.

Better alignment of Group companies means better teamwork. It will help us share and utilize the best practices, expertise and experience of each. This will give our Group a level of excellence and a competitive strength that our peers cannot easily replicate.

To this end, the Group is innovating a global HR system that optimally allocates talent irrespective of citizenship or company affiliation. Our goal is for each individual to exercise their management and other skills to their full potential.

In fact, former executive management of acquired companies are now exercising their expertise and experience as Co-Head of International and as Co-Chief Investment Officer of Tokio Marine Holdings. Other initiatives include inter-company and international personnel assignments to put the right person to the right place.

Our integrated Group management approach is already producing Group synergies across the four areas of revenue, investment, capital, and costs. These are quantitatively manifested as a profit contribution of approximately ¥35 billion.

Optimally allocating global talent to create group synergies

The second important initiative is to strengthen integrated group management. We are halfway to my stated goal of energizing human resources and our organization, an initiative which has received positive feedback. To advance, we must establish a system that empowers employees to exercise their abilities and knowledge more globally. This will require boosting the organization's capabilities, including educating management on mindset and best practices.

For sustainable Group growth, each of our companies in Japan and overseas must refine its expertise to win the hearts and minds of customers in its respective market.

Insurance is called a people business because personal engagement is essential when selling and servicing high-involvement intangible products. Unless our employees demonstrate

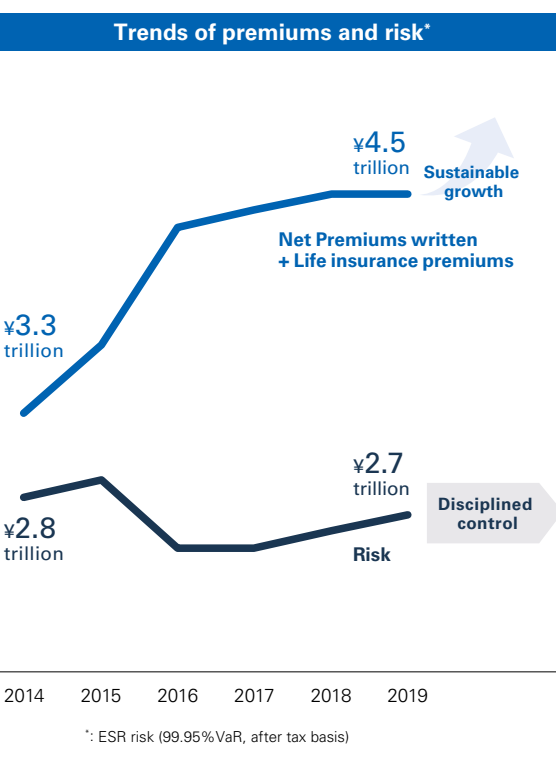
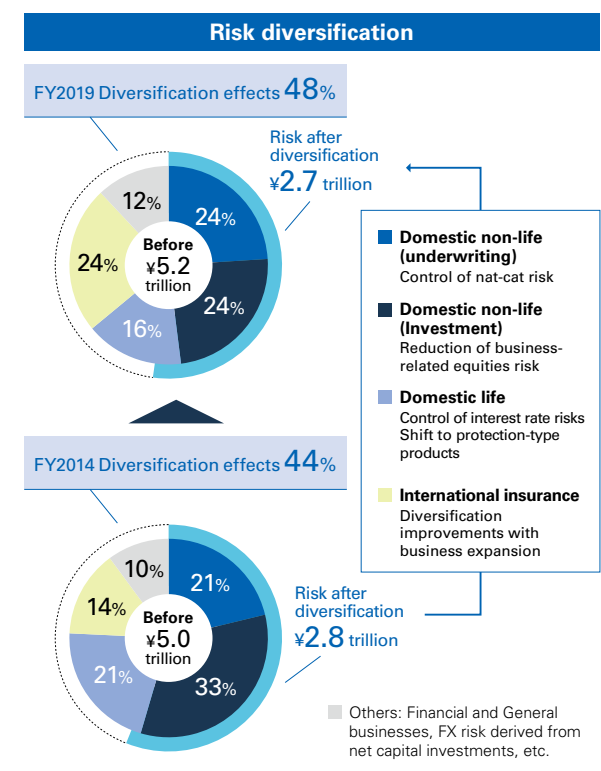
Accelerating business innovation with the use of latest technology

The third key initiative is enhancement of business structure. Here we are innovating products and services, reforming and bolstering sales channels, and raising productivity. The road to these reforms is paved with advanced technology.

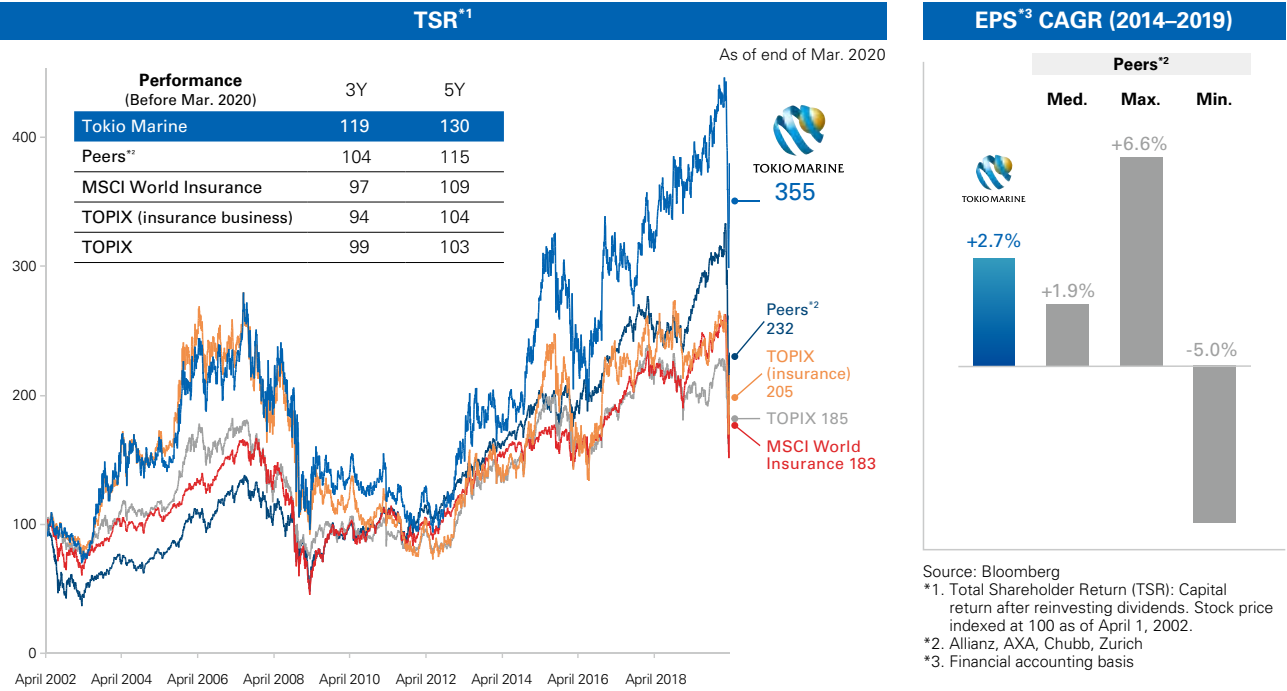
In March 2020, we launched a new consumer service application using AI and drive recorders to streamline accident response and claims processing for outstanding efficiency. This marks the first time in Japan that an insurance company has contributed to customer safety and security by lending equipment to customers as a rider on their auto insurance policy.

When a collision is detected, the new service sends the video of the scene to the operations

Portfolio Diversification



Strong Track Record



center where AI reconstructs the accident in about five minutes. From this it automatically determines the negligence ratio of the parties concerned based on legal precedents.

The stress of an accident can lead to confused reporting of what actually happened. This system minimizes dependence on the customer to describe details; it also slashes the time needed for Group staff to research case law to determine the negligence ratio. All this leads to quick resolution and settlement of claims.

In our ongoing technology R&D we are accelerating the hypothesis testing cycle for business transformation, new services, and new businesses.

Measures taken under our mid-term plan are steadily boosting shareholder value, outperforming both the stock market and our peers^{*4}. Taking 100 as our shareholder value on April 1, 2002, when we established our holding company, TSR of our Group on March 31, 2020 was 355, compared to 232 for our European and U.S. peers and 185 for TOPIX, respectively.

The Group's 2.7% EPS growth rate over the past five years is comparable to the median and maximum EPS growth rates for our European and the U.S. peers of 1.9% and 6.6%, respectively. I think it is fair to say that the Group has established its reputation in capital markets.

*4. Allianz, AXA, Chubb, and Zurich

Toward ever-more sustainable growth

Leveraging the Group's strengths to address social issues

Corporations are increasingly addressing social issues as an integral part of business itself, particularly within the frameworks of ESG and SDGs.

For the Group, this approach is in our DNA. We have been in the business of providing safety and security for well over a century. Solving social issues through business is what we do; it is the purpose of our business.

Our support for customers and society is constantly evolving to meet the challenges of the times. We study current issues to seek insights and tailor our business to be a force for social good. This ongoing process is the key to our sustained and sustainable growth.

Climate change is exacerbating the threat of natural disasters everywhere. Our group has been tackling climate change head-on, as an insurance company and in the capacity of an institutional investor and member of the global business community.

The circumstances of recent catastrophes,

however, call for a different level of response. Prompt payment of claims is particularly important in such emergencies.

In Japan a total of some 22,000 employees of our Group did their utmost to meet this need during fiscal 2019. Using technology, we are further shortening the wait for claims payments and innovating insurance products that better address the needs of disaster victims. We are also seeking ways to prevent and mitigate catastrophic effects by providing information and other services.

In the capacity of an institutional investor we apply ESG criteria to investment decisions and are creating a fund that supports renewable energy. We are also a founding member of the domestic TCFD consortium. Carrying out our responsibility as a global corporate citizen we enlist in international initiatives, leading the way in dialogue on climate change and TCFD financial disclosure.

COVID-19 has blighted the lives and health of entire populations and disrupted economic activities around the world. It is unclear when the pandemic will end but we cannot ignore how it has accelerated change. Everyday life has evolved in many ways and will change again in the post-COVID-19 world. Government services and corporate practices are also being transformed.

In these times of rapid change and uncertainty, people are becoming more conscious of risk.

By the same token insurance companies will be playing a greater role in society. In a matter of months our Group has responded to the challenges of COVID-19 in several ways. In Japan, Tokio Marine & Nichido revised policies that covered communicable diseases to retroactively include COVID-19 under controlled underwriting discipline. Online conferences in North America and in Asia facilitated dialogue among Group company management on business threats and opportunities in the context of COVID-19. This led to valuable insights.

We also set up a global task force to examine how the business environment will change in the medium to long term in the post-COVID-19 world. We are now engaged in a Group-wide discussion on business opportunities that leverage our areas of expertise, such as risk selection.

History shows us that pandemics and natural disasters will always be with us though their shape may change. Whatever happens, our Global Group stays ready to mobilize its vast resources. Responding to catastrophic events is our job but we also use our business to address other social issues. In the process of providing safety and security to our customers and society, we secure sustainable growth for ourselves.

I value your continued support, wisdom, and encouragement.



Message from the Group CFO

Maximizing corporate value
through a strategic capital
policy centered on enterprise
risk management

Takayuki Yuasa

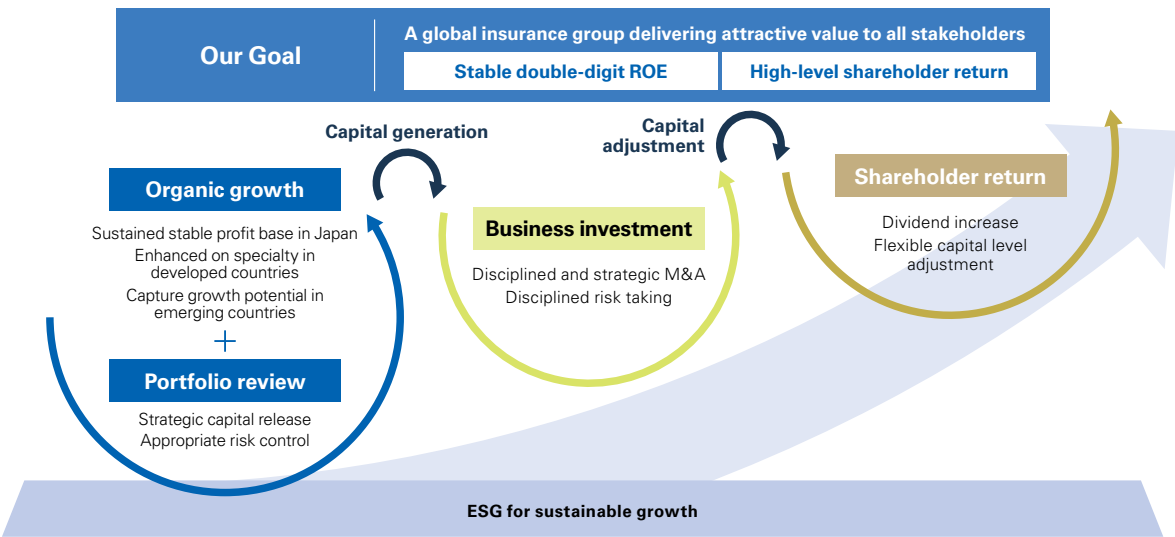
Executive Vice President
Group CFO (Chief Financial Officer)

Our goal for Tokio Marine Group is to become a global insurance group delivering attractive value to all our stakeholders. We aim to realize high-level shareholder return by setting the quantitative targets of adjusted net income of over ¥500.0 billion and adjusted ROE of around 12%. As Group CFO, I support the achievement of these targets, primarily through capital policy.

To put our capital strategy in simple terms, we

generate capital through the organic growth of each business in Japan and overseas, as well as regular strategic portfolio assessments. Capital raised is allocated for business investment, such as M&A, but in situations where there are no promising investments, we use it to provide shareholder return. We have been continuously raising corporate value by repeating this cycle.

Our Goal and Capital Strategy Cycle



Organic Growth and
Portfolio Review

Organic growth is the base for the growth of the entire Group.

With regards to our portfolio, we use the market in Japan, which consistently generates stable profits, as our base.

We then incorporate the growth of specialty insurance in developed countries, which is resistant to market fluctuations, and the high growth potential of emerging countries such as Brazil and Asian countries. Our Group companies also exercise their expertise and diversity to solve social issues, which wins us overwhelming support from customers and society, and in turn produces high levels of profitability and growth in Japan and overseas. Specifically, over the last decade or so, we have realized profit growth^{*1} demonstrated by a CAGR of 6.1% in Japan and 11.6% overseas.

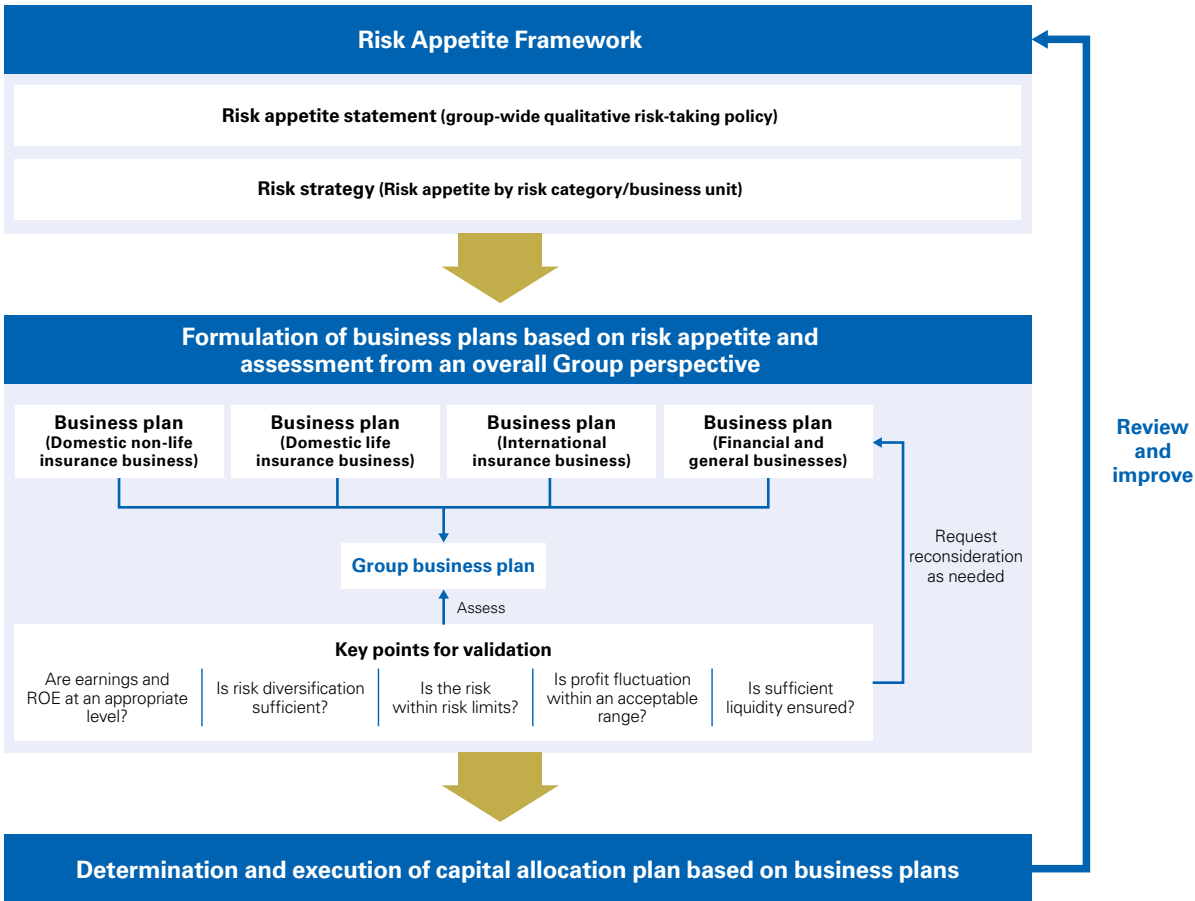
*1. Average annual growth of business unit profits from fiscal 2010 to 2019, with the impact of natural disasters normalized to an average annual level

My role is to support the growth of each business by getting deeply involved in operations, such as the execution of the mid-term business plan through capital allocation and other means. I am constantly meeting with the top management of each business to discuss whether they are responding to changes in the business environment, implementing appropriate strategies, achieving results as planned, and whether their strategy or plan needs to be reviewed. When meeting with the management of the international insurance business, we discuss themes such as the profit target for fiscal 2020, the main challenges in each country, and KPIs for its next mid-term business plan. In these discussions, I communicate any issues and my expectations related to the international insurance business I have identified from a CFO perspective.

As an insurance company, we are subject to underwriting risk in the event of automobile accidents, fires, wind and flood-related disasters, and earthquakes, as well as asset management risk related to the management of collected premiums through equity, interest, credit, and other means. Correctly taking the right risks will

Enterprise Risk Management Cycle

Tokio Marine Group's Enterprise Risk Management (ERM) Cycle Overview



lead to higher earnings, but it is important to practice proper risk control. Subsequently, we have made enterprise risk management (ERM) a fundamental part of Group management. ERM takes into consideration our risk appetite, to what extent we undertake the risks, whether return on risk is sufficient, and whether risk is appropriately diversified. We have also established an ERM Committee for discussing ERM strategy. The committee, which I chair, meets about six times a year and comprises senior management, including the CEO, CRO (risk management), CIO (investment), and CRSO (retention strategy), as well as the top management of each business. Our meetings cover issues such as individual risk strategies, our risk appetite, and how to make our ERM more sophisticated.

Based on these discussions, the Board of Directors formulates a capital allocation plan with the aim of realizing an optimal risk portfolio from a group-wide perspective. We review the results of these allocations so that we can implement improvements.

We always adopt a forward-looking approach to checking the growth potential and profitability of our businesses, and taking necessary measures when needed. While there are businesses that need capital increases for future growth, there are also businesses that need to be sold. This was demonstrated by the divestment of our Tokio Millennium Re AG (TMR), overseas reinsurance subsidiaries in fiscal 2018 and by the decision regarding the divestment of our Egyptian life subsidiary in fiscal 2019. Looking at TMR in particular, while the business had its origin in the full-scale development of our international insurance business, the decision to divest was taken from a current perspective. TMR was established to diversify risk globally through reinsurance business and learn about the management of overseas companies. Now, we have been able to diversify risk through our primary business thanks to the large-scale acquisitions of TMK, PHLY, DFG, and TMHCC. Additionally, while TMR itself had a good track record and grew into a company that was realizing profits of around ¥10 billion, the structure of the reinsurance market was being softened^{*2} by an influx of third-party capital and this showed no sign of changing in the medium- to long-term. In such an environment, unless a reinsurance business is sufficiently large, it is unlikely to survive. In consideration of these conditions, we judged that TMR had fulfilled its initial purpose, and therefore made the decision to divest.

^{*2} In a softening market, premium rates fall, and in a hardening market, they rise.

Business Investment

As an insurance company, it is important to keep commitments with our customers by strengthening our business platform so that we carry out our core business under any circumstances. We work to achieve this through risk diversification and further business growth, and any capital generated is used for M&A and to take additional risks. Our main strategy is to diversify risk both geographically and by business.

Also, for Tokio Marine Group, M&A is not a goal but a method. Our policy is that if there is a “Good company” that is compatible with our goals, then we will carefully consider M&A. We always reference our M&A strategy map when considering acquisition candidates. Using this method, for example, we acquired the PURE Group and decided to establish a joint venture company in Brazil in fiscal 2019. While this kind of M&A action is executed by each business, I review, as the Entry & Exit Office manager, whether proposed project plans are appropriate and have strategic significance, and then judge whether to go ahead or stop a deal.



While it is generally difficult to realize a successful M&A, each company we have acquired has gone on to achieve growth that exceeds market growth rate and demonstrates synergies on a group-wide basis. This is made possible through our continuous update of our acquisition longlist and shortlist, where we tirelessly whittle down potential candidates before taking action based on strict investment discipline. We also discuss matters through the International Executive Committee, which includes top management from our international companies, and other committees. Despite it being rare for companies to use actual figures to show the value of synergies, it is important to show our stakeholders in the capital markets the results in a quantitative way. This is especially true when considering the significant amount of capital we spend on M&A.

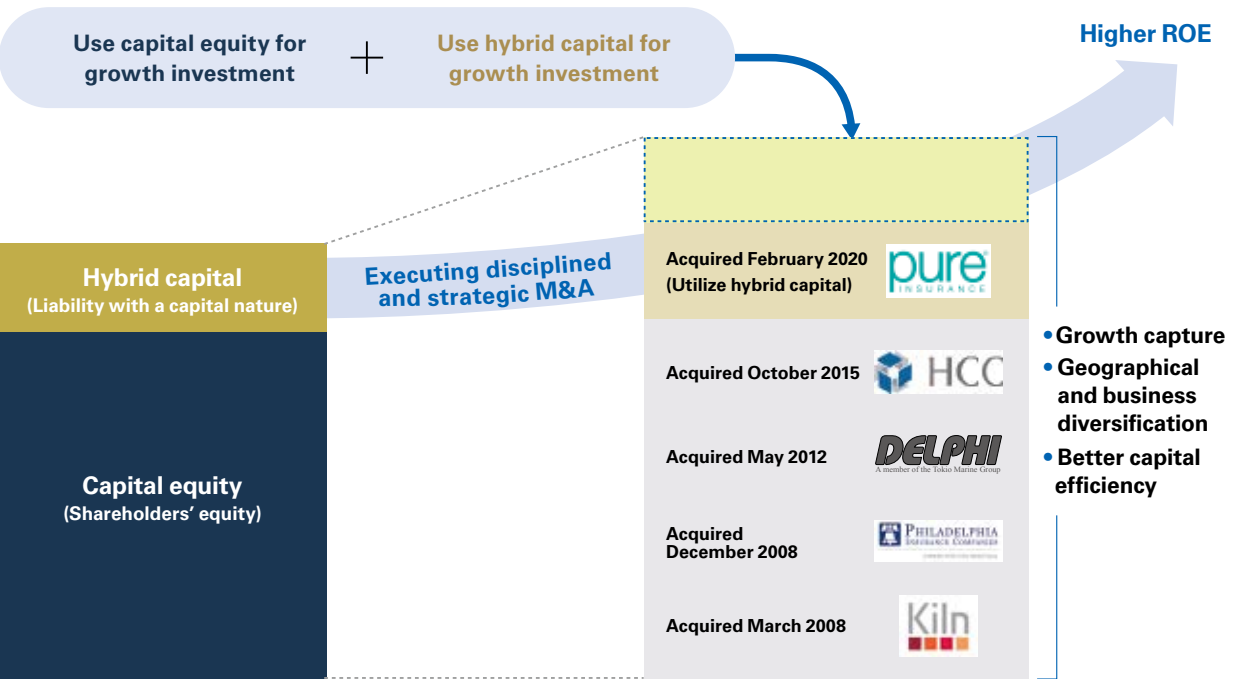
Recently we have established a global taskforce to devise a strategy in response to COVID-19, as well as a strategy after COVID-19, such as how we approach market hardening^{*2}. If this kind of market hardening manifests, we will leverage our risk-selection expertise to take good risks and increase returns.

An Optimal Capital Structure

In fiscal 2019, our capital structure was reorganized into one that is more conscious of capital cost by issuing hybrid bonds and other methods.

Hybrid bonds are useful in maintaining financial soundness and low cost in comparison with shareholders’ equity. We had already considered it as an option to improve our corporate value, and, in light of these benefits, we decided to issue the bonds for the first time in coordination with our acquisition of the PURE Group. Additionally, the use of hybrid bonds enables agile capital procurement, leading to more flexibility regarding financial matters. However, we think it is financially sound to stay disciplined and strike a balance between shareholder’s equity and hybrid bonds. Our goal is to raise capital efficiency through the sustainable growth of our insurance business and risk management, so we do not merely recapitalize to raise ROE. Our use of hybrid bonds is part of a financial strategy that will enable us to capture promising acquisition opportunities in the future. We believe that keeping our financial leverage low will put us in a more advantageous position financially.

A Flexible Capital Strategy



Shareholder Return

Dividends are our primary means of shareholder return, and we aim to sustainably increase dividends in line with profit growth. Based on this policy, we plan to raise dividends in fiscal 2020 for the ninth consecutive year. Our current payout ratio is 40%^{*3}, but it will be raised gradually to 50%—the level of our peers—to move us toward the future vision of the Group. Therefore, we will adjust capital levels through the agile implementation of share repurchases and other means, based on comprehensive consideration of the economic solvency ratio (ESR), market conditions, M&A, and additional risk-taking opportunities. ESR measures capital adequacy and it is an indicator commonly used

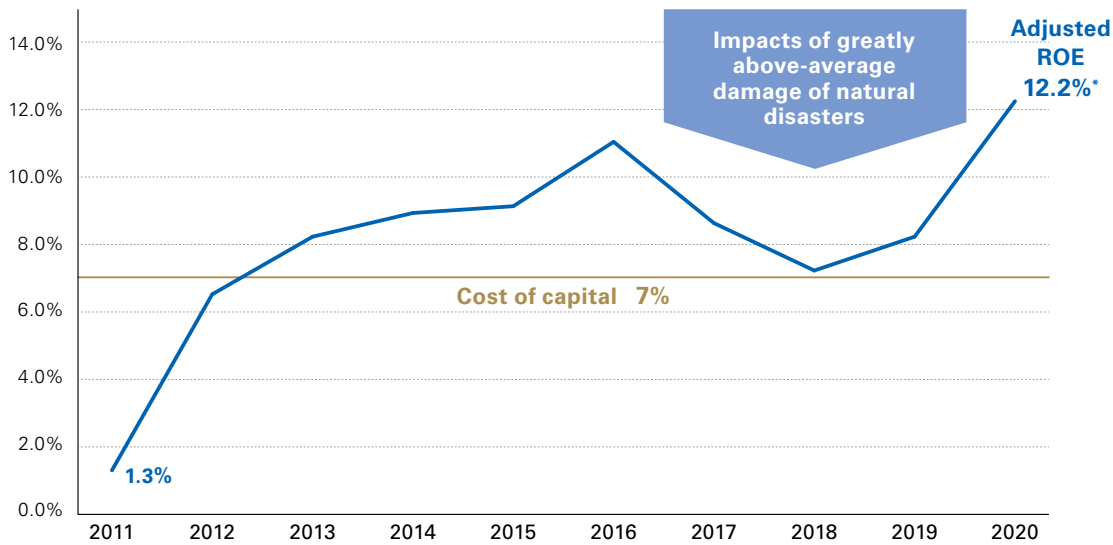
by insurance companies. Even so, we use stricter standards than most to ensure disciplined capital management. Since the current ESR is within our target range (150–210%), we will flexibly consider further business investment, additional risk taking, and shareholder return.

^{*3}. Based on a five-year average for adjusted net income, but adjusted net income for fiscal 2020 does not include the impacts of COVID-19

As a result of this approach, our ROE has been trending above a capital cost of 7%, which is calculated based on the capital asset pricing model (CAPM)^{*4}, with low volatility. Our ROE level and its stability are approaching the level of our global peers. Even though recent natural disasters and other events are having an impact, we will continue to further diversify risk to keep ROE fluctuations under control and raise ROE levels.

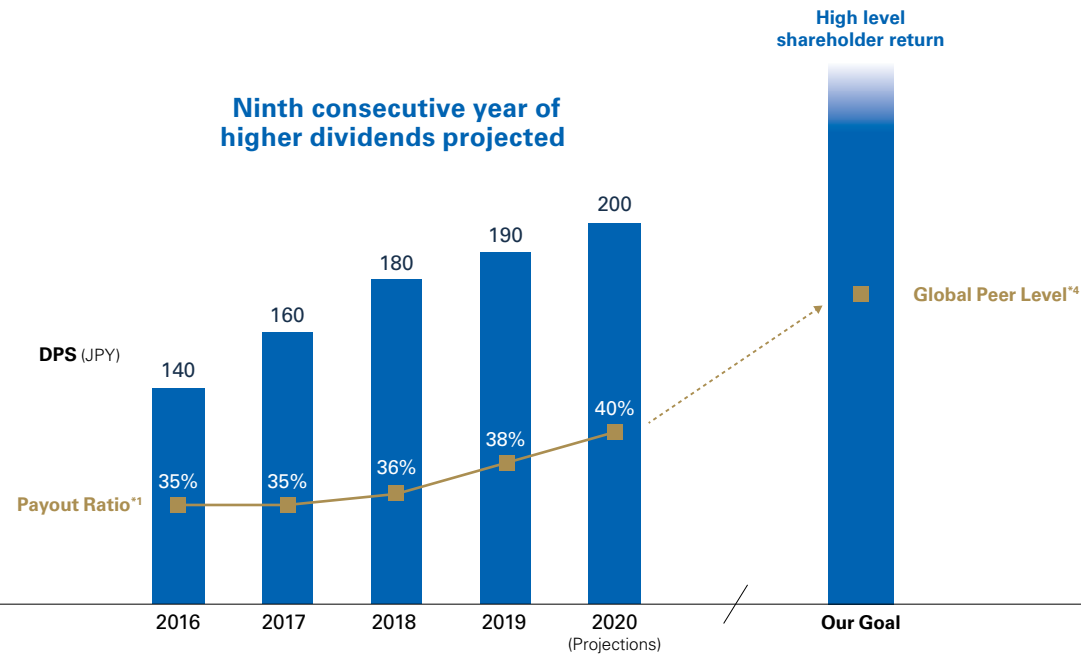
^{*4}. A method for calculating return that can be expected by investors. It is calculated as risk-free rate + beta (riskiness of an individual asset compared to the overall market) × market risk premium.

Improving ROE



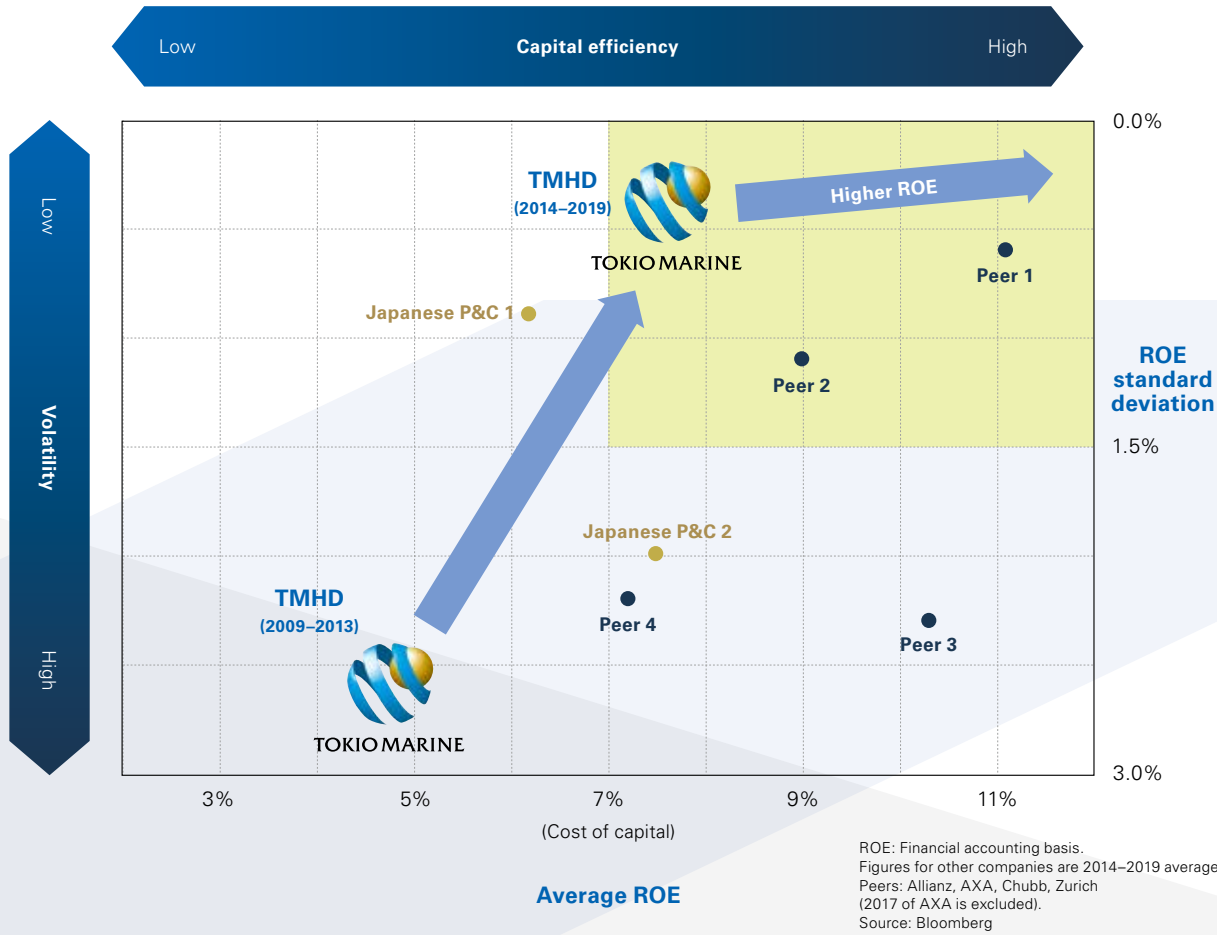
* Excluding the impact of COVID-19

Increasing Shareholder Return



| | | | | | |
|---|-------|-------|-------|-------|-------|
| Total dividends ^{*2} (Billions of yen) | 105.3 | 117.6 | 128.0 | 133.0 | 139.5 |
| Capital level adjustment ^{*3} (share buybacks, etc.) (Billions of yen) | 50.0 | 150.0 | 125.0 | 50.0 | TBD |

^{*1}. Payout ratio based on the original projection basis.
^{*2}. The figure for 2020 (projection) is before reflecting share buybacks.
^{*3}. Total amount approved by the announcement date of financial results of each fiscal year. The figures for 2018 and 2019 include one-time dividends of approx. ¥50.0 billion and approx. ¥25.0 billion, respectively.
^{*4}. Payout ratio of global peers is currently approx. 50%.



ROE: Financial accounting basis.
Figures for other companies are 2014–2019 averages.
Peers: Allianz, AXA, Chubb, Zurich
(2017 of AXA is excluded).
Source: Bloomberg



Message from
the Co-Head of International Business

Driving risk diversification and profit
growth of Tokio Marine Group
through sustainable organic growth
and strategic M&A

Akira Harashima

Senior Managing Director
Co-Head of International Business

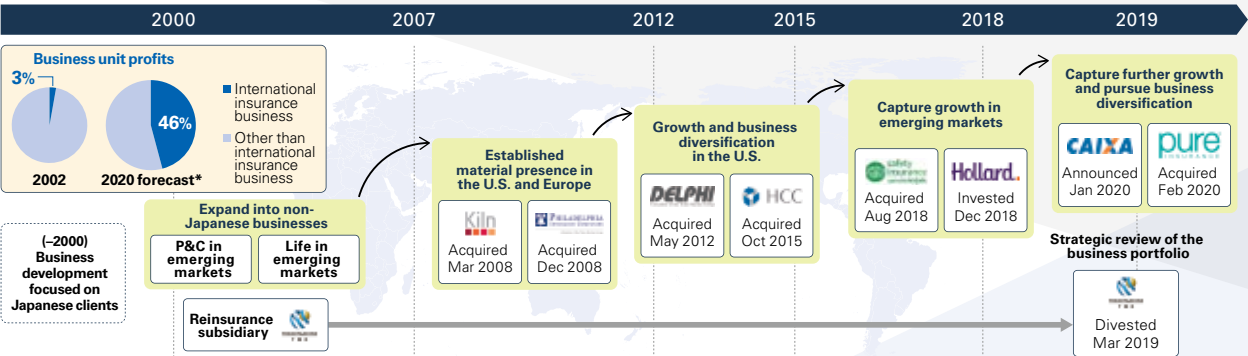
The Role of International Insurance Business

Since its foundation, Tokio Marine Group has developed overseas businesses, and our establishment of reinsurance subsidiaries in 2000 was an important first step in our international expansion. The expertise we gained in managing overseas insurance companies through these subsidiaries was later put to use in large-scale M&A with European and American insurance companies,

which further expanded our international presence. Our core overseas subsidiaries have now outperformed the market in growth, and we have taken further strategic steps, such as M&A in emerging markets and our acquisition of the PURE Group in the U.S. As a result, international insurance business now accounts for approximately half of group-wide profits.

Moving forward, we will continue to support our customers and society around the world by promoting geographical and business diversification and maintaining a well-balanced mix of growth in developed and emerging countries.

Strategic M&A to date



Sustainable Organic Growth

Developed countries

We have created a strong business platform in the U.S., establishing a high level of profit growth that outperforms the market. Our focus in the U.S. is on the companies Philadelphia, Delphi, and TMHCC. These acquisitions were a major investment for the Group, with a total transaction value of around ¥1.6 trillion. As of fiscal 2019, the companies have already turned a combined cumulative profit of ¥860.0 billion.

Emerging countries

We pursue strategic business development in regions such as India, Thailand, Brazil, and South Africa, where the market is large and high growth is expected. Strategically tapping into market growth in such regions has allowed us to nurture several insurance companies that can be expected to generate stable profits on the order of ¥10.0 billion. As of fiscal 2019, profits in Brazil have already exceeded ¥10.0 billion.

Strategic M&A

Developed countries

In February 2020, Tokio Marine Holdings purchased the PURE Group for \$3.1 billion. PURE specializes in providing insurance products and services for high-net-worth (HNW) customers in the U.S. This acquisition further diversifies Tokio Marine Group's business portfolio and risks, as the PURE Group's businesses are highly complementary and has a limited overlap with our existing businesses.

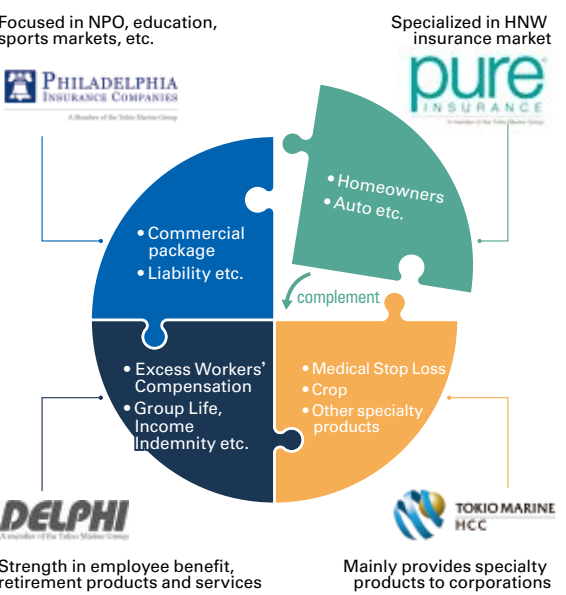
In addition to such large-scale M&A, we also actively pursue bolt-on acquisitions to supplement and strengthen the Group's businesses.

Emerging countries

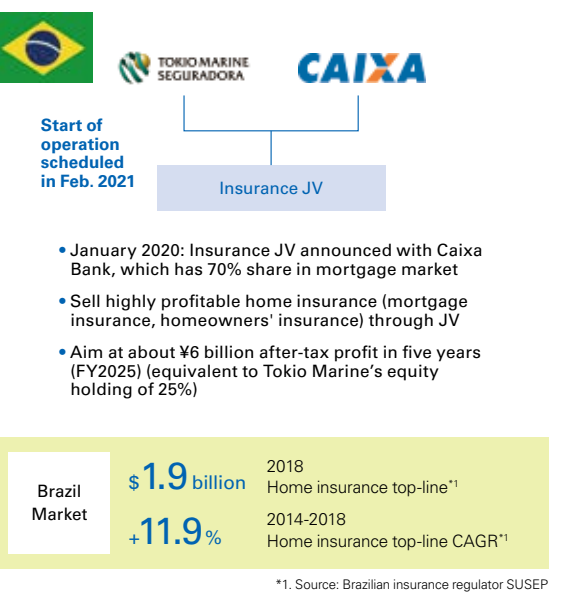
Tokio Marine Group has a sound M&A strategy for pursuing future profits in emerging countries. In fiscal 2019, we reached an agreement for a joint insurance venture with the Caixa Group, which holds a commanding position in the Brazilian mortgage loan market.

Additionally, in February 2020, we completed a merger between Safety Insurance PCL, which we acquired in fiscal 2018, and an existing local corporation in Thailand. This newly formed company boasts the third highest non-life insurance market share in Thailand.

North American business portfolio



Establish JV with Caixa Bank





Message from the Group CDO

Building lean management structure
and creating new value based on
Mission Driven approach

Makoto Okada

Vice President Executive Officer
Group CDO (Chief Digital Officer)

Digital Strategy

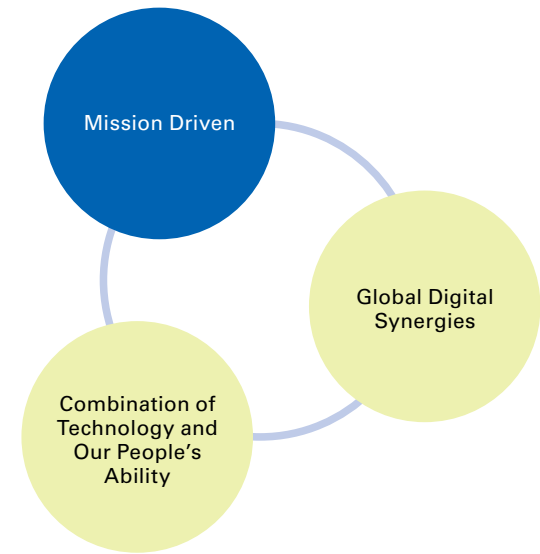
Tokio Marine Group follows three core concepts in our use of technology and data to create new value of safety and security, while building lean management structure.

The first concept is to be “Mission Driven”. We strive to use cutting-edge technology and data to help solve issues faced by customers and society. Once again, using technology is not, itself, our purpose; technology is rather a tool that will be fully utilized to achieve our business purpose. We promote this mission among our global partners as we implement digital strategies for the Group.

The second concept is “Combination of Technology and Our People’s Ability”. Currently, we pursue automation to the greatest degree possible, and raising the value of the work that can be performed by people to the most inspiring levels.

The final concept is “Global Digital Synergies”. Tokio Marine Group boasts strong global business foundations, which we use to create digital synergy at a global level.

Digital Strategy: Three Concepts



In One of the Most Disaster-Prone Countries in the World,
Tokio Marine’s Mission to Ensure Quick Claims Payments

In July 2020, several rivers flooded due to heavy rain in areas such as Kyushu and Chubu. To ensure quick claims payments to affected customers, Tokio Marine used satellite imagery and AI to quickly ascertain affected regions, damage to buildings, and flood depths. This mission-driven use of technology ensured timely guidance and quick payments for customers in need.

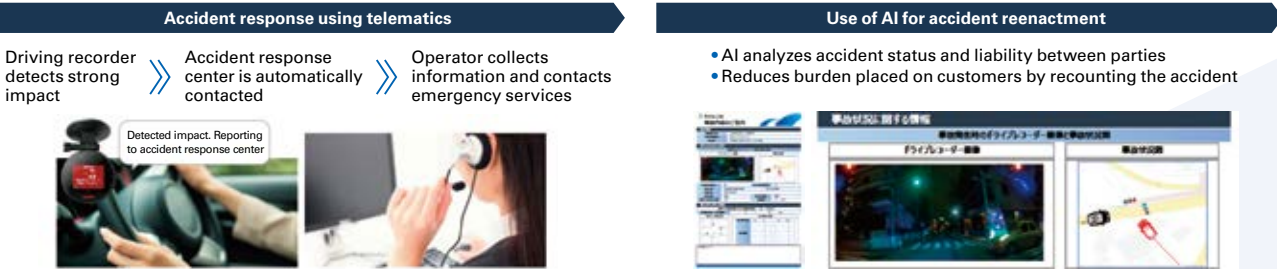


“Combination of Technology and Our People’s Ability” by
using Cutting-Edge Technology

In March 2020, we introduced the “Accident reenactment system” that utilizes driving recorder imagery and AI technology to better facilitate automobile insurance claims. This technology helps to settle investigations efficiently and ensure quick claims payments to

customers, while also streamlining operations for our company. The time saved can then be spent on accentuating processes handled directly by people, such as accident prevention and follow-up care. This further enhances the range of value we offer to customers.

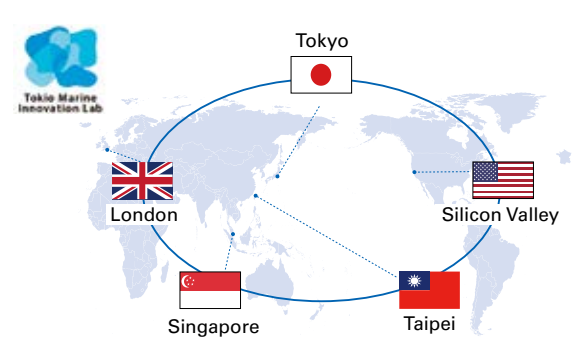
Traffic Accident Response



“Global Digital Synergies” through Worldwide Digital Labs

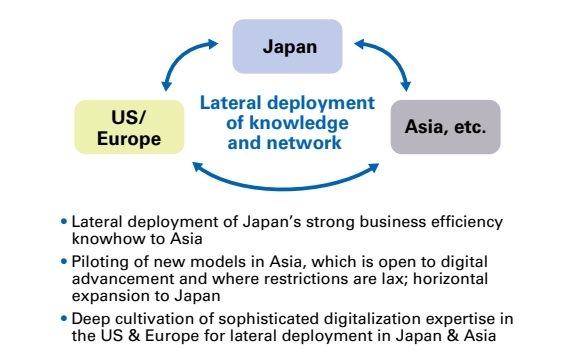
Our extensive network is built and maintained by five labs located globally. The most recent of these Labs was established in London, in April 2020, to enhance cyber area initiatives.

Five labs



While the technological environments of Japan, Asia, Europe, and America differ, the knowledge we have gained and exchanged in each, has allowed us to create digital synergy at a global level.

Global Digital Synergies





Message from the Group CHRO

Strengthening Group competitiveness by sharing our core identity, diversifying and developing human resources

Kenichi Kitazawa
Managing Executive Officer
Group Chief Human Resources Officer

Activating People and Organizations

Insurance is a people business. The bonds of trust we form with people, are the source of all of our Group’s competitiveness. Since our founding in 1879, we have weathered several storms, including the Great Kanto Earthquake, Japan’s defeat in the Second World War and, the recent Great East Japan Earthquake. We have done so based on the strength of our people. This year, the world has been rocked by COVID-19, and there will undoubtedly be many more challenges in the future. However, I believe we can overcome them through the power of human resources. For this reason, Tokio Marine Group must continue to recruit and develop diverse talent, both from Japan and overseas.

The business environment facing the Group is changing rapidly, with technological advancements, growing globalization, and shifting demographics. In such an uncertain environment, it is important to respond efficiently to changes and reflect them in our approach to management. Promoting diversity and inclusion is vital in this

regard. By maximizing the potential of ambitious and talented employees with a diversity of skills, experience and viewpoints, and gathering the knowledge of the Group as a whole, we can contribute to solving the issues faced by society.

At Tokio Marine our core identity—“To Be a Good Company”—unites our highly diverse talent, and it is essential that we share it as widely as possible. Each and every member of the Group must understand and implement this core identity, and we continuously roll out a variety of initiatives to that end. For example, our series of town hall meetings, held in locations around the world, focused on discussions concerning what it means “To Be a Good Company.”

As a result of these initiatives, our fiscal 2019 Culture and Values Survey showed enhancing employee engagement.

Additionally, several Group companies, including Tokio Marine Seguradora S.A. of Brazil, have received Best Work Place awards.

Efforts such as these, to activate our people and organizations, are a lifelong journey. Tokio Marine Group recognizes the value of our people, and we will continue to pursue an HR approach that strengthens our people, Group’s collective strength, and Group competitiveness.

Recruiting and Developing Future Management Talent

Future challenges will be solved by future human resources. As a result, we are pursuing a range of initiatives to recruit and develop large numbers of relevant talent.

New HR System to Secure Human Resources for Corporate Functions

- Introduced a new HR system in fiscal 2019 to recruit and develop top-level talent with exceptional management capabilities and specialist knowledge

Global Executive Program

- Program for senior managers from Japan and overseas
- Building strong relationships of trust among participants while also expanding Group-wide synergies

Middle Global Leadership Development Program

- Middle management training for overseas employees
- Visited Tohoku area affected by the Great East Japan Earthquake and Tsunami to understand the actions and emotions at the time of the disaster, and experience the significance of insurance and a “Good Company”.

Sharing Core Identity

The Group CEO also serves as Chief Culture Officer, overseeing discussions around the world at town hall meetings, on the type of leadership required from top-level management “To Be a Good Company.”



A town hall meeting being led by the Group CEO



A town hall meeting being led by the president of Tokio Marine & Nichido

Tokio Marine Group—Our People

- Our people are the most important asset of our Group and a key driver of our Good Company vision.
- We aim to attract and retain the best talent in every aspect of our business to ensure we deliver safety and security to our customers and their communities.
- Our people bring passion and a challenging spirit to their endeavors and we provide them with opportunities for career development and ongoing personal growth.
- Our people embody diversity and we value inclusion as a truly global company. We work hard to create a business environment where we can achieve our full potential as we continue our lifelong journey to be a “Good Company”.

Promoting Diversity and Inclusion

Tokio Marine Group pursues a variety of initiatives geared toward ensuring a diverse set of human resources and skills for solving social issues.

Promoting Overseas Talent

- Excellent talent who join the Group through overseas M&A, are appointed to positions such as Group Co-Heads and global committee leaders (see page 66).

Promoting Success for Women

- Tokio Marine Group Women’s Career College was established in September 2019 to assist female Group employees in voluntary career planning, and to ensure that women are active in their workplaces.

Promoting Success for Young Talent

- An in-house venture program was established in 2017 to support voluntary initiatives on the part of young talent who are eager to innovate. Out of 105 applications, one project has been implemented at business level and another is currently under development.

Exciting and Rewarding Work Environments

The results of Tokio Marine’s HR initiatives are already being felt. For instance, thanks to its exciting and active workplace, Tokio Marine Seguradora S.A. in Brazil, now boasts the sixth highest market share in Brazil and generates ¥10.0 billion level profit.

Culture and Values Survey*

4.3 pts out of 5

(Pride felt over working at Tokio Marine Group)

*Results of fiscal 2019 survey (TMHD and overseas combined)



Received Brazil’s Great Place to Work award

Special Feature (3)



Excellent Track Record in M&A
—Tokio Marine Group’s Approach to M&A—

Tokio Marine Group is constantly on the lookout for M&A opportunities that heighten corporate value as one of our strategic options from the perspectives of enhancing capital efficiency and driving sustainable growth through risk diversification of regions and businesses.

In selecting candidates for M&A, we basically do not consider companies with poor performance that need to be rebuilt. Instead we seek candidates that have the characteristics of a “Good Company” and that satisfy the Group’s three principles of acquisition: (1) The corporate culture must be a good fit with our own; (2) The company is highly profitable; and (3) The company has a solid business model.

The most important of these three principles to Tokio Marine Group is cultural fit. Does the company truly value its customers? Is it aiming for sustainable over short-term growth? Cultural fit is a critical determining factor discussed at length by the International Executive Committee (IEC), which includes numerous non-Japanese executives, and the Board of Directors, which includes outside officers.

The CEO of the acquired company is given the position of Group Co-Head and steps are taken to make use of the expertise of the new company across Tokio Marine Group. But on top of this, since the two companies have a similar culture, incoming personnel soon become passionate about making a contribution to Tokio Marine Group. In other words, M&A for Tokio Marine Group not only provides financial benefit in the form of risk diversification and profit expansion but also plays a key non-financial role in terms of absorbing advanced expertise and knowhow, and taking on outstanding new talent, with expectations of enhanced corporate value going forward.

In this special feature, the Co-Head of International Business, who leads the Group’s M&A efforts, and the CEOs of acquired companies, share their thoughts on the importance of cultural fit and the effects of joining Tokio Marine Group.

A Good Cultural Fit Is a No. 1 Priority

Message from the Co-Head of International Business



Christopher Williams
Co-Head of International Business

My involvement with Tokio Marine Group began as CEO of HCC Insurance Holdings, Inc. One of the deciding factors for HCC joining the Group was cultural fit. When I met with Tokio Marine’s management for the first time, the meeting was scheduled for only 30 minutes, but it went on for more than 90 minutes. We just clicked! I remember speaking in length about our people, our customers, and the critical success factors of our business. Through these conversations we soon realized we held very similar views. I was happy to hear later that our friends at Tokio Marine came away with the same impression.

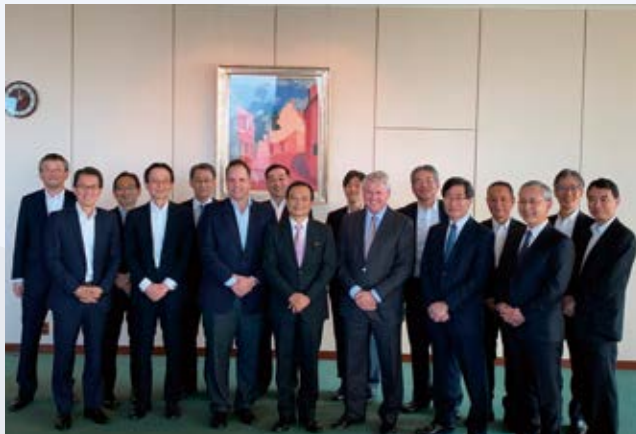
Fast forward five years, I am now leading Tokio Marine’s global operations as the Co-Head of International Business. My new role is certainly challenging, but also motivating and exciting. There are others like me that joined the Group through an acquisition, who are now playing integral roles in Group management. We see all too often where acquiring companies claim cost synergies

derived by cutting its workforce. In our case, it is the opposite. We have successfully grown the business and have seen an increase in the employee count since the acquisition. I will also point to the fact that many of the management team of the acquired companies are still with us today, years after the transaction. These examples speak volumes about the importance of cultural fit.

This year, we have welcomed PURE as the latest member of our Group. I led the negotiations on behalf of Tokio Marine. Having once experienced the importance of a good cultural fit on the other side of the transaction, I conveyed the same to the PURE Group CEO, Ross Buchmueller, and placed significant emphasis on assessment of cultural fit as we went through our diligence process. We were delighted to find a good fit between the two groups, and without doubt, that became one of the deciding factors of this successful transaction. I now look forward to PURE’s future growth and contributions to Tokio Marine Group.



HCC acquisition closing ceremony



PURE acquisition closing ceremony

Special Feature (3)

Views from the CEOs of Overseas Group Companies



Ross Buchmueller
President & CEO
Privilege Underwriters, Inc.

Views from the CEOs of Overseas Group Companies



Robert O'Leary
Chairman & CEO
Philadelphia Consolidated Holding Corp.

For over three decades, I've worked in the field of insurance services for high net worth individuals and families. Since founding the PURE Group in 2006, we've provided our membership with exceptional coverage and service and great value. During this time, I've grown together with the company.

The PURE Group's management philosophy is centered on a strong sense of purpose while encouraging our workforce of more than 800 people to be passionate, to "Do the right thing-Always" and to "Think about the long-term." The employees' empathy and strong intellectual curiosity has enabled great service and continued innovation. I believe the PURE culture aligns with Tokio Marine Group's core identity, "To Be a Good Company" in many respects.

Our decision to join Tokio Marine Group in 2020 was driven by our attraction to the Group's robust financial base, a successful track record of welcoming acquired companies and the potential for cross synergies with Group companies. The deciding factor, however, was the cultural fit between our companies.

The high net worth market in the United States continues to witness strong growth. By becoming a member of Tokio Marine Group, I'm convinced that the PURE Group's ambitions will become even stronger. We intend to harness the strengths of Tokio Marine Group, enhance the value we provide to our niche, achieve growth that meets everyone's expectations, while maintaining what makes PURE unique and special.

A decade has passed since we joined Tokio Marine Group in 2008. Since then, our company has more than doubled our revenue. Our workforce has increased to more than 2,000 from 1,400. Why have we been able to achieve such remarkable growth?

In my view, the first reason is that Tokio Marine Group respected our autonomy. Prior to PHLY's acquisition by Tokio Marine, we built a highly competitive business model which focused on several niche markets, and this style remains unchanged today. This is because Tokio Marine Group closely followed its principles of not changing an acquired company with high profitability and a strong business model. These principles will naturally apply to the newly acquired the PURE Group as well as other potential acquisitions. Why change a successful business model?

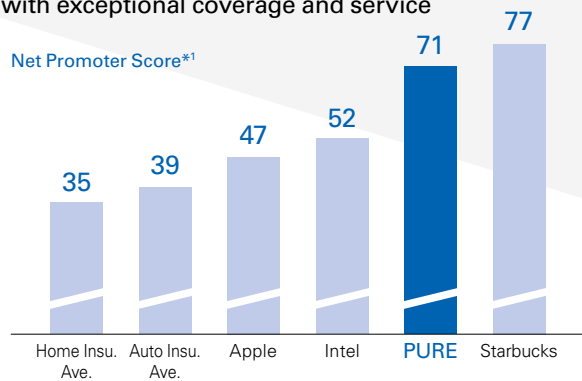
The second reason is the opportunity for a wealth of synergies. In our case, we have obtained expertise (and reinsurance support) in cyber insurance from Tokio Marine Kiln, and we've worked with Tokio Marine HCC on a program for local governments, both of which increased sales. In addition, we have benefited greatly by having Delphi manage 35% of our investment portfolio.

Finally, and needless to say, it is important to trust each other in terms of autonomy and collaboration between Group companies. The more our teams interact with one another, the better we understand each other's product appetite, which can lead to more successful synergy opportunities. I'm convinced that a solid part of our growth has been the result of the connection between our company and Tokio Marine Group in the spirit of Good Company.

Strategy

Earn strong customer loyalty with exceptional coverage and service

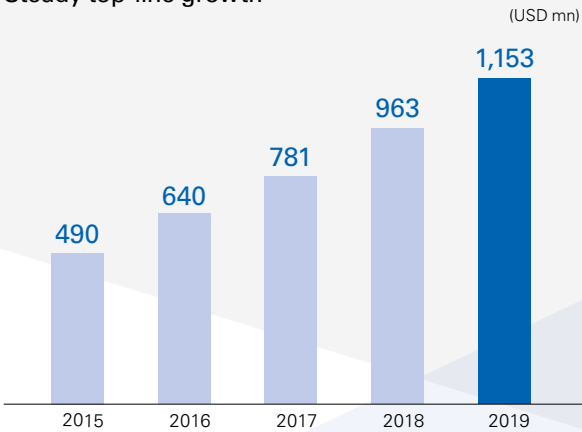
Net Promoter Score*1



*1. Indicator to measure customer loyalty and their willingness to use products/services continuously. It shows how likely a customer recommends a brand to others. Source: Customer GURU, NICE Satmetrix 2019 Consumer Net Promoter Benchmark Study

Result (Pure Reciprocal Exchange)

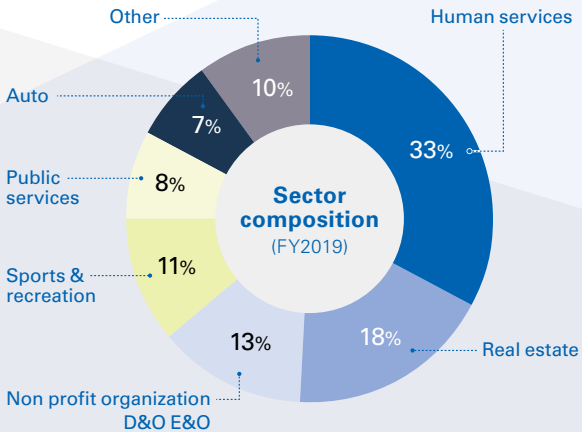
Steady top-line growth*2



*2. Premiums under management company.

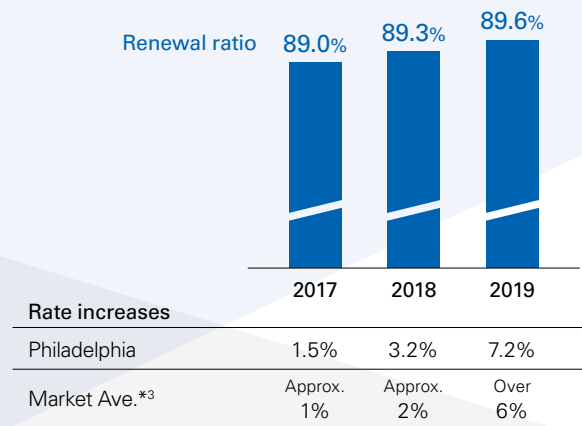
Strategy

Focusing on profitable niche markets where PHLY can be competitive



Result

High renewal ratio and rate increases



*3. Q4 results in each year. Source: Willis Towers Watson