

## CLIMATE RISK SURVEY FORM

### Governance

1. Disclose the insurer's governance around climate-related risks and opportunities.

In disclosing the insurer's governance around climate-related risks and opportunities insurers should consider including the following:

- Identify and include any publicly stated goals on climate-related risks and opportunities.
- Describe where climate-related disclosure is handled within the insurer's structure; e.g., at a group level, entry level

- A. Describe the board and/or committee responsible for the oversight of climate-related risks and opportunities.

In describing the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks, insurers should consider including the following:

- Describe the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks.

- B. Describe management's role in assessing and managing climate-related risks and opportunities.

### Response to Governance

#### **SNCC**

SNCC established its Environmental, Social, and Governance (ESG) Committee (ESGC) to support the execution of initiatives in furtherance of SNCC's ESG strategy. SNCC's ESG efforts are aligned with our core business principles, guided by Our Core Values, Vision and Good Company philosophy. The ESGC acts as a vital link in the chain of successful enterprise-wide ESG efforts. This committee is a cross-functional team with a formal organizational structure, defined tasks, roles, responsibilities and processes for supporting and promoting methodical adoption and effective use of continuous improvement across the organization.

The ESGC continuously monitors the relevance and importance of our ESG strategy and is committed to continuing the integration of ESG concepts into our business strategies including guiding and developing a communication strategy for internal and external stakeholders. Our ESG strategy will continue to be influenced by our parent's, Tokio Marine Holdings (TMHD), evolving ESG Process.

The ESG Committee reports to and is directed by SNCC's Executive Sponsors.

Climate-related disclosures are handled at the TMHD Group Company (GC) level.

#### **TMHD**

Please refer to TMHD's 2021 Sustainability Report.

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### **A Division Dedicated to Promoting Sustainability**

TMHD has put in place the Sustainability Division of the Corporate Planning Department, dedicated to the advancement of the Tokio Marine Group's (the "Group") sustainability efforts including climate change countermeasures. The Sustainability Division identifies major challenges, develops and implements group-wide related strategies, and supports regular monitoring of sustainability efforts.

### **Group Chief Sustainability Officer (CSUO)**

TMHD established the new position of CSUO in April 2021 to further accelerate the promotion of sustainability strategy across the entire Group Companies (GCs) including climate change countermeasures. The CSUO is responsible for its sustainability strategy and for addressing sustainability issues facing the entire Group with regular reporting to TMHD's Group CEO.

### **Sustainability Committee**

TMHD also established the Sustainability Committee in April 2021, chaired by the CSUO and comprised of members including the CEO and other C-suites. The Sustainability Committee has the primary mandate to establish sustainability strategies and develop target measurement for the entire Group to weight the risk and return of global sustainability initiatives.

### **Board of Directors**

The Board of Directors is charged with discussion of Group sustainability policies including climate change countermeasures as well as the evaluation and determination of mid-term and single-year plans. Membership includes outside directors and Audit/Supervisory Board members to fully utilize the knowledge available from outside of TMHD.

### **Organizational Structure for Promoting Sustainability**

The TMHD Sustainability Division, CSUO, and Sustainability Committee are responsible for the promotion of Group-wide initiatives and coordination with other subcommittees and task forces, which have dotted line connections for support and input. Under this structure, TMHD aims to simultaneously achieve two goals:

- Specifically enhance Tokio Marine Group's social value by solving social issues through its business activities and contributing to a sustainable society; and
- Enhancing its economic value by achieving medium- to long-term growth for Tokio Marine Group (the Group) through such initiatives.

The Group will realize medium- to long-term growth while promoting a shared understanding of the aims and context of its mid- to long-term sustainability strategy throughout the Group and strengthen its initiatives to solve issues relating to a sustainable earth and society. Please see page 32 of the 2021 Sustainability Report for a graphic of the Organizational Structure for Promoting Sustainability including the Role of the Sustainability Committee as well as the Roles of other organizations.

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### Strategy

2. Disclose the actual and potential impacts of climate-related risks and opportunities on the insurer's businesses, strategy, and financial planning where such information is material.

In disclosing the actual and potential impacts of climate-related risks and opportunities on the insurer's businesses, strategy and financial planning, insurers should consider including the following:

- Describe the steps the insurer has taken to engage key constituencies on the topic of climate risk and resiliency.
- Describe the insurer's plan to assess, reduce, or mitigate its greenhouse gas emissions in its operations or organizations.

- A. Describe the climate-related risks and opportunities the insurer has identified over the short, medium, and long term.

In describing the climate-related risks and opportunities the insurer has identified over the short, medium, and long term, insurers should consider including the following:

- Define short, medium, and long-term, if different than 1-5 years as short term, 5-10 years as medium term, and 10-30 years as long term.

- B. Describe the impact of climate-related risks and opportunities on the insurer's business, strategy, and financial planning.

In describing the impact of climate-related risks and opportunities on the insurer's business, strategy, and financial planning, insurers should consider the following:

- Discuss if and how the insurer provides products or services to support the transition to a low carbon economy or helps customers adapt to climate-related risk.
- Discuss if and how the insurer makes investments to support the transition to a low carbon economy.

- C. Describe the resilience of the insurer's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario.

### Response to Strategy

#### SNCC

SNCC does not specifically have a plan for the potential impacts of climate-related risks and opportunities that have been identified on our business, strategy, and financial planning as it is not material over the short, medium, or long-term. In addition, no specific strategy is in place taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario.

SNCC's major constituencies are public entities already engaged on the topic of climate-related risks.

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SNCC's products are excess policies, generally written over self-insured risks. Within the underwriting review process and natural catastrophe modeling process, the insured's risk management policies and procedures, including any climate-related information or how customers adapt to climate-related risk, is available for review. If there is significant exposure to climate-related risks, this is factored into the review.

SNCC does not specifically have a plan for the assessment, reduction or mitigation of emissions. However, SNCC's two buildings (located in St. Louis, Missouri and completed in 2008 & 2021), which house 98% of employees, were built with the latest environmentally friendly features such as heat-reflecting roofing materials, solar panels to support power requirements for the buildings, a unique, looped air system allowing for a reduction in total overall HVAC units for the heating and cooling of its facility and energy efficient lighting controls that disable lighting when spaces are not occupied (motion sensitive). SNCC's newer facility has added energy efficient structural glass components to minimize heating and cooling requirements for workspace, creating an even more energy efficient workspace. Both buildings are outfitted with procedures and facilities to meet clean water standards and SNCC only utilizes green practices and chemicals for maintenance and cleaning. Finally, the pond on the property includes an aquatic bench and plants that provide natural filtering in addition to aesthetic beauty. SNCC does not own facilities outside of St. Louis, Missouri and operates under lease agreements with local property owners for its non-Missouri facilities.

SNCC does not specifically provide products or services to support the transition to a low carbon economy. SNCC is part of the Delphi Financial Group (DFG), and is a member of the Group. All investment activities are handled by DFG to support the transition to a low carbon economy.

### **TMHD**

#### **The Company's Basic Approach to Climate Change**

At the end of September 2020, TMHD published its thoughts on climate change in "Tokio Marine: Our Climate Strategy," which was revised at the end of September 2021. In this statement, TMHD commits itself to supporting the Group's clients and investees in the transition to a decarbonized society. The Group will not underwrite new insurance policies for or extend new financing to coal-fired thermal power plants and coal mine development projects for fuel coal, regardless of whether they are new or already existing. However, toward achieving the Paris Agreement targets, the Group might carefully consider and handle projects that incorporate innovative technologies and techniques, such as carbon dioxide capture and storage (CCS); carbon dioxide capture, utilization, and storage (CCUS); and mixed combustion technologies. As of July 31, 2022, the Group has not underwritten any new insurance policies or provided new financing since announcing "Tokio Marine: Our Climate Strategy" on the end of September, 2020.

In addition, the Group is supporting initiatives to lower CO<sub>2</sub> emissions by engaging with power plants for which the Group has already underwritten insurance to consider the environment through adoption of innovative high-efficiency power generation technologies and CCUS (carbon recycling) technologies that reduce or stop GHG emissions. Indeed, the Group is engaging with customers involved in the corresponding power plants to support their transition through product provision and/or consulting. Furthermore, after announcing "Tokio Marine: Our Climate Strategy," the Group has created and begun

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using an engagement sheet to confirm and record plans aimed at realization of a decarbonized society. If it is determined that a customer is not considering its response to decarbonization, the Group can decline the renewal of the customer's insurance policy.

Furthermore, in December 2021, TMHD identified environmental and social risks in the Group's insurance underwriting and investment activities and identified sectors where such risks are likely to occur.

Specifically, TMHD will prohibit transactions involving inhumane weapons and will exercise caution when dealing with oil sands and Arctic oil and gas exploration.

*Tokio Marine Holdings, Inc. 2022 Integrated Annual Report P.79*

### Risk Management

#### 3. Disclose how the insurer identifies, assesses, and manages climate-related risks.

In disclosing how the insurer identifies, assesses, and manages climate-related risks, insurers should consider including the following:

- Describe how the insurer considers the impact of climate-related risks on its underwriting portfolio, and how the company is managing its underwriting exposure with respect to physical, transition and liability risk.
- Describe any steps the insurer has taken to encourage policyholders to manage their potential physical and transition climate-related risks, if applicable.
- Describe how the insurer has considered the impact of climate-related risks on its investment portfolio, including what investment classes have been considered.

#### A. Describe the insurers' processes for identifying and assessing of climate-related risks.

In describing the insurers' processes for identifying and assessing of climate-related risks, insurers should consider including the following:

- Discuss whether the process includes an assessment of financial implications and how frequently the process is completed.

#### B. Describe the insurer's processes for managing climate-related risks.

#### C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management.

In describing how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management, insurers should consider including the following:

- Discuss whether climate-related risks are addressed through the insurer's general enterprise-risk management process or a separate process and how frequently the process is completed.

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- Discuss the climate scenarios utilized by the insurer to analyze its underwriting risks, including which risk factors the scenarios consider, what types of scenarios are used, and what timeframes are considered.
- Discuss the climate scenarios utilized by the insurer to analyze risks on its investments, including which risk factors are utilized, what types of scenarios are used, and what timeframes are considered.

### Response to Risk Management

#### SNCC

SNCC's main products are excess policies over high self-insured retentions or deductibles. Only 1% of SNCC's premiums are directly exposed to climate-related risks and this percentage has not varied. Given the nature of SNCC's main products, climate-related risks are not anticipated to have any substantial impact at this time with respect to physical, transition and liability risk.

For SNCC's main exposure, workers' compensation, natural catastrophes are reviewed on every account when written and in the aggregate every quarter. The review is performed using computer models from major industry software developers. In addition, SNCC's risk services/loss control department works with insureds to reduce and mitigate potential losses, including those from climate-related risks. Given the nature of SNCC's main products, climate-related risks are not anticipated to have any substantial impact at this time including any assessment of financial implications.

SNCC is part of the Delphi Financial Group (DFG), and is a member of the Group. All investment activities are handled by DFG to support the transition to a low carbon economy.

SNCC's enterprise risk management process related to climate-related risks complies with the TMHD standard procedures described below.

#### TMHD

##### **Managing Climate-Related Risk Based on Enterprise Risk Management (ERM)**

TMHD conducts enterprise risk management (ERM), which includes the management of climate risks. Through the ERM cycle, TMHD comprehensively identifies and assesses risks, using both qualitative and quantitative approaches. In the insurance business, which pursues profit through risk-taking, risk assessment is the foundation of the Group's business. TMHD has been working for many years to assess material risks (including those due to natural disasters) both quantitatively and qualitatively. Specific initiatives are as follows (please see page 52 of the 2022 Integrated Annual Report for a graphic of the ERM Cycle).

##### **(1) Qualitative Risk Management**

TMHD identifies all forms of risk exhaustively, including natural disasters such as major storms and newly emerging risks due to environmental changes. TMHD defines risks that will have an extremely large impact on the Group's financial soundness and business continuity as "material risks."

TMHD includes the risk of major windstorms and floods in the "material risks" category, which could become more frequent and severe due to the effects of climate change. TMHD also formulates control measures prior to risk emergence and response measures for after risks occur.

**(2) Quantitative Risk Management**

For material risks, through measuring risk amounts and implementing stress tests as part of the TMHD's quantitative risk management, TMHD is able to perform a multifaceted review of the adequacy of capital relative to the risks held for the purpose of maintaining ratings and preventing bankruptcy. TMHD calculates risk amounts posed by natural disasters using a risk model (for Japan, a risk model developed in-house based on engineering theory and the latest knowledge of natural disasters, and for overseas, models provided by outside vendors). TMHD independently analyzes past tropical cyclones (typhoons in Japan and hurricanes in the United States), torrential rains, and other changing trends and incorporate this data as necessary in order to properly assess current weather phenomena. Furthermore, within material risks, TMHD conducts stress tests based on scenarios in which extreme economic losses are expected and scenarios where multiple material risks occur at the same time. As for risks involving major wind and flood disasters, for example, TMHD assumes these scenarios to be on a much larger scale than the major typhoons that hit the Greater Tokyo Area in 2018 and 2019 causing extensive damages. TMHD updates scenarios continuously while taking into account stress tests released by regulatory authorities of every country, the latest knowledge (including that of climate change), and recent case studies.

**Appropriately Control Risk through Risk Diversification and Reinsurance, etc.**

Natural disasters are inevitable in Japan, the Group's home market. For that reason, TMHD has sought to control risk capital by geographic, business, and product risk diversification through M&A overseas. In addition, reinsurance, as a hedge against risk, is also an effective way to protect the Group's capital and stabilize profits. The Group utilizes reinsurance to prepare for natural disasters (capital events) that occur once every few centuries, and TMHD determines earnings coverage from the standpoint of economic rationality and take necessary measures.

**Acquisition of Knowledge (e.g., Industry-Academia Collaboration)**

TMHD is deepening collaboration with both inside and outside experts to acquire knowledge about risks. Tokio Marine Research Institute collaborates with The University of Tokyo, Nagoya University, and Kyoto University, among others, to carry out impact analysis based on the possibility for increased insurance losses associated with natural disasters that are becoming more severe in nature. Moreover, Tokio Marine and a team of experts in natural disasters working in Atlanta, the United States, are leading efforts to upgrade natural disaster risk management across the entire Group, including various evaluations of natural disaster risk models.

*Tokio Marine Holdings, Inc. 2022 Integrated Annual Report P.52, 80*

**Metric and Targets**

4. Disclose the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material.

In disclosing the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material, insurers should consider including the following:

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- Discuss how the insurer uses catastrophe modeling to manage the climate-related risks to your business. Please specify for which climate-related risks the insurer uses catastrophe models to assess, if any.
- A. Disclose the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process.
- In disclosing the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process, insurers should consider including the following:
- In describing the metrics used by the insurer to assess and monitor climate risks, consider the amount of exposure to business lines, sectors, and geographies vulnerable to climate-related physical risks [answer in absolute amounts and percentages if possible], alignment with climate scenarios, [1 in 100 years probable maximum loss, Climate VaR, carbon intensity], and the amount of financed or underwritten carbon emissions.
- B. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
- C. Describe the targets used by the insurer to manage climate-related risks and opportunities and performance against targets.

### Response to Metric and Targets

#### SNCC

SNCC is following TMHD's plan for metrics and targets as described below.

SNCC's exposure to natural catastrophes is reviewed on every account when written and in the aggregate every quarter. The review is performed using computer models from major industry software developers.

The following table shows are Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions.

The environmental data		Unit	Year Total
Energy Usage	Electricity	kWh	3,463,664
	Gas	m <sup>3</sup>	0
	Heavy Oil	ℓ	6,537
Mobile Combustion	Gasoline	ℓ	N/A
Paper Consumption	Office Paper Purchase	t	0
	Printer Paper Purchase	t	6
Water	Water Supply	m <sup>3</sup>	24,717
Waste	General Waste	kg	32,236
	Industrial Waste	t	0



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	Paper Waste Recycled	kg	15,673
Air travel	Air Travel - Long (International)	km	N/A
	Air Travel - Short (Domestic)	km	N/A

### **TMHD**

#### **Promoting Measures against Climate Change toward Becoming Carbon Neutral in 2050**

Toward achieving carbon neutrality in 2050, Tokio Marine Holdings (TMHD) has defined new targets for promoting measures against climate change, which is one of its sustainability priority areas and is one of the key issues over the medium to long term.

#### **CO2 Emission Reduction Data (Energy Conservation and Reduction in Buildings, Facilities, etc.)**

##### **[TMHD and Major Subsidiaries]**

##### **<CO2 Emission Reduction Targets>**

- Long-term target (fiscal 2030): -60% (compared with fiscal 2015 level)
- Reduction target in fiscal 2021: -1% compared with previous year

##### **<CO2 Emissions (Fiscal 2020 Results)>**

Fiscal 2020 CO2 emissions by TMHD and its major subsidiaries (Scope 1 (direct emissions) + Scope 2 (indirect emissions) + Scope 3 (other indirect emissions)) were 89,894 tons (Japan: 64,548 tons, overseas: 25,345 tons) versus a start-of-year target of 110,060 tons (a 1% reduction year on year), or a 19.1% decrease in emissions compared with the previous fiscal year.

As a result of efforts to steadily reduce CO2 emissions at Group companies in Japan and overseas, the Group succeeded in cutting these emissions beyond targets at the Group level. In addition, the Group has been expanding the coverage of the calculations for Scope 3 since fiscal 2015 in order to meet expectations from society in terms of initiatives to create environmental value by companies.