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TOKIO MARINE
INSURANCE GROUP

Tokio Marine Climate-Related Disclosure

2024

Tokio Marine
Insurans (Malaysia) Berhad
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Life & Health | Property & Casualty

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INTRODUCTION

Tokio Marine Insurans (Malaysia) Berhad ('the Company') is a licensed general insurer in Malaysia with strong parentage of the Tokio Marine Insurance Group ('Group'), Japan since 1879.

As a reputable general insurer in Malaysia, the Company continuously address various social issues to raise the Group's corporate values while contributing to a safe, secure and sustainable future for all its stakeholders.

In discharging the responsibility as a good corporate citizen, the Company recognizes its role in assisting and facilitating efforts in climate risks mitigation towards a lower carbon-economy in Malaysia. The Company endeavours to provide a transparent regulatory and market-aligned disclosure.

The Company is committed to continuously enhancing and strengthening its sustainability efforts based on the requirements and best practices underpinned by Policy Document on Climate-Risks Management and Scenario Analysis ('CRMSA') and other applicable standards and frameworks issued by regulators from time to time.

The Company is pleased to release its Climate-Related Disclosures for the financial year ended 2024, guided by the JC3's Task Force on Climate-related Financial Disclosure ('TCFD') Application Guide[1]. The Disclosures cover the following four (4) key areas, namely:

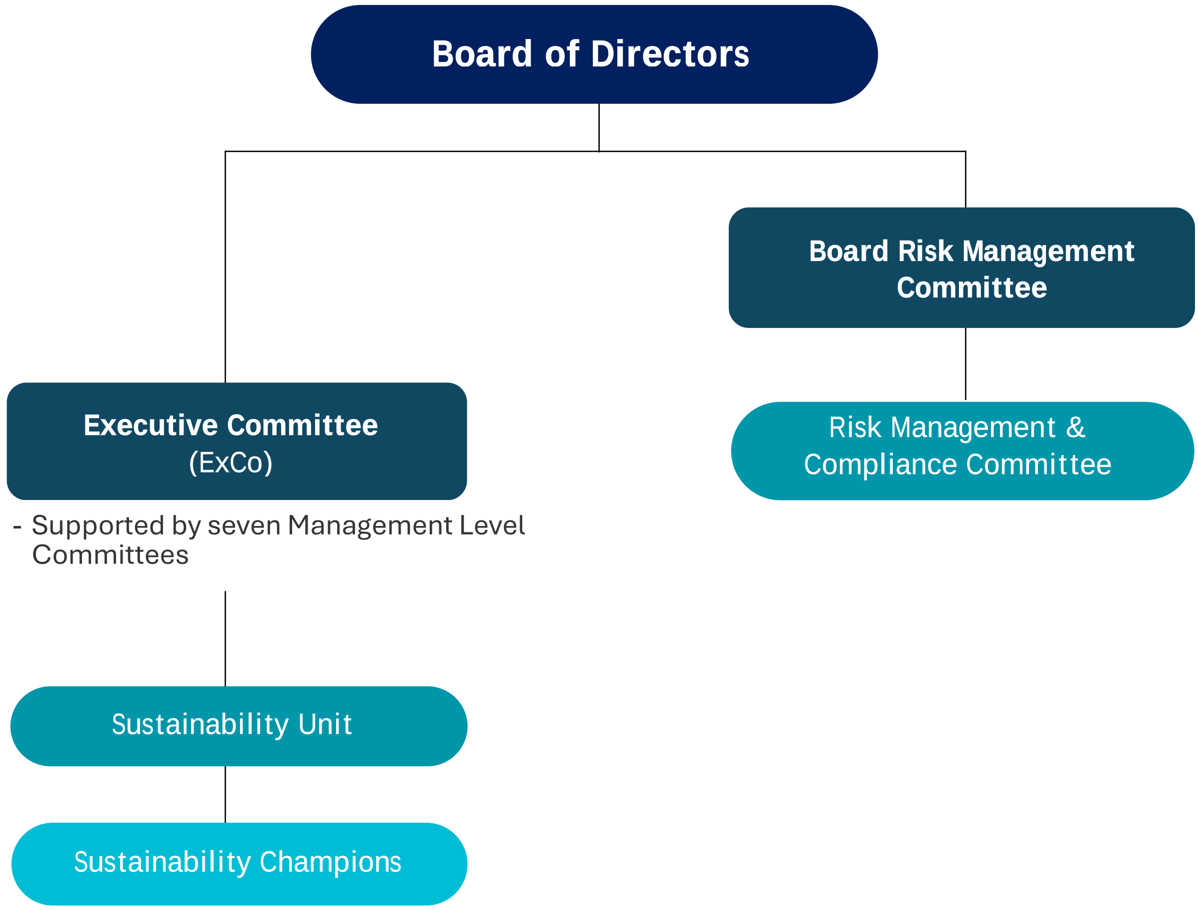
- Governance
- Strategy
- Risk Management
- Metrics and Targets

[1] JC3 - TCFD Application Guide is the Application Guide published by Joint Committee on Climate Change ('JC3') which outlines key recommendations to facilitate the adoption of TCFD Recommendations by Malaysian financial industry. JC3 is a platform for regulator-industry cooperation to build climate resilience within the Malaysia financial sector, which is also co-chaired by Bank Negara Malaysia (BNM) and Securities Commission Malaysia (SC).

GOVERNANCE

The Company has established a Sustainability & Climate Governance Structure ('Structure') that outlines the roles, responsibilities and decision-making in the management of climate-related risks and opportunities.

The Company's sustainability & climate governance structure is shown below:



Board Of Directors

The Board of Directors ('Board') convenes at least six (6) times annually to review strategic or business plans, financial objectives, major capital and operating budget and matters of policy(ies) proposed by the Executive Committee ('ExCo').

The Board Charter provides for the Board's ultimate oversight on climate-related matters to ensure the Company supports long-term value creation through appropriate consideration on environmental, social and governance matters in its business strategies.

Board Risk Management Committee

The Board is assisted by the Board Risk Management Committee ('BRMC'), a board-level committee that convenes a minimum of four (4) meetings annually, primarily focusing on effective risk and compliance oversight as delegated by the Board.

The BRMC updates the Board of its activities, key deliberations and decisions regarding the matters delegated to them. One of the primary responsibilities of the BRMC is to assist the Board in addressing sustainability risks and opportunities, including the management of climate-related risks[2] to safeguard the Company from the adverse impacts of climate change.

Risk Management & Compliance Committee

Risk Management & Compliance Committee ('RMCC'), a board-appointed committee assists BRMC in reviewing and monitoring all matters relating to the risk management and compliance functions of the Company, as documented in the RMCC Charter. This includes Sustainability Risk Assessment Results (i.e. sustainability performance and progress monitoring).

Executive Committee

The Executive Committee ('ExCO') is the senior management team that leads the implementation of company-wide sustainability strategies as well as the integration of sustainability consideration as guided by regulatory requirements and standards.

The ExCo is supported by seven Management Level Committees and the Sustainability Unit ('SUN').

Management Level Committees

The ExCo is supported by seven (7) Management Level Committees ('MLC') in the discharge of sustainability and climate-related commitments.

Sustainability Unit

The Sustainability Unit ('SUN') manages the Company's sustainability roadmap and initiatives. This includes facilitating the respective Departments in adopting and integrating sustainability into their operations, ensuring that relevant risks and opportunities are taken into consideration.

[2] Refers to potential risks that may arise from climate change, their related impacts and their economic and financial consequences, which include drivers of climate risks, namely physical, transition and liability risks.

SUN also supports the ExCo in establishing metrics and targets, and key performance indicators as part of the measurement, monitoring, and reporting of sustainability performance.

Sustainability Champions

The Sustainability Champions are appointed representatives of the Departments to facilitate and coordinate the integration of sustainability initiatives into the business and operations. Sustainability Champions also assist in data collection and update the Departments' sustainability progress and accomplishments to SUN.

Three (3) Lines Of Defence, Audit Committee Charter

The climate-related roles and responsibilities have been seamlessly integrated across the Company's three (3) lines-of-defence, as documented in the Risk Management Framework and 1.5 Risk & Compliance Representative Framework. Additionally, the Audit Committee Charter has also incorporated the ESG & climate- related matters on independent assurance.

Discussion on Sustainability and Climate-Related Matters

In 2024, sustainability and climate-related matters were raised for discussion at these forums:

FORUM	FREQUENCY	TOPIC
Board of Directors	6 times annually	• Establishment of the Sustainability & Climate Governance Structure. • Incorporation of ESG / climate-related roles and responsibilities in the respective Terms of Reference and Charter, and across the three (3) lines-of-defence. • Conducted capacity-building sessions on various ESG/ climate-related topics to our Board members, senior management and employees. • Conducted a Scenario Analysis workshop with senior management to identify, evaluate and integrate the Company's strategic and business resiliency to plausible climate-related risks and opportunities based on the scenarios prescribed.
Board Risk Management Committee	4 times annually	
Executive Committee	11 times annually	

FORUM	FREQUENCY	TOPIC
		• Integration of climate-related risks to the Company's risk registers and risk appetite statement. • Surveyed and encouraged sustainable supply chain practices among service providers, as outlined in the Sustainable Sourcing Policy and Outsourcing Policy. • Promotion of various employee engagement initiatives to encourage healthy lifestyle, mental and physical well-being. • Deployment of the Company's mobile application 'MyTokioApp' as part of the digitalisation effort to support customers' access to our after-sales services. • Continuation of initiatives in biodiversity conservation, i.e. mangrove re-forestation and plant-a-tree.
Sustainability Unit and Sustainability Champions	Regularly as needed	• Active engagements to discuss and review progress on integration, capacity-building and data disclosure. • Development, review and integration of ESG consideration into existing policies and frameworks. • Formalisation of processes to understand service providers' ESG state of readiness, Greenhouse Gas ('GHG') calculation. • Performance of portfolio emission mapping.

Sustainability & Climate-Related Capacity Building

The Company provides sustainability and climate-related trainings to the Board, senior management and employees of all levels. They participated in various capacity-building programs to increase their awareness and knowledge in sustainability topics.

The Board Nomination Committee's Terms of Reference have been broadened to allow directors to undergo appropriate induction programs and capacity-building on sustainability and climate-related matters.

In 2024, Board members participated in comprehensive trainings on sustainability-related topics to build awareness and knowledge on the sustainability requirements. The key topics of the trainings were namely:

- Sustainability and Climate Change: Gap Analysis
- Scenario Analysis: Identification of Climate-Related Risks and Opportunities
- Greenhouse Gas ('GHG') Emission
- Climate Risk Stress Testing
- GHG Emission Report and Disclosure

The Company also collaborated with members of the Joint Committee on Climate Change ('JC3') and other industry stakeholders on knowledge sharing to address climate change. The Company participated in:

- JC3's SME Focus Group
- Persatuan Insurans Am Malaysia ('PIAM') Climate Change Action Committee
- JC3's Capacity Building Surveys
- Regulatory Surveys

Capacity-building and training on sustainability for the Board, senior management and employees is regarded as the Company's strategic priority. The Company will continue to avail to the Board, senior management and all employees, various trainings, forums or courses to keep them informed on sustainability development.

Sustainability Framework

The Company has formalised a Sustainability Framework ('SF') to provide direction and information to its stakeholders on how the Company is driving and integrating sustainability into its business model. The SF gives an overview of the Company's sustainability agenda under five (5) pillars of Governance, Long-Term Value Creation, Environment, Workplace and Community.

STRATEGY

Scenario Analysis

The Company has identified climate-related risks and opportunities in relation to acute physical, chronic physical, emerging regulations, technology, carbon pricing, legal, market and reputational. These climate-related risks are considerations to our business operations across the short-, medium- and long-term scales.

A comprehensive Scenario Analysis workshop was conducted with reference to the three (3) long-term climate scenarios ('Scenarios') that is aligned to the 2024 Climate Risk Stress Testing ('CRST') Exercise – Methodology Paper issued by Bank Negara Malaysia.

The Scenarios guide mitigations for a range of future outcomes, i.e. (i) the Orderly Net Zero 2050 ('NZ 2050') scenario of stringent climate policies being applied immediately across all economic sectors; (ii) Disorderly Net Zero 2050 ('DNZ 2050') to indicate stringent climate policies being applied only in selected economic sectors with early technology advancement adoption; and (iii) Hot House World/Nationally Determined Contributions ('NDC') scenario of inadequate pledged policies resulting in an extreme state of physical risk.

The table below provides the potential climate-related events and their impacts on the Company's business, time horizon and mitigation measures:

POTENTIAL EVENTS			POTENTIAL IMPACTS TO THE COMPANY'S BUSINESS	TIME HORIZON *	MITIGATION MEASURES
Physical risks	**Acute**	Short-lived extreme weather events, for example floods, landslide, heatwaves, storms.	Impact on claims payments and business interruption caused by damages to properties of insureds and employees.	Short term or longer	Remote working arrangements allow continued operations amid disruption. Integrate climate risk considerations to build operational resilience.
	Chronic	Impacts due to slow insidious changes, e.g. rise in mean temperatures, rising sea levels, arthropod-borne infectious diseases affecting health and well-being.		Medium to long term	
Transition risks	**Policy & Legal**	Increase compliance in climate-related legislations that result in higher compliance costs. Introduction of carbon tax.	Decrease in the margin of companies due to carbon taxes. Increase in liability payments on non-compliance of climate-related legislations.	Medium to long term	To manage this risk as part of the Company's business practices.

	Technology	Write-offs for investments in disrupted technologies; new investments required for new technologies; and process change costs to accommodate new technologies.	Decrease in the value of companies that have missed the transition to a decarbonized society.	Medium to long term	To keep abreast with new technological innovation.
	Market & Economic Risk	Changes in the demand for and supply of products and services.	Decline in revenue due to inability to ascertain changes in customer needs.	Short term or longer	To understand clients' portfolio and to support them on their decarbonization journey.
	Reputation	Inability to transition in a timely manner would negatively impact brand reputation, resulting in lost revenue and additional expenditures.	Reputational damage due to the Company's efforts being deemed inappropriate or insufficient.	Short term or longer	To keep abreast with climate-related legislations towards supporting a decarbonised market. To continue supporting our community, biodiversity and nature-related initiatives.

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

As an insurance company, we provide policy protection to our policyholders against natural catastrophes such as flood and earthquake. To manage the physical risk transferred to us, the Company has been monitoring the exposure regularly while ensuring adequate reinsurance protection and capital are in place. The Company will stay vigilant on the development and continue to strengthen its risk management processes to ensure the controls remain effective; whilst taking into consideration the increasing exposure from transitional efforts. The Company believes it can be flexible and resilient to these impacts, as most general insurance policies are relatively short-term, and the assets are mainly highly liquid financial assets.

The table below provides the key climate-related opportunities and their potential impact, time horizon and the Company's approach to capture the opportunities:

KEY OPPORTUNITIES			POTENTIAL IMPACTS TO THE COMPANY'S BUSINESS	TIME HORIZON *	APPROACH
Opportunities	**Products and Services**	Development of low emission goods and services in the market, climate adaptation and risk solutions, Research & Development and innovation.	Increase in the need for insurance solutions for new energy sources, e.g. renewable energy projects. Increase in investment and financing opportunities that are associated with market response to decarbonization. Increase in disaster prevention and mitigation needs against natural disasters.	Short term or longer	**Products & Services** The Company will continue to develop its expertise to capture green opportunities of the new markets and to support a decarbonised economy. **Reduced GHG Emissions** The Company will manage the GHG emissions in its business operations.
	Resource Efficiency	Use of more efficient modes of transport, efficient buildings, reduced water usage and use of recycling.			
	Energy Source	Use of lower-emission sources of energy, use of new technologies, participation in carbon market.			
	Market Opportunity	Exploring new markets to diversify business activities.			

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

RISK MANAGEMENT

Functional Risk Assessment & Scenario Analysis

A Scenario Analysis ('SA') exercise had been conducted to identify climate-related risks and opportunities, including the transmission and assessment of climate-related risks that may impact the business and financial performance over time.

In the Company's current risk register, climate-related risks have been considered and captured in the functional risk registers.

The Company is committed to continuously strengthen its risk management and assessment processes to ensure the controls remain effective; whilst taking into consideration the increasing exposure from transitional efforts.

The climate-related risks are also embedded in the Company's Risk Appetite Statement ('RAS'), Stress Testing and the Company's internal policies and procedures.

Risk Appetite Statement

The Company's Risk Appetite Statement ('RAS') is reviewed and approved by the Board annually. It specifies the risks that the Company is willing to accept in delivering its obligations to stakeholders. The RAS has been enhanced to include climate-related risk appetite to support the existing climate-related risk tolerance limits.

Stress Testing

On 29 February 2024, BNM published the '2024 Climate Risk Stress Testing Exercise – Methodology Paper' ('CRST') outlining the scope, approach and requirements of the first industry-wide CRST exercise.

The CRST guides the Company in understanding how it may be affected by climate-related risks, explore innovative methodologies to enhance the identification and measurement of exposure to climate risks as well as to identify current gaps and potential solutions.

In line with the CRST requirements, the Company is assessing the financial impact of a short-term acute physical scenario, involving a one-off 1-in-200-years flood event in Malaysia in alignment with the climate conditions projected in the Representative Concentration Pathway 8.5 scenario for the year 2050 of the Intergovernmental Panel on Climate Change ('IPCC').

The Board has also been apprised of the CRST requirements through a training session on the design of the Company's CRST exercise, including the input parameters, methodologies and key assumptions in line with the nature, scale and complexity of the Company's business activities. This includes briefing on the modelling and underlying assumptions.

The Company will continue to explore the various processes and methodologies of the CRST exercise to enhance the quality of future regulatory submissions.

Other Initiatives

The Company has integrated the following key climate-related initiatives undertaken as of 2024, amongst others, as part of the overall risk management of climate-related risks:

AREA	DESCRIPTION
Underwriting	The Company no longer underwrites new risk for coal-fired power generation plant. There is also no existing / renewed risks in our portfolio. In the renewable energy space, the Company introduced two (2) solar-related products for the commercial / industrial and residential segment as well as a package policy for residential segment. The Company has also launched new motor add-on coverage for private electric charger and charging cable for electric vehicle owners. Related questionnaires have been incorporated into the Underwriting Evaluation Form. Direct engagement with insureds during business procurement discussions allows us to gain deeper insights into their sustainability practices and future plans. The Company continues to identify and evaluate its portfolio on climate-related risks as an on-going initiative.
Investment	The Company no longer provides new financing or investment in the following sector or project: a) 100% coal-fired power generation projects. b) 100% thermal coal mining projects. c) 100% oil sands mining projects. d) 100% oil and gas mining projects in the Arctic region. e) Inhumane weapons sector (production of biological, chemical, cluster munitions and anti-personnel landmines).

AREA	DESCRIPTION
Procurement	The Company is guided by the Sustainable Sourcing Policy and Outsourcing Policy that allow the Company to understand and better manage potential sustainability risks while simultaneously encouraging sustainability practices across its supply chain.
Business Continuity Management	Establishment and Conduct of Effective Business Continuity Management, including Disaster Recovery ('DR') Planning and Annual DR Testing which took into consideration climate-related risks (particularly on physical risks).

The Company is committed to making progress and meeting the expectations set by the regulator on climate-related matters, alongside with continuously addressing various social issues to raise the Group's corporate values while contributing to a safe, secure and sustainable future for all its stakeholders.

METRICS AND TARGETS

The Company's Greenhouse Gas (GHG) Scope 1, Scope 2 and Scope 3 emissions (in tCO2eq) are as follows:

GHG EMISSIONS	SOURCE	2022	2023	2024
Scope 1 - Direct emissions	Company-owned vehicles	96.64	103.19	100.67
Scope 2 - Indirect emissions	Electricity Consumption	56.94	45.02	38.72
Scope 3 - Other indirect emissions	Category 1: Purchased goods and services	2,428.12	2,726.29	3,368.02
	Category 3: Fuel & Energy Consumption	329.46	349.35	359.91
	Category 6: Business Travels	1,896.61	2,112.75	2,193.14
	Category 7: Employee Commuting[1]	-	-	1,070.58
	Category 8: Upstream Leased Assets	737.37	800.41	835.89
Total GHG emissions		**5,545.14**	**6,137.01**	**7,966.92**

Note:

[1]The increase in total GHG emissions in 2024 was attributed to an increase in operational expenditure recorded under Category 1, as well as the commencement of Category 7 calculation.

Approach to GHG emissions

The Company's organisational boundary for GHG emissions is defined using the **financial control approach**, ensuring that all GHG emissions arising from our operations are reported independently, in accordance with established reporting methodology.

The Company measures its Greenhouse Gas (GHG) emissions by establishing a GHG inventory in accordance with the following standards:

a) The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard.
b) Corporate Value Chain (Scope 3) Standard.

GHG EMISSION CATEGORY	METHODOLOGY	EMISSION FACTOR
Scope 1: Direct emissions.	• Emissions calculated using the Company-owned vehicles fuel consumption data extracted from petrol card statements.	• Derived from IPCC Guidelines for National Greenhouse Gas Inventories.
Scope 2: Indirect emissions.	• Emissions calculated using actual electricity consumption data of the Company-owned premises arising from the operations of the Company.	• Derived from Grid Emission Factor (GEF) published by the Energy Commission Malaysia.
Scope 3: Other indirect emissions. • Category 1: Purchased goods and services.	• Emissions calculated from the purchase of goods (tangible products) and services (intangible products) that occur in the upstream supply chain using the spend-based method.	• Derived from the US Environmental Protection Agency (EPA). • Conversion from USD to MYR equivalent is based on the annual average end-of-day middle rate published by Bank Negara Malaysia.
• Category 3: Fuel- and energy-related activities not included in Scope 1 or Scope 2.	• Upstream emissions of purchased fuel and electricity that include extraction, production and transportation of fuels consumed by the reporting company. • Upstream emissions of purchased electricity comprise of extraction, production, and	• Fuel upstream emission factors are derived from UK Government GHG Conversion Factors for Company Reporting. • Electricity upstream emission factors are derived from Grid Emission Factor

GHG EMISSION CATEGORY	METHODOLOGY	EMISSION FACTOR
	transportation of fuels consumed in the generation of electricity that is consumed by the reporting company. • Upstream emissions calculated using the average-data method from fuel consumption of the Company-owned vehicles (litres) and electricity consumption from the operations of the Company.	(GEF) published by the Energy Commission Malaysia (Peninsular and Sabah), Sarawak Energy's Annual and Sustainability Report (Sarawak) and Ecoinvent Life Cycle Assessment (LCA).
• Category 6: Business travel.	• Emissions calculated from employee's land travel for business-related purposes on own vehicles based on: o petrol consumed (litres) obtained from the petrol card statements using the fuel-based method. o mileage claims using the distance-based method. o well-to-tank conversion factors to account for the upstream extraction, refining and transportation of the fuel before they are used to power the transport mode.	• Derived from IPCC Guidelines for National Greenhouse Gas Inventories for fuel emission factors. • Derived from UK Government GHG Conversion Factors (DEFRA) for distance-based method and upstream fuel emission factors.

GHG EMISSION CATEGORY	METHODOLOGY	EMISSION FACTOR
• Category 7: Employee commuting.	• Emissions from employees commuting between their homes and worksites using transportation not owned or operated by the Company using distance-based method. • Employee commuting data are gathered through a survey, which captures details such as transportation modes, travel distances, and homeworking hours.	• Derived from UK Government GHG Conversion Factors (DEFRA), EcoAct Homeworking Emissions Whitepaper, and Energy Commission Malaysia Grid Emission Factor.
• Category 8: Upstream Leased Assets.	• Emissions from the operation of assets that are leased by TMIM from a lessor in the reporting year and not already included in the reporting company's Scope 1 and Scope 2 inventories. • Emissions in this category are calculated from the consumption of electricity in branch offices where the buildings are not owned by TMIM.	• The Average Data Method is used to derive GHG emissions from electricity purchased. • Emissions factor: Energy Commission Malaysia Grid Emission Factor.

Protecting customers and society in their times of need has always been the Company's purpose of existence. We remain cognizant of the impact from our business activities on the environment.

Hence, in 2020, the Company relocated its headquarters to Menara Hap Seng 3 as part of our sustainability journey. Menara Hap Seng 3 is a Grade-A office building with Green Building Index (GBI) and LEED Gold certifications that focuses on the efficient usage of resources (energy, water, and materials) while reducing the building's impact on human health and the environment during the building's lifecycle.

As a member of the Tokio Marine Group ('Group'), the Company supports the Group's overarching climate targets commencing from its baseline year 2022, as follows:

(a) aim to reduce GHG (CO2) emissions from the Group's own operations to Net Zero by fiscal year 2050; and

(b) reducing GHG emissions from the Group's business activities by 60% (vs baseline year 2015) by fiscal year 2030.

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