Governance

The MS&AD Insurance Group have established “Our Mission, Our Vision and Our Values” as aspirations that all Group officers and employees should prioritize in all aspects of their work, and we are working to disseminate these aspirations to all of the officers and employees of the Company and Group companies. In addition, we have set corporate governance, compliance, and risk management as priority issues within our Group Medium-Term Management Plan and are making active efforts to promote them.
Outline of the Group

The MS&AD Insurance Group supports the business and life activities of its customers with the all-around capability of its Group companies.

Company Information ➤ Financial and Non-Financial Highlights

- Company Overview
- Organizational Chart
- History

Group Structure ➤ Our Business
Company Overview

MS&AD Insurance Group Holdings, Inc. is the insurance holding company of the new Group formed in April 2010 through the merger of Aioi Insurance Co., Ltd., Nissay Dowa General Insurance Co., Ltd., and Mitsui Sumitomo Insurance Group. The purpose of MS&AD insurance Group is to achieve sustainable growth and to enhance enterprise value through the creation of a world-leading insurance and financial services group that operates globally, by rapidly and significantly improving quality and expanding its operating presence and corporate resources.

<table>
<thead>
<tr>
<th>Corporate Name</th>
<th>MS&amp;AD Insurance Group Holdings, Inc. Abbrev.: MS&amp;AD Holdings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date Established</td>
<td>Apr. 1, 2008 (Name changed in Apr. 1, 2010)</td>
</tr>
<tr>
<td>Headquarters</td>
<td>Tokyo Sumitomo Twin Building (West Tower) 27-2, Shinkawa 2-chome, Chuo-ku, Tokyo, Japan Map</td>
</tr>
<tr>
<td>Representative</td>
<td>Noriyuki Hara, Representative Director, President &amp; CEO</td>
</tr>
<tr>
<td>Paid-in Capital</td>
<td>100,806 million yen (As of July 26, 2022)</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>401 (As of March 31, 2022)</td>
</tr>
<tr>
<td>Business Description</td>
<td>Our activities as an insurance holding company are: 1. Management of non-life and life insurance companies and companies qualified to become subsidiaries under insurance business law. 2. Any business associated with previous body.</td>
</tr>
<tr>
<td>Stock Listing</td>
<td>Tokyo Stock Exchange (Prime Market) Nagoya Stock Exchange (Premier Market)</td>
</tr>
</tbody>
</table>

Related Information

- Corporate Video
- Group Structure
Organizational Chart
History

Background of Group Integration

[Diagram showing the background of group integration with timelines and companies involved.]
# History of Holdings

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 2008</td>
<td>Mitsui Sumitomo Insurance Group Holdings, Inc. is incorporated.</td>
</tr>
<tr>
<td></td>
<td>Mitsui Sumitomo Insurance Group Holdings, Inc. Listed on Tokyo</td>
</tr>
<tr>
<td>September 2009</td>
<td>AiOi Insurance Co., Ltd., Nissay Dowa General Insurance Co., Ltd., and</td>
</tr>
<tr>
<td></td>
<td>Mitsui Sumitomo Insurance Group Holdings, Inc. reach basic agreement on</td>
</tr>
<tr>
<td></td>
<td>business integration.</td>
</tr>
<tr>
<td></td>
<td>In conjunction, announced integration plan, president of the holding company, address, descriptions and corporate name, etc.</td>
</tr>
<tr>
<td>April 2010</td>
<td>Mitsui Sumitomo Insurance Group Holdings, Inc. changed its name to</td>
</tr>
<tr>
<td></td>
<td>MS&amp;AD Insurance Group Holdings, Inc.</td>
</tr>
<tr>
<td>April 2011</td>
<td>MS&amp;AD Insurance Group Holdings, Inc. converted Mitsui Sumitomo MetLife</td>
</tr>
<tr>
<td></td>
<td>Insurance Co., Ltd. into a wholly owned subsidiary and renamed it</td>
</tr>
<tr>
<td></td>
<td>Mitsui Sumitomo Primary Life Insurance Company, Limited</td>
</tr>
</tbody>
</table>

[History of Mitsui Sumitomo Insurance (link to website)](#)
Five Business Domains

Harnessing the distinguishing features of each Group company, every effort is being made to provide a wide range of products and services to address diversifying risks and meet customer needs.

Domestic Non-Life Insurance Business

No. 1 position in the domestic non-life insurance market, making group-wide efforts to comprehensively meet diverse customer needs

**Mitsui Sumitomo Insurance**

**Features** Comprehensive capabilities and global business development
**Products** Product development that creates social value in response to customer needs

**Aioi Nissay Dowa Insurance**

**Features** With a focus on innovation, diversity, close relationships with local communities; striving to become a unique company with its own distinctive character
**Products** Innovative product development as a pioneer in the field of telematics insurance

**Mitsui Direct General Insurance**

**Features** Professional claims handling (accident response) based on smartphones
**Products** Easy-to-understand products and services and reasonable premiums

Domestic Life Insurance Business

Leveraging the distinctive strengths of two group companies in protection-type and asset-building products

**Mitsui Sumitomo Aioi Life Insurance**

**Products** Protection-type products
As Japan increasingly becomes a super-aged society, there is a growing need for medical/nursing care products as well as death benefit and other protection-type products

**Sales channels**
The Group has developed diverse sales channels centered on cross-selling through the agents of the Group’s two core non-life insurance companies, financial institutions, professional life insurance agents and direct sales personnel
[Products] Asset-building and asset-inheritance products
Suitable to the diversification of customer needs as Japan increasingly becomes a super-aged society, asset-inheritance products that can be used for inheritances or living donations and asset-building type insurance products

[Sales channels]
Over-the-counter sales by financial institutions (e.g., banks, securities companies)

International Business
An overseas network covering 49 countries and regions * No. 1 in terms of non-life gross premiums written in the ASEAN region

* Excluding the Cayman Islands, where SLI Cayman Limited (financial services business) is located. (As of April 1, 2020)

Financial Services Business
Leveraging the full range of its capabilities as an insurance and financial services group to provide new financial products and services

Risk-Related Services Business
Creating synergies with the insurance business by deploying global solution services
Group Structure

MS&AD Holdings is a listed holding company with five directly invested Group insurance companies in Japan: Mitsui Sumitomo Insurance Co., Ltd. (MSI), Aioi Nissay Dowa Insurance Co., Ltd. (ADI), Mitsui Direct General Insurance Co., Ltd. (Mitsui Direct), Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (MSI Aioi Life) and Mitsui Sumitomo Primary Life Insurance Co., Ltd. (MSI Primary Life); and eight affiliated operating companies: MS&AD InterRisk Research Institute & Consulting, Inc., MS&AD Business Support Co., Ltd., MS&AD Staffing Service Co., Ltd., MS&AD Systems Co., Ltd., MS&AD Business Service Co., Ltd., MS&AD GRAND ASSISTANCE Co., Ltd., MS&AD ABILITYWORKS Co., Ltd., and MS&AD VENTURES INC.

MS&AD Insurance Group Holdings, Inc.

**MITSUI SUMITOMO INSURANCE CO., LTD. (MSI)**

Responsible for non-life insurance business, which is a core business of the MS&AD Insurance Group, MSI is exercising its comprehensive capabilities to offer insurance and financial services business globally.

- Outline

**AIIO NISSAY DOWA INSURANCE CO., LTD. (ADI)**

Responsible for non-life insurance business, which is a core business of the MS&AD Insurance Group, ADI is leveraging its strong relationships with the Toyota Group and the Nippon Life Group and engaging in business based on close relationships with local communities.

- Outline

**MITSUI DIRECT GENERAL INSURANCE CO., LTD. (Mitsui Direct General)**

Mitsui Direct General is a non-life insurance company that specializes in directly selling personal voluntary automobile insurance to customers via the Internet and phone calls.

- Outline
MITSUI SUMITOMO AIOI LIFE INSURANCE CO., LTD. (MSI Aioi Life)

MSI Aioi Life is a life insurance company that offers protection-type life insurance products, while leveraging the Group’s marketing network and customer base. The company is realizing a growth model that involves a combination of strategies to utilize unique marketing channels.

Outline

MITSUI SUMITOMO PRIMARY LIFE INSURANCE CO., LTD. (MSI Primary Life)

Specializing in the over-the-countersales via financial institutions, MSI Primary Life is a life insurance company that offers asset-building products centered on individual annuity insurance and whole life insurance.

Outline

Directly Invested Affiliated Operating Companies

MS&AD InterRisk Research & Consulting, Inc.

MS&AD InterRisk Research & Consulting is one of the major risk consulting companies in Japan. It provides companies and government entities with consulting, risk survey, research and investigation, information provision and other services related to diverse kinds of risks.

With overseas bases in Singapore, Thailand, and China, the company is seeking to provide risk solutions throughout the world.

Outline

MS&AD Business Support Co., Ltd.

MS&AD Business Support provides the MS&AD Insurance Group with such infrastructure support as printing and logistics and also provides employee welfare services and real estate management services, etc.

Outline
MS&AD Staffing Service Co., Ltd.

As the MS&AD Insurance Group's comprehensive human resource company, MS&AD Staffing Service provides each Group company with human resource services and also dispatches and introduces staff to insurance agencies and other customers.

Outline

MS&AD Systems Co., Ltd.

MS&AD Systems supports each MS&AD Insurance Group company by taking responsibility for information systems strategy and by planning, designing, developing, and operating information systems.

Outline

MS&AD Business Service Co., Ltd.

MS&AD Business Service delivers contract administration services, services related to data entry, the creation of documents and forms, and other services to MS&AD Insurance Group companies.

Outline

MS&AD GRAND ASSISTANCE Co., Ltd.

As a top-quality call center specializing in assistance services, MS&AD GRAND ASSISTANCE provides such support services as roadside assistance, home assistance and overseas medical assistance.

Outline
MS&AD AbilityWorks Co., Ltd.

MS&AD Insurance Group is promoting diversity & inclusion by creating a working environment where employees with disabilities can fully utilize their potential and competence.

Outline

MS&AD Ventures Inc.

MS&AD Ventures Inc. is a corporate venture capital firm. It seeks to invest in startups that may lead to new business models and technologies, enabling MS&AD Insurance Group to establish a competitive advantage as an innovation leader across different markets and global territories.

Outline
Corporate Governance

- Basic Policies on Corporate Governance
- Corporate Governance Stance
- Supervision System (Board of Directors)
- Support Systems for Outside Directors and Outside Audit & Supervisory Board Members
- Auditing
- Nomination and Remuneration
- Remuneration Committee
- Criteria for the Selection and Independence of Outside Directors and Outside Audit & Supervisory Board Members
- Appointment of Outside Directors and Outside Audit & Supervisory Board Members and Related Matters

Our group aims for a “resilient and sustainable society” by 2030, and is working to achieve this through corporate activities that create “stories of value creation.”

As a management foundation to support this, we will implement transparent and highly effective corporate governance in our medium-term management plan (2022 -2025).

- Basic Policies on Corporate Governance
- Responses to the Corporate Governance Code
- Internal Control
- Internal Control Systems
- Corporate Governance Report (last update : November 18, 2022) (1.906KB)

Basic Policies on Corporate Governance

- In line with its Corporate Philosophy (Mission), MS&AD, as a holding company overseeing all group businesses, has established a management framework that ensures transparent, fair, swift and decisive decision-making that takes into account the standpoint of all stakeholders. The Company's objectives are to sustain stability and consistent growth over the long term by using corporate resources efficiently and managing risks properly and ultimately, to further increase enterprise value.

- To this end, the “MS&AD Insurance Group Corporate Philosophy (Mission), Corporate Vision, and Values” were formulated as something all officers and employees of the Group should adhere to in all situations. In addition to working to disseminate these principles among all officers and employees of the Company and its Group companies, corporate governance, compliance, and risk management are positioned as important management issues in the medium-term management plan, and efforts shall be made to actively promote that plan.

※There is a movement to set “Purpose” as an expression of the raison d’etre of a company separate from the management philosophy. However, because our group's Management Philosophy (Mission), which expresses the raison d’etre of a company in a simple and easy to understand manner, has already permeated throughout the Group, our group has determined that “Purpose” is the same as the Management Philosophy.
Corporate Governance Stance

- As a company with an Audit & Supervisory Board, the Company will endeavor to improve governance by ensuring that independently appointed Audit & Supervisory Board Members appropriately act in their auditing functions, in addition to ensuring that the Board of Directors appropriately acts in its oversight functions, while strengthening the functions of each and actively disclosing information.
- The Company has formed the Governance Committee (made up of all outside directors, the Chairman of the Board, the Vice Chairman of the Board and the President) in addition to the Nomination Committee and Remuneration Committee (a majority of the members and a chairperson each have been appointed from among the Outside Directors) as internal committees of the Board of Directors, thus building a highly effective and transparent corporate governance system.
- The Company has introduced an executive officer system and is proceeding to delegate authority over business execution to these executive officers to ensure swift execution.

Management Structure of MS&AD Insurance Group Holdings, Inc.

Supervision System (Board of Directors)

Role of the Board of Directors

- In addition to matters specified by law and the Articles of Incorporation, the Board of Directors discusses and decides upon important matters involving Group management strategy and corporate management, including the Group's management policies, management strategies and capital policy, in addition to overseeing the duties of directors and executive officers.
- The Board of Directors allocates management resources according to risk appetite controlled with a balance of risk, return and capital, and aims to increase enterprise value in the medium-to-long term by achieving sustainable growth and improvement in earnings and capital efficiency with a foundation of soundness.
- In addition to appointing executive officers, the Board of Directors aims to separate management decision making and oversight by the Board of Directors from business execution by executive officers by clarifying their respective roles.
- Executive officers are responsible for executing business in the respective areas of business entrusted to them by the Board of Directors, and report on the status of business execution to the Board of Directors.

Composition of the Board of Directors

Composition of the Board of Directors
More than one-third of the Board of Directors which has eleven members (eight men and three women) are nominated as Outside Directors to incorporate perspectives independent from management, strengthen monitoring and oversight functions, and conduct highly transparent management. As shown below, we are striving to ensure diversity including gender, race, and nationality, while considering the balance of knowledge, experience and abilities of the Board of Directors as a whole. Please refer to Policies on the Board of Directors’ Overall Balance of Expertise, Experience, Capabilities, Diversity, and Scale below.
Expected Roles of Outside Directors

Outside Directors are expected to perform the following roles:

- Provision of advice from a broad perspective on management policies and management improvement based on their knowledge and experience, with the aim of promoting sustainable corporate growth and increasing enterprise value over the medium-to-long term
- Supervising of management through important decision making at the board level
- Monitoring of conflicts of interest between the Company and related parties such as management* and/or major shareholders
- Realizing supervising from a standpoint independent of management by fulfilling accountability for stakeholders, including shareholders

* Collectively refers to the directors, Audit & Supervisory Board Members, and executive officers of the Company and domestic insurance companies in the Group in which the Company has a direct investment.

Committees Comprised Mainly of Outside Directors / Providing Opportunities for Opinion Exchanges

Aiming to enable Outside Directors to engage freely in constructive discussions and opinion exchanges, we have formed the following committee and meetings.

- Governance Committee (meets about twice a year)
- Outside Directors Council
- Outside Directors and Outside Audit & Supervisory Board Members Joint Council

Support Systems for Outside Directors and Outside Audit & Supervisory Board Members

Support for the activities of the Outside Directors is provided by the Corporate Planning Department, and support for the Outside Audit & Supervisory Board Members is supplied by the Internal Audit Department. The agenda for the Board of Directors’ Meetings is explained to the Outside Directors and Outside Audit & Supervisory Board Members in advance of the meetings by the Corporate Planning Department, which acts as the secretariat for the Board of Directors. In addition, information, such as important risk information, is reported on an ongoing basis to all Directors and Audit & Supervisory Board Members, internal and external.

Support Systems for Directors and Audit & Supervisory Board Members / Training Policy

The Company has the following systems in place as required for Directors and Audit & Supervisory Board Members to effectively fulfill their roles and responsibilities:
1. The Company has assigned a person in the secretariat of the Board of Directors to each of the Outside Directors and Outside Audit & Supervisory Board Members (hereinafter referred to as “Outside Officers”) to provide support in areas such as providing briefings in advance.

2. The Company has established a system for ongoing provision of information and training at the time of appointment and during the term of Directors and Audit & Supervisory Board Members.

3. The Company provides appropriate opportunities for Outside Officers to share information and exchange opinions with management and senior employees.

4. The Company bears the expenses required to enable Outside Officers to fulfill their roles.

Evaluation of Board of Directors Effectiveness and the Analysis Process

<table>
<thead>
<tr>
<th>Analysis and evaluation process</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Questionnaires conducted for Directors’self-evaluation and its summary</td>
</tr>
<tr>
<td>‣ A questionnaire consisting of 12 questions (concerning the roles and responsibilities of the Board of Directors, its operation, etc.) was distributed to each Director in advance and the secretariat conducted an interview with each Director based on the questionnaire*.</td>
</tr>
<tr>
<td>*Excluding the Chairman &amp; Director, the Vice Chairman &amp; Director, and the President &amp; Director</td>
</tr>
<tr>
<td>‣ Evaluation responses mainly focused on whether or not Directors had carried out initiatives to enhance the effectiveness of the Board of Directors in accordance with the improvement measures (measures for improving capabilities in FY2021) that had been formulated based on the evaluation of the Board of Directors in FY2020.</td>
</tr>
</tbody>
</table>

| (2) Exchange of opinions at the Outside Director Council |
| ‣ At a meeting of the Outside Director Council (consisting of all the Outside Directors), Outside Directors exchanged opinions about analysis and evaluation based on the results of the questionnaire. |

| (3) Analysis and evaluation by the Governance Committee and formulation of measures for improving capabilities |
| ‣ The Governance Committee (consisting of all the Outside Directors, the Chairman & Director, the Vice Chairman & Director, and the President & Director) conducted analysis and evaluation, also taking into account the results of exchanges of opinion at the Outside Director Council and formulated this as measures for improving capabilities in FY2022. |

| (4) Measures for improving capabilities in FY2022 include rapid start and strengthening of initiatives and operation of a PDCA cycle for improving effectiveness |
## Summary of the Results of Analysis and Evaluation

Taking into consideration factors such as the content of deliberations at meetings of the Board of Directors, the fulfillment of functions by the Board of Directors, its operation, and efforts to train and provide information to Outside Officers in FY2021, the results were as follows.

<table>
<thead>
<tr>
<th>FY2021 initiatives and Board of Directors' evaluation result</th>
<th>FY2022 capability improvement measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Constructive discussions were conducted aiming to improve corporate value over the medium to long term, including growth strategies taking into account the environment surrounding the Company and other factors, with a view to formulating the next medium-term management plan. In the discussions, active use was made of meetings outside of the Board of Directors (Outside Officers Study Sessions, etc.)</td>
<td>• Expand opportunities for Outside Officers to talk with management teams of overseas subsidiaries in order to grasp the potential risks at outside subsidiaries.</td>
</tr>
<tr>
<td>• In regard to sustainability initiatives, the content of initiatives related to climate change risk was proactively disclosed and communicated, including reporting aligned with TCFD.</td>
<td>• Provide opportunities for Outside Officers to observed operating companies and opportunities for them to talk directly with operating company members.</td>
</tr>
<tr>
<td>• Sufficient explanation was provided regarding the investment objectives and risks, particularly around overseas business investments, and in-depth discussions and examinations were conducted.</td>
<td>• Provide opportunities for free exchanges of opinion between Outside Officers and small groups of Executive Officers.</td>
</tr>
<tr>
<td>• An atmosphere that allows free and direct discussion has been fostered in the Board of Directors, and frank discussions were held, mainly on important proposals.</td>
<td></td>
</tr>
<tr>
<td>• By holding all types of meetings in online format, it became difficult to have informal exchanges of opinions among fellow Outside Officers and with Inside Officers. Developing a picture of Inside Officers and understanding their thinking requires provision of opportunities to exchange opinions with Inside Officers in small groups.</td>
<td></td>
</tr>
</tbody>
</table>

※Our company will exchange opinions with third-party organizations regarding the results of the "Analysis and Evaluation of the Effectiveness of the Board of Directors" for fiscal 2021. The results will be reflected in our efforts in fiscal 2022.

### Auditing

#### Audit & Supervisory Board Members and Audit & Supervisory Board

1. Responsibilities of Audit & Supervisory Board Members
   
   As an independent entity entrusted with authority by the shareholders, the Audit & Supervisory Board Members are responsible for ensuring the sound and sustainable growth of the Company, and establishing good corporate governance in response to the public trust by supervising the performance of duties of the Directors.

2. Authority and Roles of Audit & Supervisory Board Members
   
   Each Audit & Supervisory Board Member shall appropriately exercise his/her legal investigating authority, including the authority to audit operations and assets, and supervises the performance of duties of the Directors by attending meetings of the Board of Directors and other important meetings, viewing important approval documents, investigating departments within the Company, and investigating subsidiaries in accordance with the auditing policies and plans stipulated by the Audit & Supervisory Board.

3. Composition and Roles of the Audit & Supervisory Board
   
   • The Audit & Supervisory Board comprises two Audit & Supervisory Board Members (Full-time) and two Outside Audit & Supervisory Board Members, for a total of four members (two men and two women). Candidates for Audit & Supervisory Board Member are nominated by the Board of Directors with the approval of the Audit & Supervisory Board, based on the "Criteria for the Selection of Director Candidates and Audit & Supervisory Board Member Candidates".
   
   • The Audit & Supervisory Board receives reports from Audit & Supervisory Board Members on the status of performance of duties and reports from officers and employees on important matters related to auditing, and also makes decisions regarding auditing policies and auditing plans.
Internal Auditing

- The Company has established the “MS&AD Insurance Group Basic Policy for Internal Audits.” Under this basic policy, the Company and domestic Group insurance companies have formed the Internal Audit Department that acts as an independent body with auditing functions.
- The Company’s Internal Audit Department has been established as an organization to report directly to the Board of Directors. The General Manager of the Internal Audit Department (General Manager of the Audit Department) shall report important matters that have been discovered as a result of internal audits of the Company and domestic Group insurance companies to the Board of Directors and the Group Management Committee. In addition, the Internal Audit Department cooperates with auditing conducted by the Audit & Supervisory Board Members.

Accounting Auditors

- The Company has appointed KPMG AZSA LLC as its independent audit corporation. Please note that there are no special conflicts of interest between this company and MS&AD Holdings.
- The Board of Directors and the Audit & Supervisory Board endeavor to take appropriate action to ensure adequate auditing by the Accounting Auditors.
- The Audit & Supervisory Board makes decisions regarding proposals submitted to the General Shareholders’ Meeting on the appointment or dismissal of Accounting Auditors. It also has the right to consent to decisions regarding remuneration of the Accounting Auditors.
- The Audit & Supervisory Board prepares criteria for appropriately selecting and evaluating Accounting Auditor. To promote appropriate accounting by the Accounting Auditors, measures are taken to confirm the independence, specialist capabilities, and other requisite characteristics of the Accounting Auditors.

### Accounting Auditor Remuneration

<table>
<thead>
<tr>
<th>Scope</th>
<th>FY2020</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Compensation for audit services</td>
<td>Compensation for non-audit services</td>
</tr>
<tr>
<td>The Company</td>
<td>92</td>
<td>0</td>
</tr>
<tr>
<td>Consolidated</td>
<td>588</td>
<td>3</td>
</tr>
<tr>
<td>subsidiaries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>680</td>
<td>3</td>
</tr>
</tbody>
</table>

* Non-audit operations at our company are compliance support operations. Non-audit operations of consolidated subsidiaries include the preparation of comfort letters.
Nomination and Remuneration

For the purpose of maintaining high transparency, the Company has formed the Nomination Committee and Remuneration Committee as internal committees of the Board of Directors. Please note that these two committees comprise eight members each, and the chairpersons and other members are appointed from among members of the Board of Directors. With respect to each of the two committees, a majority of the members and the chairperson have been appointed from among the Outside Directors.

Nomination Committee (Nomination Process)

- The Nomination Committee deliberates on major management personnel matters and provides advice on these matters to the Board of Directors. Such matters include the selection of candidates for the positions of Director, Audit & Supervisory Board Member, and Executive Officer of the Company as well as the selection of Directors and Audit & Supervisory Board Members for domestic insurance companies in which the Company has direct investments.
- With respect to the evaluation of candidates for Director and candidates for Executive Officer, evaluation items include performance evaluations (corporate performance and personal performance) and other items.
- The Board of Directors appoints candidates for Director as well as candidates for Audit & Supervisory Board Member and Executive Officers based on advice from the Nomination Committee. The consent of the Audit & Supervisory Board must be obtained for candidates for Audit & Supervisory Board Member. In fiscal 2022, the Committee has eight members made up of all five outside directors, the Chairman of the Board and the President.
- From the perspective of making effective discussions to strengthen corporate governance at the Nomination Committee, policy for selecting candidates for Directors and Audit & Supervisory Board Members is added to the deliberation items. It has been clarified that the Nomination Committee shall meet about twice a year.
- In fiscal 2021, the Nomination Committee met six times, and held a discussion on the candidates for outside directors etc.

Remuneration Committee

- This committee advises the Board of Directors regarding the remuneration of Directors and Executive Officers of the Company as well as the remuneration systems for management of domestic insurance companies in which the Company has direct investments.
- From the perspective of making effective discussions to strengthen corporate governance at the Remuneration Committee, policy for remuneration of Directors and Executive Officers is added to the deliberation items. It has been clarified that the Remuneration Committee shall meet about twice a year.
- In fiscal 2021, the Remuneration Committee met one times.

Policies for determining the content of individual remuneration for Directors, etc.

The Board of Directors of the Company passed the following resolution on policies for determining the content of individual remuneration for Directors, etc. at its meetings held on February 14, 2019, May 20, 2019 and May 20, 2021 after deliberation by the Remuneration Committee of which a majority of the members are Outside Directors.

a. Basic policy
   - The purpose is to strengthen governance and enhance the medium- to long-term corporate value of the Group.
   - The officer remuneration system shall function as an appropriate incentive for sustainable growth, linking with the business performance of the Company.
   - The level of remuneration shall be competitive as a global company.
b. Decision process
(a) Remuneration for Directors
   • To ensure transparency, it shall be decided by resolution of the Board of Directors after deliberation by the Remuneration Committee, of which a majority of the members are Outside Directors, within a range determined by resolution of the Shareholders Meeting.
   • The Remuneration Committee provides advice to the Board of Directors on the amount of remuneration for Directors and policies regarding decisions on the determination of officer remuneration.
   • The Board of Directors respects the advice of the Remuneration Committee to the maximum possible extent. And the amount of remuneration is determined after confirmation that it is in line with the remuneration system established by resolution of the Board of Directors.

Furthermore, the Board of Directors has confirmed that, in regard to the individual remuneration of Directors for the relevant fiscal year, the advice of the Remuneration Committee has been respected to the maximum possible extent and it is in line with the remuneration system established by resolution of the Board of Directors. The Board of Directors has therefore judged that it is in line with this basic policy for determining the remuneration of Directors.

(b) Remuneration for Audit & Supervisory Board Members
   • It shall be decided by discussion among Audit & Supervisory Board Members within a range determined by resolution of the Shareholders Meeting, taking into consideration full-time/part-time, audit operation assignment, the details and level of Directors’ remuneration.

(c. Overview of remuneration
(a) Composition of remuneration

<table>
<thead>
<tr>
<th></th>
<th>Fixed remuneration</th>
<th>Performance-linked remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Monetary remuneration</td>
<td>Stock-based remuneration</td>
</tr>
<tr>
<td>Directors (excluding Outside Directors)</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Outside Directors</td>
<td>○</td>
<td>—</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Members</td>
<td>○</td>
<td>—</td>
</tr>
</tbody>
</table>

• Composed of fixed remuneration and performance-linked remuneration. Outside Directors and Audit & Supervisory Board Members shall be provided only fixed remuneration.
• Fixed remuneration is determined in accordance with officers’ position.
• Performance-linked remuneration is determined based on business performance.
• Performance-linked remuneration is composed of monetary remuneration and stock-based remuneration.
• Fixed remuneration is paid on a monthly basis, and performance-linked remuneration is paid after the end of each fiscal year.
• The standard proportions of the components of officer remuneration differ depending on the officer’s position, as shown below. (This excludes Outside Directors and Audit & Supervisory Board Members.)

<President & Director>
The proportion of performance-linked remuneration is higher than for other positions.
(Standard ratios)

<table>
<thead>
<tr>
<th>[Fixed remuneration]</th>
<th>[Performance-linked remuneration]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Monetary remuneration</td>
</tr>
<tr>
<td>50%</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>Stock-based remuneration</td>
</tr>
<tr>
<td></td>
<td>25%</td>
</tr>
</tbody>
</table>
<Other positions>
The composition is such that the proportions of fixed remuneration and performance-linked remuneration differ depending on the officer’s position.

(Standard ratios)

<table>
<thead>
<tr>
<th>[Fixed remuneration]</th>
<th>[Performance-linked remuneration]</th>
<th>[Performance-linked remuneration]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approx. 60% - approx. 70%</td>
<td>Monetary remuneration Approx. 20%</td>
<td>Stock-based remuneration Approx. 10% - approx. 20%</td>
</tr>
</tbody>
</table>

(b) Contents of stock-based remuneration

- Restricted stock shall be provided as stock-based remuneration and in principle, the Transfer Restrictions shall be released upon retirement of the related Director.
- If it is found that a Director was involved in a fraudulent act while in office, the Company acquires the restricted stock for free during the Transfer Restriction Period or the Director is made to return it after the transfer restriction is released. (Malus Clawback Clause)

<table>
<thead>
<tr>
<th>Overview of restricted stock remuneration plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible Directors</td>
</tr>
<tr>
<td>Amount of monetary remuneration to be provided (maximum)</td>
</tr>
<tr>
<td>Type of shares to be allotted</td>
</tr>
<tr>
<td>Number of shares to be allotted (maximum)</td>
</tr>
<tr>
<td>Transfer restricted period</td>
</tr>
</tbody>
</table>

d. Key performance indicators pertaining to performance-linked remuneration

- Performance-linked remuneration shall be linked with the business performance of the Company and determined based on financial and non-financial indicators.
- Financial and non-financial indicators have been selected after taking into consideration the Group’s Medium-Term Management Plan, “Vision 2021,” and the details of indicators and reasons for their selection are as follows.

(a) Financial indicators

- Financial indicators are indicators that are used to reflect business performance in a single fiscal year in officer remuneration.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Reasons for selection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Adjusted Profit (^{*1})</td>
<td>These indicators have been selected based on the fact that Group Adjusted Profit and Group Adjusted ROE are given as numerical targets in the Group Medium-Term Management Plan, “Vision 2021,” as well as the fact that Consolidated Net Income is a key indicator of business performance for the Group.</td>
</tr>
<tr>
<td>Consolidated Net Income</td>
<td></td>
</tr>
<tr>
<td>Group Adjusted ROE (^{*2})</td>
<td></td>
</tr>
</tbody>
</table>

\(^{*1}\): Group Adjusted Profit
Consolidated net income + provision for catastrophe loss reserve and others – other incidental factors (amortization of goodwill and other intangible fixed assets, and others) + equity in earnings of the non-consolidated group companies

\(^{*2}\): Group Adjusted ROE
Group Adjusted Profit ÷ average of beginning and ending amounts on BS of adjusted net assets (consolidated net assets + catastrophe reserves, and others – goodwill and other intangible fixed assets)
(b) Non-financial indicators
- Non-financial indicators are indicators that are used to reflect initiatives contributing to medium- to long-term business performance in officer remuneration.

<table>
<thead>
<tr>
<th>Evaluation item</th>
<th>Reasons for selection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key sustainability issues</td>
<td>These indicators have been selected as non-financial evaluation items in order to ensure that, under the “key sustainability issues” raised in “Vision 2021,” officers contribute to the creation of “quality that earns the trust of society” and “management platforms that enable employees to play active roles,” as well as to create shared value with society.</td>
</tr>
<tr>
<td>Deal with new risks</td>
<td></td>
</tr>
<tr>
<td>Create comfortable mobility society without accidents</td>
<td></td>
</tr>
<tr>
<td>Strive for resilient community development</td>
<td></td>
</tr>
<tr>
<td>Support “good health and longevity”</td>
<td></td>
</tr>
<tr>
<td>Contribute to climate change mitigation and adaptation</td>
<td></td>
</tr>
<tr>
<td>Strive to improve sustainability of natural capital</td>
<td></td>
</tr>
<tr>
<td>Work toward realization of “leaving no one behind”</td>
<td></td>
</tr>
<tr>
<td>Quality that earns the trust of society</td>
<td></td>
</tr>
<tr>
<td>Management platforms that enable employees to play active roles</td>
<td></td>
</tr>
<tr>
<td>Pursue the Group’s comprehensive strengths</td>
<td></td>
</tr>
<tr>
<td>Promote digitalization</td>
<td></td>
</tr>
<tr>
<td>Reform portfolio</td>
<td></td>
</tr>
</tbody>
</table>

(c) Application methods for financial and non-financial indicators
- The standard ratio between financial and non-financial indicators used in the calculation of performance-linked remuneration shall be “50:50.”
- The application coefficients for financial and non-financial indicators shall vary within ranges of 0 to 3.0 and 0.5 to 1.5, respectively, with 1.0 as the standard.
- The monetary remuneration and stock-based remuneration components of performance-linked remuneration shall each be calculated as follows, based on standard amounts for each position.

Monetary remuneration:  Standard amount per position × business performance coefficient (financial indicators × 80% + non-financial indicators × 20%)

Stock-based remuneration: Standard amount per position × business performance coefficient (financial indicators × 20% + non-financial indicators × 80%)
- Monetary remuneration is structured such that it more strongly reflects business performance in a single fiscal year, by having a higher ratio for financial indicators than non-financial indicators.
- Stock-based remuneration is structured such that it more strongly reflects an evaluation of initiatives contributing to the enhancement of corporate value over the medium- to long-term, by having a higher ratio for non-financial indicators than financial indicators.

(d) Actual financial and non-financial indicators in the fiscal year under review

<table>
<thead>
<tr>
<th>&lt;Financial indicators&gt;</th>
<th>Actual</th>
<th>Target</th>
<th>Vs. target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Adjusted Profit</td>
<td>¥347.1 billion</td>
<td>¥315.5 billion</td>
<td>110.0%</td>
</tr>
<tr>
<td>Consolidated Net Income</td>
<td>¥262.7 billion</td>
<td>¥232.1 billion</td>
<td>113.2%</td>
</tr>
<tr>
<td>Group Adjusted ROE</td>
<td>9.5%</td>
<td>8.5%</td>
<td>1.0 point</td>
</tr>
</tbody>
</table>
<Non-financial Indicators>

<table>
<thead>
<tr>
<th>Evaluation item</th>
<th>Results of evaluation</th>
</tr>
</thead>
</table>
| Sustainability    | As a result of evaluation based mainly on the following points, performance is evaluated to be at a standard level:  
  - Development and provision of products and services that correspond to new risks and businesses  
  - Development and provision of products and services that contribute to safe driving and the prevention of accidents  
  - Customer satisfaction, etc.                                                                                                                                 |
| Key Strategies    | As a result of evaluation based mainly on the following points, performance is evaluated to be at a standard level:  
  - Promotion of synergy initiatives (products, claim services, etc.) that capitalize on the knowhow of group companies  
  - Progress in digitalization initiatives  
  - Portfolio transformation, etc.                                                                                                                                 |

**e. Resolutions related to officer remuneration at the Shareholders Meeting**

**<Remuneration of Directors:>**

Shareholders Meeting held on June 25, 2018 [10th Annual Shareholders Meeting] Resolved that the maximum amount of remuneration of Directors in total (exclusive of wages as an employee payable to a Director also serving as an employee) shall be 500 million yen per year (of which remuneration for Outside Directors shall be no more than 100 million yen per year). The number of Directors was twelve (12) (including five (5) Outside Directors) as at the close of the Annual Shareholders Meeting.

Shareholders Meeting held on June 24, 2019 [11th Annual Shareholders Meeting] Resolved to introduce a new restricted stock remuneration plan with delayed delivery and that at the total amount of monetary remuneration receivables to be paid for the allotment of restricted stock to Directors other than Outside Directors shall be up to 200 million yen per year. The number of Directors other than Outside Directors was seven (7) as at the close of the Annual Shareholders Meeting.

**<Remuneration of Audit & Supervisory Board Members>**

Shareholders Meeting held on June 25, 2009 [1st Annual Shareholders Meeting] Resolved that remuneration shall be up to 110 million yen per year. The number of Audit & Supervisory Board Members was four (4) as at the close of the Annual Shareholders Meeting.

**Performance-Based Remuneration**

- The Company has introduced performance-based remuneration (linked to corporate and personal performance) into its corporate officer remuneration system.
- In order to realize a director remuneration system functioning as an appropriate incentive for improving linkage between director remuneration and business performance and achieving sustainable growth for the purpose of strengthening governance and increasing medium term corporate value of the Group, the Company has introduced a restricted stock remuneration plan for Directors (excluding Outside Directors). The plan involves granting treasury stock or new stock (allotment of restricted stock) by replacing a portion of the Company’s performance-based monetary remuneration with monetary remuneration receivables provided by means of contribution in kind.
- The Company introduced the same system as mentioned above and granted treasury stock or new stock (allotment of restricted stock) to the Company’s executive officers and the Directors (excluding Outside Directors) and Executive Officers of Group domestic insurance companies in which the Company has direct investments, by replacing a portion of the Company’s performance-based monetary remuneration with monetary remuneration receivables provided by means of contribution in kind.

**Directors’ and Audit & Supervisory Board Members’ Remuneration**

We disclose the total amounts of remuneration to all Directors and to all Audit & Supervisory Board Members according to the category (Directors/Audit & Supervisory Board Members) and according to the types of remuneration. We also disclose total amounts of consolidated remuneration to officers amounting to 100 million yen or more.
Total Amount of Remuneration by Directors/Audit & Supervisory Board Members Category, and the Number of Recipients (fiscal 2021)

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>Total Remuneration (¥ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors (excluding Outside Directors)</td>
<td>8</td>
<td>330</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Members (excluding Outside Audit &amp; Supervisory Board Members)</td>
<td>3</td>
<td>56</td>
</tr>
<tr>
<td>Outside Directors/Audit &amp; Supervisory Board Members</td>
<td>6</td>
<td>81</td>
</tr>
</tbody>
</table>

Persons with consolidated Remuneration (including remuneration for corporate officer posts at main subsidiaries, etc.) of ¥100 Million or More (fiscal 2021)

<table>
<thead>
<tr>
<th>Name</th>
<th>Corporate Officer Posts</th>
<th>Company</th>
<th>Total consolidated remuneration, etc. (¥ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yasuyoshi Karasawa</td>
<td>Director</td>
<td>The Company</td>
<td>123</td>
</tr>
<tr>
<td></td>
<td>Director</td>
<td>MSI</td>
<td></td>
</tr>
<tr>
<td>Yasutos Kanasugi</td>
<td>Director</td>
<td>The Company</td>
<td>122</td>
</tr>
<tr>
<td></td>
<td>Director</td>
<td>ADI</td>
<td></td>
</tr>
<tr>
<td>Noriyuki Hara</td>
<td>Director</td>
<td>The Company</td>
<td>133</td>
</tr>
<tr>
<td></td>
<td>Director</td>
<td>MSI</td>
<td></td>
</tr>
</tbody>
</table>

Our company has established the Guidelines for Ownership of Treasury Shares in order to enhance corporate value over the medium to long term by encouraging directors and executive officers (excluding outside officers) to own treasury stock and further raising the motivation and morale of directors and executive officers.
Criteria for the Selection and Independence of Outside Directors and Outside Audit & Supervisory Board Members

1. Policies on the Board of Directors’ Overall Balance of Expertise, Experience, Capabilities, Diversity, and Scale

- Five of the eleven Directors (eight men and three women) and two of the four Audit & Supervisory Board Members (2 men and 2 women) have been appointed from outside the Company to incorporate perspectives independent from management, strengthen monitoring and oversight functions, and conduct highly transparent management. Please note that there are no concerns that the interests of these Outside Directors and Outside Audit & Supervisory Board Members of the various companies will be in conflict, in terms of human, capital, transactions, or other relationships, with the interests of shareholders in general. These Directors and Audit & Supervisory Board Members are independent, and their names as independent outside officers have been filed with the Tokyo Stock Exchange Co., Ltd., and Nagoya Stock Exchange Co., Ltd.
- Outside Director candidates must satisfy the eligibility requirements as defined in the Companies Act and the Insurance Business Act. In addition, with the goal of selecting candidates able to accurately and fairly supervise the overall management of insurance companies, candidates are selected based on consideration of specialized expertise such as that stemming from experience working as a general business company corporate officer, government administration officer, lawyer, and academic as well as specialized expertise regarding social, cultural, and consumer issues.
- Director candidates other than Outside Director candidates must meet legal eligibility requirements. In addition, with the goal of selecting candidates able to accurately and fairly supervise the overall management of insurance companies, candidates are selected based on consideration of specialized expertise, such as that stemming from extensive experience working as a manager in an insurance company as well as on consideration of varied experience, highly specialized experience, and the ability to exercise leadership in accordance with the Company’s corporate philosophy.
- At least one candidate for Audit & Supervisory Board Member must have sufficient knowledge of accounting or finance.

2. Criteria for the Selection of Director Candidates and Audit & Supervisory Board Member Candidates and Criteria for Determining the Independence of Outside Corporate Officers

- Outside Director candidates must satisfy the eligibility requirements as defined in the Companies Act and the Insurance Business Act. In addition, with the goal of selecting candidates able to accurately and fairly supervise the overall management of insurance companies, candidates are selected based on consideration of specialized expertise such as that stemming from experience working as a finance-related government administration officer, general business company corporate officer, lawyer, and academic as well as specialized expertise regarding social, cultural, and consumer issues.
- Director candidates other than Outside Director candidates must meet legal eligibility requirements. In addition, with the goal of selecting candidates able to accurately and fairly supervise the overall management of insurance companies, candidates are selected based on consideration of specialized expertise, such as that stemming from extensive experience working as a manager in an insurance company as well as on consideration of varied experience, highly specialized experience, and the ability to exercise leadership in accordance with the Company’s corporate philosophy.
- In addition, the Company has instituted the “Criteria for the Selection of Director Candidates and Audit & Supervisory Board Member Candidates” below. The determination of “independence” when selecting Outside Director candidates is undertaken in accordance with the criteria described in section “1. (3) Independence” below.
Criteria for the Selection of Director Candidates and Audit & Supervisory Board Member Candidates

1. Outside director candidates and outside Audit & Supervisory Board Member candidates

Candidates must meet the following requirements.

- Must not be disqualified from serving as a director or Audit & Supervisory Board Member pursuant to the Companies Act.
- Must not be disqualified from serving as a director or Audit & Supervisory Board Member of an insurance holding company pursuant to the Insurance Business Act.
- Must have a sufficient level of public credibility.
- An outside Audit & Supervisory Board Member must satisfy the eligibility requirements for an Audit & Supervisory Board Member pursuant to the Insurance Business Act.

Additionally, candidates must satisfy the following three requirements.

(1) Eligibility

A candidate must have the qualities listed below that are necessary to monitor the overall management of the company and provide advice, based on a general knowledge of company management and a basic understanding of the roles of the directors and board of directors.

- Ability to discern facts from materials and reports
- Capability to detect problems and risks and apply own knowledge to solve them
- Capacity to appropriately monitor business strategy and provide advice
- Mental independence to openly question, debate, re-examine, continuously deliberate, and propose ideas in opposition to a resolution

(2) Expertise

Must have knowledge in a specialized field such as management, accounting, finance, law, administration, or social/cultural affairs, and have a record of achievement in that field.

(3) Dependence

The following persons are ineligible.


[2] A director or Audit & Supervisory Board Member of a subsidiary of the Company.

[3] A person for whom the Company is a major business partner (i.e. a person who received payments from the Company or subsidiaries of the Company that represent 2% or more of annual consolidated sales for the most recent fiscal year), or an executing person thereof (in the case of a consulting firm, auditing firm or law firm, a consultant, accounting professional, or legal professional who belongs to said corporation, partnership, etc.).

[4] A major business partner of the Company (i.e. a person who made payments to subsidiaries of the Company representing 2% or more of the Company consolidated direct premiums written excluding deposit premium from policy holders for the most recent fiscal year), or an executing person thereof.

[5] Any of the Company’s top 10 largest shareholders (or, if the shareholder is a corporation, an executing person thereof).

[6] An executing person of a company to which the Company or a subsidiary of the Company has appointed a director.

[7] A consultant, accounting professional, or legal professional who has received, other than officer compensation, average cash or other financial benefits of at least 10 million yen per year for the past three years from the Company or subsidiaries of the Company.


(Note) “During the past five years” means five years from the time the content of a proposal to the General Shareholders Meeting to elect the outside director or outside Audit & Supervisory Board Member was resolved by the Board of Directors.

[9] An individual who was an executing person of the Company or subsidiaries of the Company in the past (in the case of an outside Audit & Supervisory Board Member, including an individual who has been a director of the Company or a subsidiary of the Company.)

[10] A spouse or second-degree or closer relative of a person listed in items [1] through [9] above (an executing person means an executive director, executive officer or an employee in a position of general manager or higher.)
(4) Term limits
The total terms of office for newly elected outside directors and outside Audit & Supervisory Board Members from April 1, 2015 onwards are as listed below.
[1] For outside directors, the expectation is 4 terms, 4 years, renewable for a maximum of 8 terms, 8 years.
[2] For outside Audit & Supervisory Board Members, in principle the total term is 1 term, 4 years, but this is renewable for a maximum of 2 terms, 8 years.

2. Candidates for director other than outside director and candidates for Audit & Supervisory Board Member other than outside Audit & Supervisory Board Member
Candidates must meet the following requirements.
- Must not be disqualified from serving as a director or Audit & Supervisory Board Member pursuant to the Companies Act.
- Must not be disqualified from serving as a director or Audit & Supervisory Board Member of an insurance holding company pursuant to the Insurance Business Act.
- Must satisfy the eligibility requirements for a director or Audit & Supervisory Board Member who engages in daily business at an insurance company pursuant to the Insurance Business Act.

Additionally, a candidate must have varied experience as well as highly specialized experience and must embody our corporate philosophy in the exercise of leadership.

Appointment of Outside Directors and Outside Audit & Supervisory Board Members and Related Matters
# Outside Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Date of Selection</th>
<th>Reason for Selection</th>
<th>Attendance at Board of Directors Meetings*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mariko Bando</td>
<td>June 2017</td>
<td>Ms. Mariko Bando has gained a wealth of insight and experience in the administrative and educational fields as well as diversity promotion from previously serving as Director General of Gender Equality Bureau of the Cabinet Office, Consul General of Japan in Brisbane, Australia, President of Showa Women’s University, etc. We expect to continue to draw that insight and experience and have her supervise the management and provide advice on management overall from her expert perspective, particularly in regard to promoting diversity.</td>
<td>12 of 12 meetings</td>
</tr>
<tr>
<td>Akira Arima</td>
<td>June 2018</td>
<td>Mr. Akira Arima has a wealth of insight and experience concerning telecommunications business as a management executive gained from previously serving as Director of Nippon Telegraph and Telephone Corporation, President, Chief Executive Officer, Representative Director of NTT Communications Corporation, etc. We expect to continue to draw that insight and experience and have him supervise management and provide advice on management overall from his expert perspective, particularly in regard to promoting digitalization and global management.</td>
<td>12 of 12 meetings</td>
</tr>
<tr>
<td>Junichi Tobimatsu</td>
<td>June 2018</td>
<td>Mr. Junichi Tobimatsu has a wealth of insight and experience concerning overall corporate legal affairs including those of overseas companies as an attorney-at-law. We expect to continue to draw that insight and have him supervise management and provide advice on management overall from his expert perspective, particularly in regard to securing soundness of the management of the Group.</td>
<td>12 of 12 meetings</td>
</tr>
<tr>
<td>Rochelle Kopp</td>
<td>June 2020</td>
<td>Ms. Rochelle Kopp has a wealth of insight into cross-cultural communication and experience in both Japan and the U.S. as a management consultant. We expect to continue to draw that insight and experience and have her supervise management and provide advice on management overall from her expert perspective, particularly in regard to the Group’s global expansion.</td>
<td>12 of 12 meetings</td>
</tr>
<tr>
<td>Akemi Ishiwata</td>
<td>June 2022</td>
<td>Ms. Akemi Ishiwata has a wealth of insight on sustainability gained from previously serving as Executive Officer of Kao Corporation, leading its ESG activities. She also has experience as a general manager in charge of public relations and corporate branding. We expect to draw that insight and experience and have her supervise management and provide advice on management overall from her broad perspective.</td>
<td>12 of 12 meetings</td>
</tr>
</tbody>
</table>

* The number of Board of Directors’ meetings attended during fiscal 2021.
Outside Audit & Supervisory Board Members

<table>
<thead>
<tr>
<th>Name</th>
<th>Date of Selection</th>
<th>Reason for Selection</th>
<th>Attendance at Board of Directors/Audit &amp; Supervisory Board Members</th>
</tr>
</thead>
</table>
| Kunio Chiyoda | June 2016         | Mr. Kunio Chiyoda is an expert in accounting and auditing and has served as a university professor and a member of a public institution. He has been stating opinions at meetings of the Company’s Board of Directors and on other occasions based on his knowledge and experience. We appointed him as Outside Audit & Supervisory Board Member to reflect his wealth of knowledge and experience in the management of the Company. | Board of Directors meetings: 12 of 12  
Audit & Supervisory Board meetings: 11 of 11 |
| Kyoko Uemura  | June 2017         | As a legal professional, Ms. Kyoko Uemura has held a number of posts, including a judge and attorney-at-law. She has been stating opinions at meetings of the Company’s Board of Directors and on other occasions based on her knowledge and experience. We propose to reappoint her as Outside Audit & Supervisory Board Member in order to draw on her knowledge and experience in the management of the Company. | Board of Directors meetings: 12 of 12  
Audit & Supervisory Board meetings: 11 of 11 |

* The number of Board of Directors' meetings and Audit & Supervisory Board meetings attended during fiscal 2021.

Skills Matrix of Directors, Audit & Supervisory Board Members, and Executive Officers

In order to promote debate from diverse viewpoints in our efforts to reach the goal of achieving growth strategy for the MS&AD Group, the Group deliberated regarding skills necessary to assure the effectiveness of the Board of Directors (knowledge, experience, and capability), and from the standpoint of supervising the decisions made and execution of duties on matters required for management strategy, we set forth the following.

1. **Base skills that are generally required**
   - "Corporate management," "human resources and human asset development," "legal affairs and compliance," "risk management," and "finance and accounting"

2. **Skills complementing the fact that the core business of the MS&AD Group is insurance, and that we engage in business globally**
   - "Insurance business" and "internationality"

3. **Skills that take into account our current business environment and that are necessary to address business reform and issues considered important by the market**
   - "IT and digital" and "sustainability"
Furthermore, regarding Audit & Supervisory Board Members, we also consider “finance and accounting” to be important skills.

<table>
<thead>
<tr>
<th>Officers</th>
<th>Corporate Management</th>
<th>Internationally</th>
<th>IT and Digital</th>
<th>Sustainability</th>
<th>Digital, Resources and Power Grid Development</th>
<th>Risk Management</th>
<th>Finance and Accounting</th>
<th>Insurance Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director Karasawa</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Director Kanasugi</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Director Hara</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Director Higuchi</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Director Fukuda</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Director Shrai</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Outside Director Bando</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Outside Director Arita</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Outside Director Tobimatsu</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Outside Director Koop</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Outside Director Ishihara</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Member Jinno</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Auditor Sato</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Outside Auditor Chiyoda</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Outside Auditor Usura</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
</tbody>
</table>

In addition, we have installed an executive officer system. The skills for Executive Officers who are not Directors are as follows.

| Executive Officer Tamura        | ●                    | ●               | ●              | ●              | ●                                             | ●              | ●                      | ●                  |
| Executive Officer Funabiki      | ●                    | ●               | ●              | ●              | ●                                             | ●              | ●                      | ●                  |
| Executive Officer Mihoshiba     | ●                    | ●               | ●              | ●              | ●                                             | ●              | ●                      | ●                  |
| Executive Officer Ipponogi      | ●                    | ●               | ●              | ●              | ●                                             | ●              | ●                      | ●                  |
| Executive Officer Nino          | ●                    | ●               | ●              | ●              | ●                                             | ●              | ●                      | ●                  |
| Executive Officer Hirotoyanagi  | ●                    | ●               | ●              | ●              | ●                                             | ●              | ●                      | ●                  |
| Executive Officer Kawate        | ●                    | ●               | ●              | ●              | ●                                             | ●              | ●                      | ●                  |
| Executive Officer Shimazu       | ●                    | ●               | ●              | ●              | ●                                             | ●              | ●                      | ●                  |
| Executive Officer Kasebe       | ●                    | ●               | ●              | ●              | ●                                             | ●              | ●                      | ●                  |
| Executive Officer Hayakawa      | ●                    | ●               | ●              | ●              | ●                                             | ●              | ●                      | ●                  |
| Executive Officer Teida         | ●                    | ●               | ●              | ●              | ●                                             | ●              | ●                      | ●                  |
| Executive Officer Ozawa         | ●                    | ●               | ●              | ●              | ●                                             | ●              | ●                      | ●                  |
| Executive Officer Arakawa       | ●                    | ●               | ●              | ●              | ●                                             | ●              | ●                      | ●                  |
| Executive Officer Suzuki        | ●                    | ●               | ●              | ●              | ●                                             | ●              | ●                      | ●                  |

Related Information

Board Members
Compliance

Compliance Basic Policy

We formulated the Compliance Basic Policy and "MS&AD Insurance Group Compliance Basic Policy" which is compliance criterion of the Basic Policy. Based on this Basic Policy or each policy, we and MS&AD insurance companies work positively to develop thorough compliance. All officers and employees carry out our social responsibility with responding to confidence of all the stakeholders including customers through the corporate activities based on the high ethical sense without failing to comply with laws and company internal rules.

- MS&AD Insurance Group Compliance Basic Policy
- Basic Policy Concerning Antisocial Forces
- Basic Policy for Management of Conflicts of Interest

Compliance Promotion Structure

The Company has formed Quality Improvement and Compliance Committee, as one of the task-specific committees under the Board of Directors, to monitor as well as discuss and make necessary adjustments in the compliance structure. For important matters related to compliance, Quality Improvement and Compliance Committee reports to the Board of Directors after discussion in the committee.

The Company established its Compliance Department as the organizational unit to integrate and manage Group compliance matters. This department is responsible for integrating compliance initiatives within the Company and domestic Group insurance companies. Each unit in the domestic Group insurance companies that is in charge of compliance matters is responsible for the preparation and implementation of policies, internal rules, and measures related to compliance and for planning and operating activities related to business operating rules pertaining to insurance solicitation and sales. These units are also the focal points for fact finding and confirmation as well as conducting investigations related to activities where there are concerns about violations of internal rules and other compliance issues.

Activities

Compliance Program

We and MS&AD insurance companies, as a part of the compliance implementation plan, resolve the Compliance Program at the Board Meetings and pursue the specific issues. The implementation and issues of the Program and responding issues are regularly submitted to each company's Compliance Committee and/or the Board Meetings.
Compliance Manual

We and MS&AD insurance companies have each Compliance Manual that states their compliance-related policies and regulations, with examples and interpretations, for board members and employees. The Manual is distributed to board members and employees, and its content is familiarized through training and examinations. Procedures for reporting inappropriate behavior is stipulated in the Manual for the speedy handling of misconduct.

Compliance-related Training

Based on the Compliance Program, we and MS&AD insurance companies organize annual education / training programs for employees and agencies to raise the knowledge of laws and company internal rules and to enhance the knowledge of compliance.

Compliance-related Inspection

MS&AD insurance companies conduct compliance-related inspections for prevention and early detection of unlawful acts that may violate laws or company internal rules.

Monitoring Group Companies

The Compliance Department monitors and reports on compliance-related activities of MS&AD insurance companies. Group Compliance Division Meetings are held to share knowledge and know-how on compliance-related issues in order to reinforce compliance throughout the group.

Speak-up system (Whistleblowing system)

The MS&AD Insurance Group has established the Speak-up system (whistleblowing systems). Group company employees, etc. can contact the speak-up desk to make a report if a compliance-related issue arises. A contact desk has also been established at an external legal office to make it easier for whistleblowers to speak up a case. The identity of whistleblowers is protected and their information is handled carefully to protect them and ensure that they do not suffer any unfair treatment.

We have also established a global contact point for officers and employees working overseas. It is available in 15 languages and can be reported directly to our Group Head Office in Japan via a dedicated website or e-mail.

Anti-Money Laundering and Countering the Financing of Terrorism

The MS&AD Insurance Group has formulated a “Policy on the Anti-Money Laundering and the Countering Financing of Terrorism” and is promoting initiatives to prevent the products and services of Group companies from being used in money laundering or the financing of terrorism.

Moreover, measures to prevent money laundering and the financing of terrorism are implemented at overseas entities of the MS&AD Insurance Group, where “Guidelines on Measures for Anti-Money Laundering and Counter Financing of Terrorism” are stipulated in the “Compliance Manuals for International Operations”.

Policy on the Anti-Money Laundering and Countering the Financing of Terrorism
Prevention of Corruption and Bribery

The MS&AD Insurance Group has formulated a “Policy on Fair Operating Practices” and implements fair operating practices (“prevention of Corruption including bribery” and “compliance with laws and regulations regarding political activities and political funds”). As for the international operation of MS&AD Insurance Group, “counter measures of Anti-Bribery” are stipulated in the “Compliance Manuals for International Operations” and the establishment of adequate rules and training has been implemented properly.

Policy on Fair Operating Practices

Compliance Promotion Structure in International Business Operations

All executives and employees of the overseas offices of the MS & AD Insurance Group give top priority to compliance and respect the culture, customs, and history of their respective countries and regions, as well as act in a manner that contribute to the development of the community.

As a department that supervises and manages matters related to compliance at overseas offices of the Group, the Company established the International Supervisory Department to monitor the status of compliance-related initiatives of these overseas offices, while providing them guidance and support.

This department works with the Compliance Department, which is in charge of overall integration of Group companies’ compliance matter, to provide periodic reports regarding the status of overseas compliance framework to the Company’s Board of Directors, also engages in activities to improve and expand the overseas compliance promotion structure based on the discussion with other relevant departments.

Tax compliance efforts

Our Global Tax Strategy

In achieving a resilient and sustainable society, we believe that MS&AD Insurance Group should build trust as a social entity by supporting people live in stability and encouraging companies develop their business. We believe that is the basis of insurance business and our value to become a trusted and reliable partner.

In order to earn the trust from the society, we always consider tax compliance. The environment surrounding taxation has changed significantly in recent years, with the increasing focus on securing transparency in taxation as corporate responsibility and strengthening the international tax framework. Our Group believes it is important as a responsible insurer to fully recognize the importance of fair and transparent taxation and to disclose the Group's approach to and initiatives for tax compliance both throughout the Group and to the outside.

MS&AD Insurance Group Tax Policy

In order to ensure that each and every employee of the Group has a high ethical standard concerning taxation and to implement appropriate tax practice and procedures, we are working to ensure thorough tax compliance in accordance with the “MS&AD Insurance Group Tax Policy” adopted by the Board of Directors in April 2018.

Pursuant to the “Tax Management Principles” (please see below), MS&AD Insurance Group will promote a greater awareness of tax compliance to build trust from all stakeholders by ensuring to act transparently in each jurisdiction.
Basic Policies ("Tax Management Principles")
1. MS&AD Group values the trust and confidence of its stakeholders and is committed to managing tax matters with integrity and responsibility while recognizing the importance and social significance of appropriate tax payments.
2. MS&AD Group, in performing our business operations, complies with all applicable tax laws and the relevant regulations of each jurisdiction in which it operates.
3. MS&AD Group is committed to both optimizing tax-related costs as well as making appropriate tax filings and tax payments.
4. MS&AD Group does not conduct any transactions only intended to avoid tax without business purposes in a way contrary to the national and local tax laws.
5. MS&AD Group develops and maintains trusting relationships with the tax authorities in each jurisdiction in which it operates through sincere and transparent behavior in a timely and appropriately cooperative manner.

Our Approaches Underpinned by "MS&AD Insurance Group Tax Policy"
"MS&AD Insurance Group Tax Policy" is managed and operated by the Group’s tax department under the responsibility of the Director/Senior Executive Officer in charge of tax and practical management of global tax governance. Based on the "MS&AD Insurance Group Basic Policy Pertaining to System for Internal Controls", the Group’s tax department annually inspects whether a system has been developed in accordance with the "MS&AD Insurance Group Tax Policy" and appropriately operated and report to the responsible Director/Senior Executive Officer and the Board of Directors.

- **Global tax governance framework**
  Our Group is working to strengthen its tax governance framework on a global level by creating a system in which the Group’s tax department monitors the status of tax compliance and tax risks at major Group companies on a regular basis and checks tax treatment prior to the execution of important transactions. Moreover, for manage tax risks, we carry out necessary due diligence and consults with external experts and tax authorities.

- **Tax transfer pricing**
  We understand the purpose of the OECD’s BEPS (Base Erosion and Profit Shifting) project. We are committed to ensuring that we meet our tax obligation in the jurisdictions where we engage in business activities. Intragroup transactions are conducted at appropriate prices determined on an arm’s length basis under the group transfer pricing policy. We pay a fair allocation of taxes corresponding to profits reported to the tax authorities in the jurisdictions where value is created within commercial activity.

- **Tax planning**
  We do not conduct tax planning only intended to avoid tax, such as through the transactions or organizations without business purposes or economic substance, using tax-free or low tax jurisdictions (known as tax havens).

- **Relationship with tax authorities**
  We endeavor to reduce unexpected tax risks by developing sound relationships with the tax authorities in each country through sincere behavior, such as providing appropriate information in response to requests from the tax authorities in each country.
### Current income tax by country (FY2021)

(Unit: 100 million yen)

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of employees (persons)</th>
<th>Main revenue</th>
<th>Income before tax</th>
<th>Current income tax</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>31,019</td>
<td>42,205</td>
<td>3,586</td>
<td>585</td>
<td>81.2%</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>565</td>
<td>338</td>
<td>90</td>
<td>28</td>
<td>4.0%</td>
</tr>
<tr>
<td>U.K.</td>
<td>1,635</td>
<td>1,065</td>
<td>11</td>
<td>23</td>
<td>3.3%</td>
</tr>
<tr>
<td>Singapore</td>
<td>725</td>
<td>289</td>
<td>132</td>
<td>18</td>
<td>2.5%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>1,034</td>
<td>301</td>
<td>115</td>
<td>17</td>
<td>2.4%</td>
</tr>
<tr>
<td>Belgium</td>
<td>471</td>
<td>1,026</td>
<td>64</td>
<td>8</td>
<td>1.2%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>156</td>
<td>1,804</td>
<td>▲ 335</td>
<td>▲ 0</td>
<td>▲ 0.1%</td>
</tr>
<tr>
<td>Other</td>
<td>4,357</td>
<td>1,846</td>
<td>169</td>
<td>39</td>
<td>5.5%</td>
</tr>
<tr>
<td>Consolidation adjustments</td>
<td>-</td>
<td>-</td>
<td>▲ 134</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>39,962</strong></td>
<td><strong>49,658</strong></td>
<td><strong>3,700</strong></td>
<td><strong>720</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*Country by country data is aggregated by country where headquarters of group companies are located.

**Main revenue” represents the total of net premiums written for non-life insurance business and premium income for life insurance business.

*Income tax paid for major countries (FY2020, The figures shown are based on the Country-by-Country Report (CbCR))

(Unit: 100 million yen)

<table>
<thead>
<tr>
<th>Country</th>
<th>Income tax paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>33</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>28</td>
</tr>
<tr>
<td>U.K.</td>
<td>20</td>
</tr>
<tr>
<td>Malaysia</td>
<td>14</td>
</tr>
<tr>
<td>Netherlands</td>
<td>12</td>
</tr>
<tr>
<td>Germany</td>
<td>9</td>
</tr>
<tr>
<td>Thailand</td>
<td>9</td>
</tr>
<tr>
<td>Singapore</td>
<td>9</td>
</tr>
<tr>
<td>Other</td>
<td>14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>153</strong></td>
</tr>
</tbody>
</table>
ERM and Risk Management

ERM-based Group Management

The MS&AD Group endeavors to increase its earnings power and capital efficiency while maintaining financial soundness. Toward this end, it practices Group management based on an enterprise risk management (ERM) cycle. It allocates capital to its businesses in accord with its Group Risk Appetite Statement. Its businesses take risks with the allocated capital. The Group exercises appropriate risk control, through monitoring of return on risk (ROR) and other metrics. Under the Medium-Term Management Plan (2022–25), the ERM Committee will work to enhance the evaluation and management of each business in the Group, taking into account capital, risk, and return, and to improve the Group’s capital efficiency by flexibly allocating capital to more capital-efficient business opportunities, such as investments in growth businesses.

Integrated Management of Risk, Returns and Capital

To realize its management vision, the Group formulates medium-term management plans in accord with its Group Risk Appetite Statement and holistically manages risk (integrated risk amount), returns (Group Adjusted Profit), and capital (NAV) with the aim of maintaining financial soundness and boosting capital efficiency and risk/return.
ERM Cycle

<table>
<thead>
<tr>
<th>Planning phase</th>
<th>1) Formulate strategies based on the Group Risk Appetite Statement and establish capital allocation amounts after confirming the amount of risk that can be taken.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Execution phase</td>
<td>2) Take risks within the risk limits based on the capital allocation amounts and others.</td>
</tr>
<tr>
<td>Monitoring phase</td>
<td>3) Conduct regular monitoring of financial soundness, profitability, capital efficiency, etc.   4) Based on the outcome of monitoring, examine and implement any necessary measures.</td>
</tr>
</tbody>
</table>

Initiatives to Boost Profitability

To boost capital efficiency while maintaining financial soundness, the MS&AD Insurance Group seeks to earn adequate risk/return through the following initiatives in each of its business domains.

<table>
<thead>
<tr>
<th>Product development/sales/initiative management</th>
<th>P/L management by product/line</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Refinement of risk/return management tailored to insurance lines’ distinctive attributes</td>
</tr>
<tr>
<td></td>
<td>Enhancement of income and expenditure management for fire insurance, which is particularly affected by natural catastrophes and major accidents</td>
</tr>
<tr>
<td></td>
<td>Assessing ROR for new policies when products are developed and revised and a sales policy is formulated</td>
</tr>
<tr>
<td></td>
<td>Product-by-product profitability assessment</td>
</tr>
</tbody>
</table>

| Asset management strategy | Promoting diversified investment in assets with relatively high expected returns coupled with appropriate risk control |

<table>
<thead>
<tr>
<th>Retention/reinsurance policy</th>
<th>Establishment of a retention and outward reinsurance scheme that maintains financial soundness and stability of periodic profit and loss and contributes to improving profitability</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reduction of a net retained risk amount associated with natural catastrophes</td>
</tr>
</tbody>
</table>

*RSM Aioi Life: Mitsui Sumitomo Aioi Life Insurance  MSI Primary Life: Mitsui Sumitomo Primary Life Insurance

ROR trends

![ROR trends chart](chart_url)
Control of Risk

Our Group has established the “MS&AD Insurance Group Risk Management Basic Policy” and is implementing risk management based on the basic philosophy shared within the Group. Specifically, our Group promotes risk management by identifying major risk events affecting our business portfolio and evaluating their risk factors both quantitatively and qualitatively.

Risk Management

- Risk Management Basic Policy
- Risk Management Structure
- Insurance Business Risks
- Risk Management in International Business
- Crisis Management System (Including Business Continuity Management System)

Identification and Management of Risks

Our Group designates important risk events that should be addressed by management as “Group Material Risks,” formulates a management action plan, and periodically monitors the status of each risk. In addition to considering the correspondent relationship of each risk event, we are working to control risks based on the scenario of the occurrence of the risk event to be addressed.
<table>
<thead>
<tr>
<th>No.</th>
<th>Group Material Risks (&quot;Main scenarios assumed&quot; as successors of a debt event)</th>
<th>Correspondence (High/Low)</th>
<th>E</th>
<th>Identified antagonism among nations and tighter economic security</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Occurrence of large-scale natural catastrophes</td>
<td>A Rapid depletion</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>- Occurrence of large-scale windstorms, floods, earthquakes and other natural catastrophes in Japan and overseas</td>
<td>B Change in the nature of large-scale natural disasters, including frequency and scale due to climate change</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>- Development of situation in which the occurrence of a large-scale natural disaster prevents the Group from properly exercising business or delivering services</td>
<td>C Falling birthrate and aging population</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>- Significant changes in financial markets</td>
<td>D Protrusion of the COVID-19 impact</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>- Fall in the value of stocks and other assets held on concerns of the interruption of economic activity as a result of the COVID-19 impact, intensified antagonism among nations and other factors</td>
<td>E Identified antagonism among nations and tighter economic security</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>- Financial market volatility as a result of market concern, rising interest rates as a result of changes in monetary policy around the world</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>2</td>
<td>A significant increase in credit risk</td>
<td>- Sharp fall in the value of assets caused by disruptions to the credit market</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>- Financial distress due to disruptions of the COVID-19 impact and deterioration of the real economy</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>- Decline in the value of assets held by the Group due to the emergence of &quot;transition risk&quot; as companies struggle with climate change (includes but is not limited to tightening of environmental policies and regulations, advances in decarbonization technologies, changes in demand for products and services, increased litigation, and damage to social image or status among consumers)</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>- Deterioration in the performance of non-banks due to supply chain disruptions and other obstacles caused by increased socio-economic conditions between both parties and tightening economic or sectoral-related regulations around the world</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>3</td>
<td>Occurrence of an act that results in damage to the Group’s enterprise value and the loss of social creditability</td>
<td>- An act that results in serious damage to enterprise value or the loss of social creditability such as acts such as a breach of laws and regulations related to Group businesses, a serious labor issue (long working hours, harassment, etc.), a human rights violation or violation of due diligence, deficient data governance as well as acts arising from deviation from social norms (including deviation arising from inaction) and a failure to adopt or fully adopt a customer-oriented perspective (conduct risk)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>- Damage to the Group’s reputation or financial stability as a result of Group’s insufficient response to non-market-related issues, for example, its response to climate change, and any ensuing litigation</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>- Increase in fraud or misrepresentation as a result of more widespread remote working</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>- Occurrence of serious error disclosed due to delayed or insufficient preparation for disclosure of consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) or negative response among investors to new IFRS-based business reporting indicators</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>- Damage to the Group’s reputation as a result of an infringement of human rights or intellectual property rights or other economic or social-related issue within the Group or at a subcontractor or other business partner</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>4</td>
<td>Large-scale and serious business delays, information leaks, or payment of insurance claims as a result of cyber attack</td>
<td>- Occurrence of a cyber attack on the Group or on a subcontractor or other business partner which brings operations to a standstill or results in information leaks</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>- Increase in claims paid as a result of increasingly extensive and severe cyber attacks</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>- Escalation of damage caused by cyber attacks on a scale that results in the development of, such as working from home, digitalization and intensified antagonism among global powers</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>5</td>
<td>Frequent occurrence of system failure and occurrence of various system failures, progress delay and shortfall in the plans of large system development projects, budget overrun and failure to achieve desired outcome</td>
<td>- Occurrence of system failures which have a proven impact due to increased working from home or digitalization</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>- Occurrence of a large-scale natural disaster or other event which affects system-related facilities and brings businesses and services to a standstill</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>- Occurrence of a large-scale flood in an out-of-home system for customers and insurance agents which leads to delays in dealing with customers and others</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>- Delays in system development or degradation of services due to a change in subcontractor or other business partner as a result of tighter economic or social-related regulation worldwide</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>6</td>
<td>Spread of a new strain of influenza to other locations</td>
<td>- Contract of economic activity as a result of the outbreak and protection of a pandemic</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>- Increase in claims and benefits paid</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>- Expansion in regions where infections are endemic due to global warming or changes in the climate and occurrence and widespread transmission of new variants</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>- Pandemic which prevents the Group from properly exercising business or delivering services</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>7</td>
<td>Changes in the insurance market</td>
<td>- Developmental as such as the emergence of digital platforms which bring business model transformation (innovations such as built-in insurance and more efficient calculation of insurance premiums through the use of AI) and a change in consumer awareness</td>
<td>—</td>
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</tr>
<tr>
<td></td>
<td>- Changes in the automobile insurance market due to the decline in the number of car accidents resulting from advances in driver assistance and autonomous driving technologies</td>
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</tr>
<tr>
<td></td>
<td>- Expansion of services before and after coverage and protection, leading to higher premium damage as a result of problem with app. system, IoT equipment or other technology or fraud or administrative error at a subcontractor or other business partner, or to a problem in the supply chain for equipment, etc. such as supply constraint or an intellectual property right violation which affects sales strategy</td>
<td>—</td>
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</tr>
<tr>
<td></td>
<td>- Changes in the market size or structure due to factors such as a change in climate change, protection of the COVID-19 impact, a falling birthrate and aging population and population decline, and price volatility (primarily inflation) which affects insurance payments and business expenses</td>
<td>—</td>
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</tr>
<tr>
<td></td>
<td>- Interruption or restriction of business or restriction of overseas travel and capital movements as a result of export restriction, supply chain disruption, a change to regulations, start, military action or other development associated with intensified antagonism among world powers</td>
<td>—</td>
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</tr>
</tbody>
</table>
Listed below are events with the potential for medium- to long-term impacts on Group management and events for which the impact and timing are difficult to grasp at present but about which we need to maintain awareness. As Group Emerging Risks, our Group periodically monitors these events.

<table>
<thead>
<tr>
<th>Group Emerging Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Appearance or emergence of new systems or innovative technologies that will significantly change or transform the economy, consumer behavior and business models</td>
</tr>
<tr>
<td>2. Damage to natural capital (depletion of resources, ecological degradation and crisis, man-made pollution or accident which causes enormous damage to the environment)</td>
</tr>
<tr>
<td>3. Establishment, revision or abolition of Japanese or foreign laws, regulations, systems, regimes, etc. which may significantly affect the Group</td>
</tr>
<tr>
<td>4. Major changes in labor supply and demand</td>
</tr>
<tr>
<td>5. Major disruption, failure and collapse of national governance and politics, or a national security crisis</td>
</tr>
</tbody>
</table>

Management of Natural Catastrophe Risk

Control of the Retained Amount of Natural Catastrophe Risk
Information Management

Basic View and Policy

The MS&AD Insurance Group will observe the laws and regulations for information security, and will continuously implement measures to strengthen information management. These measures include setting internal rules, upgrading system security, conducting thorough information management training for staff and agents, and taking steps to mitigate the risk of information leakage. In order to proactively strengthen information security management to the entire group, we have established the "MS&AD Insurance Group Information Security Management Basic Policy.”

In light of the importance of protection for personal information, and in the interest of compliance with related laws and regulations as well as proper handling of customer information, we have formulated the "MS&AD Insurance Group Basic Policy for Management of Customer Information” and the "MS&AD Insurance Group Basic Policy for Shared Use of Customer Information”.

Structure of Information Security Management

The holding company appoints the Group Chief Information Security Officer (CISO) to build a framework and enhance information security management. The MS&AD Group maintains a framework to detect threats to information assets and always understands changes in the external environment, such as those related to cybersecurity, to ensure information security and respond to emergencies quickly.

In accordance with the "MS&AD Insurance Group Basic Policy for Management of Customer Information”, the domestic insurance companies in the Group determine guidelines and internal rules related to information management, and instate security initiatives. They also plan and operate programs for the education of employees and agents, and perform related checks and monitoring. In addition, they make arrangements for response in the event of incidents such as information leaks, take steps for prompt post-incident correction and recurrence prevention, and otherwise work for appropriate handling in this respect.

Monitoring Activities

The holding company monitors the status as regards arrangements for information security management at domestic insurance companies in the Group, and reports its findings to management. In addition, it applies the findings of its monitoring activities in its efforts to reinforce arrangements for information security management in the entire Group, through steps such as sharing of know-how with and provision of requisite support to domestic insurance companies in the Group.
MS&AD Insurance Group Holdings, Inc. Declaration of Personal Information Protection (Privacy Policy)

The holding company and the domestic insurance companies in the Group have formulated privacy policy for various items related to the handling of customer information, including a declaration of commitment to compliance with related laws and regulations, appropriate acquisition, and limitation of the purposes of use. They have disclosed these declarations on their respective websites.

Declaration of Personal Information Protection (Privacy Policy)
Transaction Responsibilities

Basic Concept and Policy

In the MS&AD Insurance Group Compliance Basic Policy, the MS&AD Insurance Group stipulates that all of our officers and employees should take sincere, fair, and proper actions to respond to the expectations and requests of society by complying with all laws and regulations related to our corporate activities with a constant awareness of our corporate social responsibility.

Compliance Basic Policy

Furthermore, we established the MS&AD Insurance Group Basic Policy on Human Rights in February 2017, in which we recognize our responsibility for the actual and potential adverse impact that our business activities have on human rights, including in the value chain. We have begun efforts to implement activities and dialog that respect human rights.

Basic Policy on Human Rights

Based on the fact that there are situations in business activities where various activities are entrusted to outside vendors, we have formulated the MS&AD Insurance Group Basic Policy for Management of Outside Vendors as our basic policy regarding outsourcing. Based on the above, the Group companies maintain and properly control the management of outside vendors.

Basic Policy for Management of Outside Vendors

Specific Initiatives

Initiatives for Human Rights and the Environment

Through its human rights due diligence, the MS&AD Insurance Group is making efforts for the safe management of customer information by making the prevention privacy infringement arising from the leakage of customers’ personal information a priority issue. The Group also conducts procurement that takes into account the sustainable use of resources.

Human Rights Due Diligence and Remedial Measures

Information Management

Promoting Use of FSC-Certified paper

Confirming the Appropriateness of Outside Vendors

The Group’s domestic insurance companies have established standards for selecting new outside vendors and conduct regular inspections of vendors, in principle annually, to check the vendors’ customer personal information management system, the soundness of business management, and the appropriateness of business execution.
Initiatives in the Value Chain

<table>
<thead>
<tr>
<th>Consideration for Human Rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Policy on Human Rights</td>
</tr>
</tbody>
</table>

The MS&AD Insurance Group urges related parties such as business partners, including suppliers, who are involved in the procurement of services, and agencies, to prevent and/or reduce the risk of adverse impacts on human rights through their business activities.

<table>
<thead>
<tr>
<th>Environmental Consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td>We have signed the Paris Pledge of Action. To achieve net zero in 2050, we have established a policy that consideration for sustainability in all business activities.</td>
</tr>
<tr>
<td>In order to achieve net zero emissions in 2050, it is important to reduce emissions not only in our company but also throughout the supply chain. We will therefore work with our customers, agents, and other stakeholders to promote initiatives that contribute to the transition to a decarbonized society and the reduction of CO2 emissions in society.</td>
</tr>
<tr>
<td>As the chairman of the Japan Biodiversity Initiative (JBIB), we are demonstrating leadership in conserving biodiversity and improving the sustainability of natural capital.</td>
</tr>
<tr>
<td>MSI and ADI annually explain the MS&amp;AD Insurance Group Basic Policy on the Environment to clients and ask for their cooperation in environmental consideration.</td>
</tr>
<tr>
<td>We are encouraging agencies and clients to obtain Eco Action 21 certification (MSI only), a simplified environmental ISO certification, as well as spreading Eco-maintenance* and promoting the use of recycled automobile parts.</td>
</tr>
</tbody>
</table>

| Support for Certification under Eco Action 21 |
| Support for the Spread of Eco-maintenance and Eco-inspection |

* Encouraging the spread of Eco-maintenance (engine cleansing)

"Engine cleansing" has been stipulated by the government as one of the designated items of Green Purchase Method in April 2008. Support for obtaining Eco Action 21 certification has directly lead to the spread of engine cleansing.
Group Basic Policy for Management of Outside Vendors

Based on the fact that there are situations in business activities where various activities are entrusted to outside vendors, the MS&AD Insurance Group has formulated the Group Basic Policy for Management of Outside Vendors as the basic policy regarding outsourcing. Based on the above, the Group companies maintain and properly control the management of outside vendors.

MS&AD Insurance Group Basic Policy for Management of Outside Vendors

The MS&AD Insurance Group maintains proper management of outside vendors based on the below management policy in situations when it entrusts work externally.

1. Outside Contracting Subject to This Policy

When the MS&AD Insurance Group delegates all or part of the administrative work necessary for it to conduct business to an outside vendor, there must be an assurance that such is appropriate in conjunction with the execution of business bearing in mind the need to assure that customers are protected and management is conducted soundly. As used herein, "customer" shall refer to "a customer having a relationship to the activities of the MS&AD Insurance Group" with respect to both individuals and companies.

2. System for Management of Outside Vendors

MS&AD Holdings and the domestic Group insurance companies shall create the following system for managing outside vendors and properly implement the same:

(1) Establish a supervisor and business unit responsible for managing outside vendors.
(2) Establish and disseminate rules pertaining to the management of outside vendors.
(3) Conduct inspections and supervision over outside vendors.
(4) Conduct appropriate management of subcontractors.
(5) Establish procedures for responding to inquiries, complaints and other communications from customers pertaining to outside vendors.
(6) Create other procedures necessary for managing outside vendors and revise the same as appropriate.

Other Group companies shall also create system for managing outside vendors and properly implement the same consistent with the above.
Information Disclosure

The MS&AD Insurance Group stipulates its external information disclosure policy for each Group domestic insurance company in “MS&AD Insurance Group Basic Policy for Disclosure of Information”. In accordance to the policy, each Group company has thoroughly put the disclosure rules in practice as set forth by the Financial Instruments Exchange and is engaged in disclosing information so that respective stakeholders can have a correct understanding of the true status of the Group companies without delay.

- Basic Policy for Disclosure of Information

Disclosure of Information and Investor Relations (IR)

We are conducting investor relations (IR) activities according to the basic policies (IR policy) to win trust from shareholders and other investors as well as to have our corporate value assessed fairly and properly.

- Disclosure of Information and Investor Relations (IR)

Capital Management Policies and Shareholder Return Policy

On the premise of ensuring the soundness of its operations, our Group aims to increase its corporate value through sustained growth and to provide continuous and stable returns to shareholders.

- Capital Policy and Shareholder Return Policy

<References>

We provide reference materials for our shareholders/investors, such as the dividends trend of recent years and basic information, which includes the securities identification code and the number of MS&AD Holdings shares.

- Dividend Policy
- Stock Overview

Climate-related Financial Disclosure

The MS&AD Insurance Group endorses the Task Force on Climate-related Financial Disclosures (TCFD) and promotes the disclosure of financial information.

- Climate-related Financial Disclosures
Disclosure of Information and Investor Relations (IR)

The MS&AD Insurance Group is actively conducting appropriate information disclosure to earn trust from a wide variety of stakeholders, including our customers, shareholders, investors, and business partners, so that our corporate value is assessed fairly and properly.

Basic Policy and the Structure of Our Approach

Our Group has compiled its stance relating to information disclosure in the “MS&AD Insurance Group Basic Policies on Corporate Governance.” Based on this basic policy, we have established the “Policy for Constructive Dialogue with Shareholders” as a guideline for dialogue with shareholders, and the “MS&AD Insurance Group Basic Policy for Disclosure of Information,” etc. as a guideline for adequate disclosure, to ensure that the Group implements accurate, timely, and fair information disclosure.

- MS&AD Insurance Group Basic Policies on Corporate Governance

Basic Policies

<table>
<thead>
<tr>
<th>MS&amp;AD Insurance Group Basic Policy for Disclosure of Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>The &quot;MS&amp;AD Insurance Group Basic Policy for Disclosure of Information&quot; is an external information disclosure policy established for domestic Group insurance companies. In accordance with this policy, all domestic Group insurance companies strive to thoroughly comply with the disclosure rules stipulated by laws, regulations and the disclosure rules of financial instruments exchange. At the same time, the domestic Group insurance companies disclose information to ensure that their respective stakeholders can be made aware of important information in an accurate, timely, and fair manner.</td>
</tr>
</tbody>
</table>

- MS&AD Insurance Group Basic Policy for Disclosure of Information

<table>
<thead>
<tr>
<th>Policy for Constructive Dialogue with Shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Towards sustainable growth and improvement of corporate value in the medium and long term, our Group works to carry out constructive dialogue with shareholders, and is working to further create value by taking advantage of the dialogue in management.</td>
</tr>
</tbody>
</table>

- Policy for Constructive dialogue with shareholders

<table>
<thead>
<tr>
<th>IR Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>The &quot;IR Policy&quot; is the basic policy for IR activities established by MS&amp;AD Holdings. Not only disclosing corporate information required under statutes and regulations of financial instruments exchanges, our Group proactively releases information for investment decisions, ranging from basic policies and management plans to business strategies of the Group, thereby improving the quality of our disclosure. In addition, by disclosing such information, we strive to put out information that is timely, fair, and easy-to-understand.</td>
</tr>
</tbody>
</table>

- IR Policy
Information Disclosure Framework

To ensure timely and adequate disclosure and evaluate the effectiveness of information disclosure controls, our Group has established a “Risk Management Committee” and built a timely disclosure system.

Risk Management Committee

The Risk Management Committee was established by a resolution of the Board of Directors, and it is the institution at the core of the timely disclosure system. The Committee is composed of directors and general managers responsible for the planning, accounting, and other departments involved in information disclosure. It convenes to deliberate on information disclosure and verify the appropriateness of disclosed information. The overview of the structure for timely disclosure is provided in the Corporate Governance Report.

Communication with Shareholders and Investors

Our Group is actively engaging in dialogues with shareholders, investors, and analysts with the Group management at its core. In addition to holding the various information meetings for institutional investors and analysts, we provide highly convenient and clear information disclosure to shareholders and investors via the MS&AD Holdings website. The Group responds in good faith to enquiries from investors/shareholders and securities analysts. We will share the requests and opinions that we received during the course of our IR activities within the Group companies and will use them to enhance our corporate value.

Policy for Constructive dialogue with shareholders
The Medium-Term Management Plan

**MS&AD Group**
Medium-term Management Plan (FY2022-2025)
Grow Together with Society As a Platform Provider of Risk Solutions

Our Aspirations: (1) Qualitative Targets

A corporate group that supports a resilient and sustainable society

As a platform provider of risk solutions, we will help solve climate change and other social issues, while growing together with society.

- In addition to covering economic losses, seamlessly provide products and services before and after coverage and protection.
- Offer optimal solutions through marketing, underwriting, payment services and risk consulting that utilize digital technologies.

Story of Value Creation

By facing social issues and providing products and services through our business model to realize our mission, we will help create an environment where customers can live and conduct business in a secure manner.

Our Management Philosophy (Mission)

To contribute to the development of a vibrant society and help secure a sound future for the planet, by enabling safety and peace of mind through the global insurance and financial services business

Our Business Model

- Identify and inform on risks
- Prevent risks from occurring and minimize the impact of risks
- Reduce the economic impact on the materialization of risks
Our Aspirations: (2) Quantitative Targets

- Net income of JPY 470-500 billion on an IFRS basis and stable realization of adjusted ROE of 10% or higher by FY2025

<table>
<thead>
<tr>
<th>Target</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FY2025</strong></td>
<td><strong>Group Adjusted Profit</strong></td>
</tr>
<tr>
<td>Net profit on IFRS basis</td>
<td>FY2021</td>
</tr>
<tr>
<td>JPY 470~500 billion</td>
<td>JPY 347 billion</td>
</tr>
<tr>
<td>IFRS Adjusted ROE(^1)</td>
<td>FY2025</td>
</tr>
<tr>
<td>Stable achievement of 10% or higher</td>
<td>JPY 440~470 billion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Breakdown of Group Adjusted Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic non-life insurance business</td>
</tr>
<tr>
<td>Domestic life insurance business</td>
</tr>
<tr>
<td>International business</td>
</tr>
<tr>
<td>Financial services/ Risk-related services business</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>• Group Adjusted ROE(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2021</td>
</tr>
</tbody>
</table>

\(^1\) Net profit on IFRS basis = (Net assets on IFRS basis - Unrealized gain/loss from strategic equity holdings)
(Since, under IFRS, gain/loss on sale of strategic equity holdings is no longer included in net profit, unrealized gain/loss from strategic equity holdings is excluded from net assets to align the denominator (net assets) and numerator (net profit) used to calculate ROE.)

\(^2\) Group Adjusted Profit = average of beginning and end amounts on BS of adjusted net assets (consolidated net assets + balance of catastrophe reserves etc. - balance of goodwill and other intangible fixed assets)
Basic Strategies and Foundations Supporting Basic Strategies

- Our basic strategies for realizing our aspiration of becoming a "corporate group that supports a resilient and sustainable society" are "Value (value creation)," "Transformation (business reforms)" and "Synergy (demonstration of group synergy)."
- "Sustainability," "Quality," "Human Resources" and "ERM" are the foundations supporting the basic strategies.

### Basic Strategies

#### Value
(Value creation)
- Provide value to all stakeholders and improve corporate value through the global rollout of the CSV × DX strategy
- Increase the earning potential of businesses, products and services and strengthen the revenue base

#### Transformation
(Business reforms)
- Reform the business structure and adapt to changes in the business environment including creating new businesses
- Reform the business, product and risk portfolios and build a stable revenue base

#### Synergy
(Demonstration of group synergy)
- Realize further growth by leveraging group diversity and strengthening Group collaboration
- Improve productivity by strengthening standardization, collaboration and integration within the Group
- Demonstrate synergy on a global basis

### Foundations

#### Sustainability
- Initiatives to address three priority issues
- Symbiosis with global environment (Planetary Health)
- Safe and secure society (Resilience)
- Happiness of diverse people (Well-being)

#### Quality
- Corporate group which continues to evolve based on customer feedback
- Highly transparent and effective corporate governance

#### Human resources
- Building an optimum human resource portfolio
- Development of workplace where employees can fully demonstrate their abilities and skills and fulfill their ambitions

#### ERM
- Improvement of profitability and capital efficiency
- Reduction of strategic equity holdings

---

### Basic Strategy: Value (Value Creation)

#### External environment
- Many different social challenges including climate change, increasing severity and frequency of natural disasters, Infectious diseases, regional revitalization, falling birth rate and aging population
- New risks such as cyber risk and new insurance needs to address these risks
- Deterioration in earnings of fire insurance as a result of increasing severity and frequency of natural disasters

#### Strengths of the MS&AD Group
- Strong awareness among employees due to early commitment to CSV (93% of respondents in Employee Awareness Survey said they felt business helped create shared value)
- Global network which will help create value, established under "Vision 2021" (Corporate Venture Capital in Silicon Valley, open innovation centers "GCH" <Global Digital Hub> around the world, etc.)
- Initiatives to improve productivity implemented under "Vision 2021"

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### Implementation of MS&AD Value strategy
- Develop and generate earnings from products and services which provide new value before and after coverage and protection, in addition to covering economic losses
- Groupwide utilization of knowledge gained through investment in startups by MS&AD Ventures, a corporate venture capital firm in Silicon Valley

### Strengthening of the revenue base
- Improvement of business efficiency through review of business processes
- Full demonstration of effects of large-scale system development project
- Improvement of profitability of fire insurance
- Reform of business style including review of office space based on promotion of remote working

---

Help solve climate change and other social issues while growing together with society through the global rollout of the CSV × DX strategy
Basic Strategy: Transformation (Business Reforms)

External environment
- Slowdown in growth of domestic non-life insurance market in the medium and long-term due to the shrinking population and the declining birthrate and aging population
- Progress in digitalization, accumulation of data, and changing lifestyles

Strengths of the MS&AD Group
- System which increased customer satisfaction and convenience and the productivity of agencies and the Company as a result of large-scale system development project
- Global network which will help create value, established under "Vision 2021" (Corporate Venture Capital in Silicon Valley, open innovation centers "GDH" <Global Digital Hub> around the world, etc.)

Adapt to changes in the business environment through business portfolio reforms and the utilization of digital technologies

Business and risk portfolio reforms (Shift towards international/life insurance/new businesses)
- Realization of diversified business portfolio through expansion of the international business and life insurance business
- Provision of new services and solutions which will help solve the issues faced by society, companies and regions through the use of digital data and AI

Pursuit of optimal solutions utilizing digital technologies
- Expansion of digital sales including e-commerce sites with a built-in insurance sales process
- Business style transformation through the introduction of new solutions to business processes

Digital Transformation

Strengthen "digital human resource development," "systems," "business investment" and "data management," which are the foundations of DX, and implement business transformation through the use of digital data for the realization of "creation of stakeholder value" and "enhancement of profitability".

Business and risk portfolio reforms (creation of new businesses)
- Creation of services and solutions which will help solve the issues faced by society, companies and regions through alliances with companies, local governments and others and the utilization of digital technologies and data
- Establishment and utilization of Group data integration platform for the rapid and secure sharing of data inside and outside the Group
- Identification of and carefully selected investment in investment projects which will lead to improvement in corporate value through the strategic generation of returns from MS&AD Ventures' exploratory investment and maximization of their use across the Group and the acquisition of technologies and business models

Pursuit of optimal solutions utilizing digital technologies
- Improvement of customer convenience and expansion of sales channels through the deployment of digital sales including built-in insurance on e-commerce sites through collaboration with platformers
- Adoption of an agile approach, which will provide the foundations for the speedy development and provision of products and services and creation of new businesses in response to change, and the development of a culture that allows employees to take on challenges, tolerating failure
- Business style transformation through initiatives such as the digitalization of customer touchpoints, the real-time aggregation of performance data and other KPIs, the completion of sales activities on smartphones, the automatic recording of activities, and the automation of insurance claim procedures
- Improvement of income and expenditure and market expansion through more sophisticated underwriting and realization of more efficient underwriting operations through the utilization of AI
MS&AD Holdings

HOME / About MS&AD Group / WHAT WE DO / Management Plans and Policies / The Medium-Term Management Plan

Basic Strategy: Synergy (Demonstration of Group Synergy)

External environment
- Slowdown in growth of domestic non-life insurance market in the medium and long-term due to the shrinking population and the declining birthrate and aging population

Strengths of the MS&AD Group
- Diversity of five insurance companies* with different characteristics
  * Mitsui Sumitomo Insurance, Aioi Nissay Dowa Insurance, Mitsui Direct General Insurance, Mitsui Sumitomo Aioi Life Insurance, Mitsui Sumitomo Primary Life Insurance
- Largest domestic customer base

Translate Group diversity into growth and improve productivity by taking advantage of scale

Implementation of One Platform strategy
- Further improvement in efficiency of operating expenses and staffing through the bold implementation of standardization, collaboration and integration in middle- and back-office operations

Synergy of life insurance and non-life insurance businesses
- Promotion of cross-selling among life insurance and non-life insurance and among two life insurance companies through mutual utilization by Group companies of the Group's strong customer base

Global synergy
- Growth driven by the sharing and mutual use of advantages earned through the initiatives of Group companies in Japan and overseas, including markets and distribution channels, knowledge of customer needs and skills

One Platform Strategy (standardization, collaboration and integration in Middle- and Back-office Operations)

Further promote standardization, collaboration and integration within the Group focusing on the middle- and back-office operations of Mitsui Sumitomo Insurance (hereinafter "MSI") and Aioi Nissay Dowa Insurance (hereinafter "ADI") to fully utilize the economies of scale achieved by having the largest share of the domestic non-life insurance. Seek to improve the efficiency and quality of business processes and invest the generated resources in strategic growth areas to strengthen Group competitiveness and achieve sustainable growth

Administration
- Promote standardization and collaboration by MSI and ADI, integrate business processes into MS&AD Business Service (MS&AD BS) and realize increased efficiency through the establishment of an integrated operating structure for administration services and the active utilization of advanced digital technologies
- MSI/Sales administration
- ADI/Sales administration
- Standardization and collaboration by MSI and ADI, and integration of business processes into MS&AD BS
- Establishment of integrated operating structure for administration services at MS&AD BS
- Realization of increased efficiency through the active utilization of advanced digital technologies

Payment services
- Aim for alignment of the claim handling systems of MSI and ADI, promote standardization, collaboration and integration, and realize a high quality, efficient claims payment structure within the Group
- MSI/Claims operations
- ADI/Claims operations
- Promotion of standardization, collaboration and integration
  - Business processes and operations
  - Business operations at head office, etc.
- Alignment of claim service systems
- Realization of high quality, efficient claims payment structure

Products
- Reduce similar overlapped business processes and realize an efficient and competitive product supply structure within the Group through further progress on product standardization by MSI and ADI and standardization, collaboration and integration in relation to business processes
- MSI/Product operations
- ADI/Product operations
- Further progress on product standardization
- Standardization, collaboration and integration in relation to business processes
- Reduction of similar overlapped business processes
- Realization of efficient and competitive product supply structure

* Includes details of initiatives from FY2026
Foundation Initiatives: Sustainability

- Aim to solve social issues that are important both for stakeholders and for the Company, and focus on the three priority issues

<table>
<thead>
<tr>
<th>Priority issues</th>
<th>Social issues</th>
<th>Main initiatives</th>
</tr>
</thead>
</table>
| **Symbiosis with global environment** (Planetary Health) | - Global warming  
- Damage to natural capital  
- Environmental pollution  
- Linear economy | - Action on climate change  
- Aiming for net zero carbon emissions by 2050  
- Improvement of sustainability of natural capital |
| **Safe and secure society** (Resilience) | - Emergence of new risks  
- Major earthquakes  
- Spread of infectious diseases  
- Decline of regional industry | - Measures to address new risks  
- Loss prevention/mitigation  
- Regional revitalization  
- Creation of a resilient and inclusive society |
| **Happiness of diverse people** (Well-being) | - Aging population and declining birthrate  
- Human rights violations  
- Elimination of diversity  
- Poverty and widening income disparity | - Adaptation to a society of healthy longevity  
- Promotion of respect for human rights  
- Improvement of employee engagement |

- Implement initiatives with stakeholders to achieve net zero by 2050

### Symbiosis with global environment (Planetary Health)

**Action on climate change**  
- Aiming for net zero carbon emissions by 2050

- Reduction of greenhouse gas emissions created by Group and its supply chain
- Provision of products and services and investment and financing that will support technological innovation and its implementation in society for a shift towards a circular economy which will lead to decarbonization and the control of environmental pollution
- Provision of solutions for adapting to the effects of climate change

**Improvement of sustainability of natural capital**

- Implementation of initiatives that will help improve the sustainability of natural capital whilst addressing climate change, such as nature-based loss prevention/mitigation (green resilience)
- Support for the transition to business based on the restoration and protection of biodiversity and the utilization of sustainable resources
- Participation in the Taskforce on Nature-Related Financial Disclosures (TNFD) and promotion of visualization of the impact of corporate activities on nature

### KPI

<table>
<thead>
<tr>
<th>GHG emissions reduction rate</th>
<th>Renewable energy usage rate</th>
<th>Premium growth rate of products which contribute to decarbonization and a circular economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2030</td>
<td>FY2030</td>
<td>FY2050: 100%</td>
</tr>
<tr>
<td>Down 50% (from FY2019)</td>
<td>60%</td>
<td>Annual average of 18%</td>
</tr>
<tr>
<td>FY2050: Net zero emissions</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Foundation Initiatives: Quality

- Earn trust from society and customer satisfaction, to support the execution of strategies

### Corporate group which continues to evolve based on customer feedback

- Initiatives to improve customer experience value through the improvement of business processes and the utilization of digital technologies based on customer feedback
- Advancement of the Group as a whole through the groupwide sharing of knowledge and knowhow for improving customer satisfaction gained through the initiatives of each Group company

#### KPI

| Customer satisfaction level (On quotation & application process) | Equal to or greater than the previous year |
| Customer satisfaction level (On payment of claims) | Equal to or greater than the previous year |

### Practice of highly transparent and effective corporate governance

- Continuous enhancement of the oversight function of the Board of Directors and the audit function of the Audit & Supervisory Board Members
- Implementation of fair, accurate and prompt information disclosure
Foundation Initiatives: Human Resources

- Secure human resources to support the execution of strategies and also develop an environment for their active participation and career advancement

**Improvement of engagement**
- Development of optimum human resource portfolio
  - Reskilling and recurrent training
  - Retention and active participation of specialized human resources

**Improvement of productivity**
- Full demonstration of employees’ abilities and skills and fulfillment of their ambitions
  - Development of an attractive workplace environment
  - Diversity and inclusion
  - Health & productivity management

Reform of personnel systems and their operation
Visualization of the abilities and skills of employees

**KPI**
- End of FY2030
  - Percentage of female managers: 30%
    - Aiming for early achievement
  - Percentage of female line managers: 15%
    - Aiming for early achievement
  - Digital human resources: 7,000
  - Employees for international business: 1,200
  - Percentage of productivity improvement personnel expenses (USD/ACT): 8.5%

- FY2025 (targets)
  - Percentage of people who exercise regularly: Current level (24%) or higher
  - Male colleagues: Aiming to increase percentage of new employees taking childcare leave to 100% and duration of leave to 4 weeks
  - Percentage of annual paid holidays taken: Equal to or greater than the previous year

- Employee Awareness Survey
  - Percentage of mid-career employees among management staff: Current level (21%) or higher
  - Percentage of employees who highly appreciate as executives of overseas subsidiaries: Current level (77%) or higher

**Foundation Initiatives: ERM**

- Allocate management resources in such a way that strikes the right balance between risk, returns and capital by using the ERM cycle

**Improvement of profitability and capital efficiency through the integrated management of risk, returns and capital**
- Improvement of corporate value through enhancement of business management
  - Improvement of corporate value by monitoring each business segment of every Group company to clarify issues and implementing initiatives to solve issues, with a view to improving ROE
  - Effective utilization of capital within the Group
    - Flexible movement of capital within the Group for the allocation of capital to more capital efficient business opportunities, including investment in growth businesses
  - Optimization of Group capital and improvement of Group’s capital efficiency

**Reduction of strategic equity holdings**
- Reduction amount
  - Strengthening of financial position through continued reduction by JPY 100 billion a year
- Weight in consolidated total assets
  - Target: weight of less than 10%
- Weight in risk amount
  - Target: weight of less than 30%

**Conceptual diagram of sophistication of business management**
- Initiatives to maintain and improve earnings potential
- Initiatives to improve earnings potential
- Efforts to increase scale of profits, including allocations of capital
- Consideration of withdrawal from businesses with no prospect of improvement in earnings potential

**Actual reduction (cumulative) and planned reduction in strategic equity holdings**

<table>
<thead>
<tr>
<th>Year</th>
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<tbody>
<tr>
<td>2016</td>
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<td>2025 (FY)</td>
<td>Plan</td>
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</tbody>
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**MS&AD Holdings**

HOME / About MS&AD Group / WHAT WE DO / Management Plans and Policies / The Medium-Term Management Plan
Capital Strategy

Shareholder returns policy

- Provide shareholder return based on shareholder dividends and repurchase of own shares by adopting a benchmark of 50% of Group adjusted profit in Stage 1 (FY2022-FY2023) of the Medium-term Management Plan and 50% of return base profit* in Stage 2 (FY2024-FY2025).
  * Profit for accounting purposes (net profit on an IFRS basis) after adjustment to avoid significant fluctuations from Group adjusted profit under the previous Medium-term Management Plan, taking continuity into consideration.
- Provide additional returns in an agile and flexible manner, in light of market trends, the business environment, capital status and other factors.

Calculation formula for return base profit

Return base profit = Net profit on an IFRS basis \(-\) Adjustments* from net profit on an IFRS basis + Gain/loss on sale of strategic equity holdings
* Impact of market fluctuations, impact of deferred policy acquisition costs, gains/losses related to unfavorable policies, amortization of intangible assets, goodwill impairment

Investment policy

- **Strengthen**
  Investment to strengthen the competitiveness of existing businesses.
  - We will carry out investments that demonstrate a strong awareness of ROI, including investments aimed at promoting digitalization, such as investments in information systems.

- **Expand**
  Investment to diversify and expand the business portfolio.
  - We will consider the investments from the perspectives of shared values, sustainable growth models and risk diversification in terms of geography and business category.
  - Targets will include specialty investments and MGAs in the United States and the retail insurance market in Asia.

- **Innovate**
  Investment to create new business territories.
  - Investment to search for technologies and business models that will be game changers over the next 3 to 5 years.

ESR

- Set target range at 180-250%.
- Set the upper bound of the ESR target range at 250%, 30 points higher than the previous Medium-term Management Plan, to build up capital corresponding to the business investments to be implemented during this Medium-term Management Plan.

Previous Medium-Term Management Plan

- Vision 2021-Stage2 (2020～2021) (4,032KB)
- Vision 2021 (2018～2021) (5,655KB)
- Next Challenge 2017-Stage2(FY2016-FY2017) (May 26, 2016) (451KB)
- Next Challenge 2017 (June3, 2014) (5,709KB)