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 >	Corporate Governance	>
Compliance >	ERM and Risk Management	>
Information Management >	Transaction Responsibilities	>
Information Disclosure >	Medium-Term Management Plan	>



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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	>

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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 worldleading insurance and financial services group that operates globally, by rapidly and significantly improving quality and expanding its operating presence and corporate resources.

Corporate Name	MS&AD Insurance Group Holdings, Inc. Abbrev.: MS&AD Holdings
Date Established	Apr. 1, 2008 (Name changed in Apr. 1, 2010)
Headquarters	Tokyo Sumitomo Twin Building (West Tower) 27-2, Shinkawa 2-chome, Chuo-ku, Tokyo, Japan <u>Map</u>
Representative	Shinichiro Funabiki, Representative Director, President & CEO
Paid-in Capital	101,367 million yen (As of July 23, 2024)
Number of Employees	450 (As of March 31, 2024)
Business Description	 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.
Stock Listing	Tokyo Stock Exchange (Prime Market) Nagoya Stock Exchange (Premier Market)

Related Information

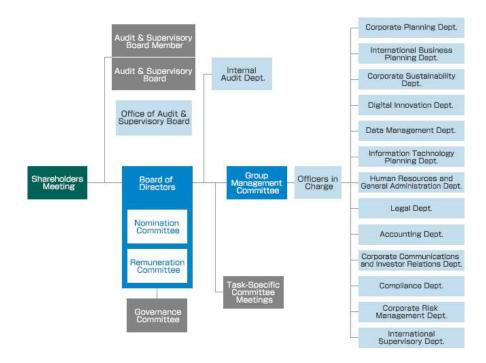
📀 Corporate Video 🗖

Sroup Structure



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Organizational Chart

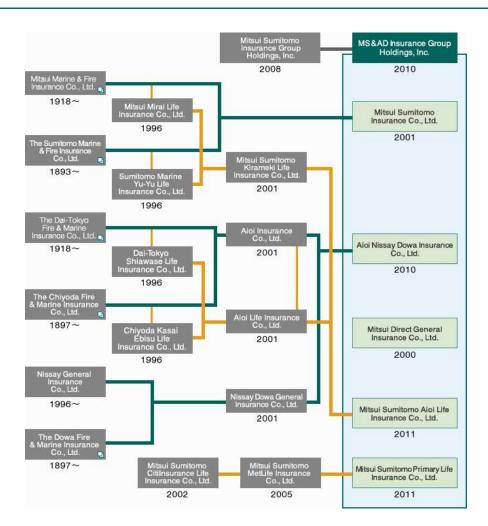


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History

Background of Group Integration
 History of Holdings

Background of Group Integration



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History of Holdings

	Mitsui Sumitomo Insurance Group Holdings, Inc. is incorporated.
April 2008	Mitsui Sumitomo Insurance Group Holdings, Inc. Listed on Tokyo Stock Exchange and Osaka Securities Exchange and Nagoya Stock Exchange.
September 2009	Aioi Insurance Co., Ltd., Nissay Dowa General Insurance Co., Ltd., and Mitsui Sumitomo Insurance Group Holdings, Inc. reach basic agreement on business integration.
	In conjunction, announced integration plan, president of the holding company, address, descriptions and corporate name, etc.
April 2010	Mitsui Sumitomo Insurance Group Holdings, Inc. changed its name to MS&AD Insurance Group Holdings, Inc.
October 2010	Aioi Insurance Co., Ltd. and Nissay Dowa General Insurance Co., Ltd. merged into "Aioi Nissay Dowa Insurance Co., Ltd."
April 2011	MS & AD Insurance Group Holdings, Inc. converted Mitsui Sumitomo MetLife Insurance Co., Ltd. into a wholly owned subsidiary and renamed it Mitsui Sumitomo Primary Life Insurance Company, Limited
October 2011	Mitsui Sumitomo Kirameki Life Insurance Co., Ltd. and Aioi Life Insurance Co., Ltd. merged into "Mitsui Sumitomo Aioi Life Co., Ltd."

→ History of Mitsui Sumitomo Insurance (link to website) 🗇

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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

MS&AD Mitsui Sumitomo Insurance

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

MS&AD 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

MS&AD 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

MS&AD 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

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[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 48 countries and regions * No. 1 in terms of non-life gross premiums written in the ASEAN region



Aioi Nissay Dowa Insurance Europe MS&AD INSURANCE GROUP

Financial Services Business

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

MS&AD MITSUI SUMITOMO INSURANCE Venture Capital Co., Ltd. MS&AD MS&AD VENTURES



Digital/**Risk-Related Services Business**

Creating synergies with the insurance business by deploying global risk solution services

MS&AD InterRisk Research & Consulting MS&AD INSURANCE GROUP

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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.

Company Overview

➢ 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

📀 AIOI 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

NITSUI 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.

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🕑 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 assetbuilding 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.



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▷ 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.



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➢ MS&AD ABILITYWORKS Co., Ltd. □

MS&AD Insurance Group is promoting Diversity, Equity & 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.

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Corporate Governance

- Basic Policies on Corporate Governance
 Corporate Governance Stance
 Support Systems for Outside Directors and Outside Audit & Supervisory Board Members
 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).

- Sasic Policies on Corporate Governance
- Responses to the Corporate Governance Code
- Internal Control
- Internal Control Systems
- Orporate Governance Report (last update : December 12, 2024) (1,029KB)

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. HOME / About MS&AD Group / OUR PLATFORM / Corporate Governance

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.

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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:

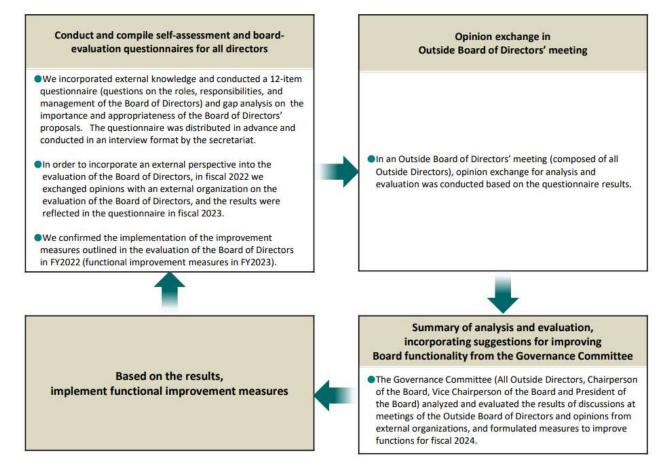
- 1. The Company has assigned a person in the secretariat of the Board of Directors to each of the Outside Directors and Outside Audit & Supervisory Board Members (hereinafter referred to as "Outside Officers") to provide support in areas such as providing briefings in advance.
- 2. The Company has established a system to provide continuous information and training on the business environment surrounding the Company, risk management, etc. to Directors and Audit & Supervisory Board Members upon their assumption of office and during their term of office.
- 3. The Company provides appropriate opportunities for Outside Officers to share information and exchange opinions with management and senior employees.
- 4. The Company shall bear the expenses necessary for outside officers to fulfill their roles.
- In fiscal 2023, 8 seminars and study sessions were held for directors.

< Main themes >

"Exchange of views with overseas management," "Trends in overseas insurance markets (including reinsurance)," "Use of generated AI," "Extreme weather," "IFRS," etc.

Evaluation of Board of Directors Effectiveness and the Analysis Process

Analysis and evaluation process



- (1) Questionnaires conducted for all Directors' self-evaluation and board evaluation
- In order to incorporate external perspectives into the evaluation of the Board of Directors, we exchanged views with a consulting firm on the evaluation of the Board of Directors in fiscal 2022. 12-item questionnaire reflecting the results of the exchange of views and a gap analysis on the importance and adequacy of the proposed Board of Directors meeting were distributed in advance, and the questionnaire was conducted in the form of an interview conducted by the secretariat.
- With regard to the improvement measures (measures to improve functions in FY 2023) outlined in the board evaluation for FY 2022, we also checked to see if initiatives were being implemented.
- (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) Summary of analysis and evaluation by the Governance Committee
- The Governance Committee (It consists of all outside directors, the Chairperson of the Board, the Vice Chairperson of the Board, and the resident of the Board.) conducted an analysis and evaluation based on the results of an exchange of opinions at the meeting of the Outside Board of Directors. In addition, based on opinions from external organizations, the Committee formulated measures to improve the functioning of the Board of Directors in fiscal 2024.

(4) We will promptly commence and strengthen measures for improving capabilities in fiscal 2024, and link them to a PDCA cycle aimed at enhancing effectiveness.

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Summary of the Results of Analysis and Evaluation

Based on the content of discussions and the performance of functions at the Board of Directors meetings in fiscal 2023, as well as operational aspects and the training and information provided to outside officers, the performance of functions at the Board of Directors meetings was generally well received. The following is a summary of the activities and results of the evaluation of the Board of Directors in fiscal 2023 and the measures to improve functions in fiscal 2024.

Fiscal 2023 Initiatives and Board of Directors Evaluation Results	 All Directors strongly recognize that the Medium-Term Management Plan is a commitment to internal and external stakeholders, and full information sharing and discussion are conducted on progress management and countermeasures, and best efforts are made to realize the plan. Executive study sessions on current and relevant areas of the insurance business have been held to enhance directors' knowledge and contribute to improving the quality of discussions at the board meetings. It is necessary to continue the study sessions. Although sufficient discussions have been conducted on business investment at an early stage, it is desirable to enhance explanations on the direction of new business investment and review of past business investment. Insufficient penetration of the management philosophy, etc. into the front line is considered to be one of the factors of the insurance premium adjustment problem, etc., and it is necessary to consider a method to periodically review the penetration status of the management philosophy, etc.
Measures to improve functions in fiscal 2024	 Opportunities will be provided to deepen discussions on the positioning of business investment projects within the overall strategy of overseas business and the explanation of past events at the time of capital increase. We will expand opportunities to explain the long-term direction and outlook of our growth strategy and capital policy (including shareholder returns) at meetings of the Board of Directors and executive study meetings. In addition to improving the analysis method of employee awareness surveys, we will continue to conduct field trips to the front lines of insurance companies and exchange opinions with overseas management in order to confirm the penetration and implementation of the management philosophy among employees.

Auditing

Audit & Supervisory Board Members and Audit & Supervisory Board

- 1. Roles and 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 the Corporate Group, and establishing good corporate governance in
 response to the public trust by supervising the performance of duties of the Directors, and work to maintain an independent position and a
 fair and unbiased attitude, acting in accordance with their own beliefs.
- 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.
- Audit & Supervisory Board Members participate in joint meetings of Outside Directors and Auditors, etc. and work to share information with Outside Directors.

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- 2. Composition and Roles of the Audit & Supervisory Board
- The Audit & Supervisory Board comprises a majority of Outside Audit & Supervisory Board Members. As independent officers, Outside Audit & Supervisory Board Members have independence, and a significant degree of expertise and knowledge. Full-time Audit & Supervisory Board Members also have sophisticated information gathering capabilities based on extensive operational experience, and the organic combination of the 2 serves to enhance audit effectiveness.
- The Audit & Supervisory Board receives reports from Audit & Supervisory Board Members on the status of the performance of their duties and reports from officers and employees, etc. 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.

This department conducts internal audits encompassing a wide range of risks arising from business activities.

The internal auditors, who are members of the internal audit department, are continuously committed to maintaining and improving their professional competence.

The department formulates annual internal audit plans, taking into account management objectives and risk assessments based on internal and external information. These plans encompass risks arising from business activities, including ERM and data governance such as privacy policies. In addition to implementing these plans on an annual basis, the department may also take proactive measures to address significant risks. The results of these activities are provided as feedback to the audited organization, contributing to improvement efforts.

• The Company has established an internal audit department, the head of which reports directly to the Board of Directors on the outcome of its activities on a regular basis, thus sharing information with all Directors and Audit & Supervisory Board Members. Audit & Supervisory Board Members also share opinions with the department on such matters as planned internal audits and/or their progress, in addition to collecting every audit report issued by the department regularly.

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.

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Accounting Auditor Remuneration

FY2022		(¥ million) FY2023		
Scope	Compensation for audit services	Compensation for non-audit services	Compensation for audit services	Compensation for non-audit services
The Company	138	0	134	0
Consolidated subsidiaries	704	0	712	0
Total	842	1	847	1

*Compensation for audit and attestation services at our company and consolidated subsidiaries includes compensation for voluntary audit contracts in preparation for adoption of International Financial Reporting Standards (IFRS).

The non-audit function in our company is to support compliance. The content of non-audit operations at consolidated subsidiaries includes agreed procedural operations.

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.

*In fiscal 2024, both the Nomination Committee and the Compensation Committee consisted of 5 outside directors and 8 members, including the Chairperson of the Board, the Vice Chairperson of the Board and the President.

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 meets at least once a year.
- The committee met 5 times in fiscal 2023, and all committee members attended every meeting. Discussions were held regarding consideration of candidates for outside auditors.

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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 at least once a year.
- In fiscal 2023, the Remuneration Committee met once.

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, May 20, 2021 and December 27, 2022 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.

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c. Overview of remuneration

(a) Composition of remuneration

	Fixed remuneration	Performance-linked remuneration	
		Monetary remuneration	Stock-based remuneration
Directors (excluding Outside Directors)	0	0	0
Outside Directors	0	-	-
Audit & Supervisory Board Members	0	-	—

- 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)

[Fixed remuneration]	[Performance-linked remuneration]	[Performance-linked remuneration]
50%	Monetary remuneration	Stock-based remuneration
	25%	25%

<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)

[Fixed remuneration]	[Performance-linked remuneration]	[Performance-linked remuneration]
Approx. 60% - approx. 70%	Monetary remuneration	Stock-based remuneration
	Approx. 20%	Approx. 10% -
		approx. 20%

(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)

Overview of restricted stock remuneration plan			
Eligible Directors	Directors excluding Outside Directors		
Amount of monetary remuneration to be provided (maximum)	200 million yen per year		
Type of shares to be allotted	Common shares (with transfer restrictions under a restricted stock allotment agreement)		
Number of shares to be allotted (maximu m)	130,000 shares per year		
Transfer restricted period	Period from the allotment date to the date on which the related Eligible Director resigns or retires as the Company's Director or fro m another position which the Board of Directors has determined.		

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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, "FY 2022-25," 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.

Indicator	Reasons for selection
GroupAdjustedProfit(*1)	The selected indicators were Group Adjusted Profit as a measure of shareholder returns, Group Adjust
Consolidated Net Income	ed ROE as a measure of capital efficiency, and Consolidated Net Income as a key performance indicato r for the Group.
Group Adjusted ROE (*2)	* After the adoption of IFRS, the indicators at the left will be changed to "IFRS net income" and "Adjust ed ROE" on an IFRS basis.

*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 \div 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.

	Evaluation item	Reasons for selection
Basic strategies	 O Value (creating value) O Transformation (business transformation) O Synergy (demonstrating Group synergy) 	"Basic strategies" and "Platforms" that support the basic strategi es have been selected as non-financial indicators in order to real ize "A corporate group that supports a resilient and sustainable s
Platforms	O Sustainability O Quality O Human resources O ERM	ociety," which is an aspiration of the Group's Medium-Term Man agement Plan (2022-2025).

(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.

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

Stock-based remuneration: Standard amount per position \times business performance coefficient (financial indicators \times 20% + non-financial indicators \times 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 <Financial indicators>

	Actual	Target	Vs. target
Group Adjusted Profit	¥379.9 billion	¥280.0 billion	135.7%
Consolidated Net Income	¥369.2 billion	¥280.0 billion	131.9%
Group Adjusted ROE	9.0%	7.5%	+1.5 point

<Non-financial Indicators>

Evaluation item	Results of evaluation
Basic strategies	 As a result of evaluation based mainly on the following points, performance is evaluated to be at a standard level: Developing and deployment products and services that offer new value leading to solutions to social issues Transforming the business, risk portfolios and pursuit of new business utilizing digital data Implementation of the One Platform Strategy and Group synergies, etc.
Foundations	As a result of evaluation based mainly on the following points, performance is evaluated to be at a below-average level: Initiatives related to the key sustainability issues of coexistence with the global environment, a safe and secure society, and the wel I-being of diverse people Customer focus business operations such as product and service improvements based on customer feedback Initiatives related to human assets, such as building an optimal human asset portfolio and creating a workplace environment that maximizes employees' abilities, skills, and motivation, including implementation of DE&I Initiatives to strengthen the ERM, foundation such as improving profitability and capital efficiency and reducing strategic equity hol dings, 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 wage s 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 th 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 y en 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 & Su pervisory Board Members was four (4) as at the close of the Annual Shareholders Meeting.

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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 2023)

Category	Number	Total Remuneration (¥ million)
Directors (excluding Outside Directors)	7	352
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	3	56
Outside Directors/Audit & Supervisory Board Members	8	96

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Persons with consolidated Remuneration (including remuneration for corporate officer posts at main subsidiaries, etc.) of ¥100 Million or More (fiscal 2023)

Name	Corporate Officer Posts	Company	Total consolidated remuneration, etc. (¥ million)		
Yasuyoshi Karasawa	Director	The Company	127		
Yasuzo Kanasugi	Director	The Company	101		
	Director	ADI			
Noriyuki Hara	Director	The Company	139		
	Director	MSI			

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.

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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

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(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) Independence

The following persons are ineligible.

[1] An executing person of the Company or a subsidiary of the Company.

[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.

[8] A person falling under any of the items [2] through [7] during the past five years.

(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

Name	Date of Selection	Reason for Selection	Attendance at Board of Directors Meetings*
Mariko Bando	June 2017	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.	12 of 12 meetings
Junichi Tobimatsu	June 2018	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.	12 of 12 meetings
Rochelle Kopp	June 2020	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.	12 of 12 meetings
Akemi Ishiwata	June 2022	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.	12 of 12 meetings
Jun Suzuki	June 2023	Mr. Jun Suzuki has extensive experience as a management executive by having served as Representative Director, President & CEO of Teijin Limited, and has a wealth of knowledge on global management by having served as the Teijin Group Chief Representative in Europe and other positions. The Company expects to draw from that experience and insight and have him supervise management and provide advice on overall management from his expert perspective, particularly in regard to global management.	12 of 12 meetings

* The number of Board of Directors' meetings attended during fiscal 2023.

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Outside Audit & Supervisory Board Members

Name	Date of Selection	Reason for Selection	Attendance at Board of Directors/ Audit & Supervisory Board Members
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
Taisei Kunii	June 2024	He has been actively engaged in the practice of a certified public accountant for many years, serving as the comprehensive representative of the limited liability audit corporation, Deloitte Touche Tohmatsu LLC. He possesses specialized knowledge and experience in finance and accounting as well as in management. In order to incorporate his expertise and experience into our company's management, he has been appointed as an external auditor.	-

* The number of Board of Directors' meetings and Audit & Supervisory Board meetings attended during fiscal 2023.

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 and compliance and internal audit," "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"

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Officer	Corporate management	International	IT / digital	Sustainability	Personnel affairs / HR development	Legal and compliance and internal audit	Risk management	Finance / accounting	Insurance business
Director Hara	0	0		0	0	0	0		0
Director Kanasugi	0	0		0	0	0			0
Director Funabiki	0	0	0	0	o	0			0
Director Higuchi	0	0	0	0	0	Q	0	0	0
Director Shimazu		0	0	0	0	0	0		0
Director Shirai				0		0	o		0
Outside Director Bando	0	0		0	0	0			
Outside Director Tobimatsu	2	0		0		0			
Outside Director Kopp	0	o	·	0	o				
Outside Director Ishiwata				o					
Outside Director Suzuki	0	0		o	o	,			
Auditor Suto	6						0	0	0
Auditor Suzuki					v. 6	,	0	0	0
Outside Auditor Uemura						0			
Outside Auditor Kunii	0				9		8	0	

Furthermore, regarding Audit & Supervisory Board Members, we also consider "finance and accounting" to be important skills.

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Officer	Corporate management	International	IT / digital	Sustainability	Personnel affairs / HR development	Legal and compliance and internal audit	Risk management	Finance/ accounting	Insurance business
Executive Officer Tamura		0	0	0	0	0	0	0	0
Executive Officer Motojima	0			0	0				0
Executive Officer Nüro	0	0		0	0				0
Executive Officer Hayakawa	0	0				£		0	0
Executive Officer Tsuda	0	0	0		0				0
Executive Officer Owada		0		0	0			0	0
Executive Officer Arakawa	0			0					0
Executive Officer Tatematsu	×								0
Executive Officer Motoyama	2		0	1	0				0
Executive Officer Sato				0		0			0
Executive Officer Hori		0				0	0		0
Executive Officer Morimoto	0	0			o				0

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

Related Information

Board Members

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Compliance

Compliance Basic Policy

We position compliance as one of the most important issues in group management, and all board members and employees of the MS&AD Group are committed to always recognizing the company's social responsibility and establishing a framework for practicing compliance. We have established the "MS&AD Insurance Group Compliance Basic Policy," which serves as the group's basic policy and compliance standards. Our company and group companies work positively to develop thorough compliance.

- ➢ 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 centrally supervise Group compliance matters. In addition, we have established the International Supervisory Department as a division responsible for supervising the promotion of overseas compliance efforts based on the "MS&AD Insurance Group Compliance Basic Policy" for our group's overseas entities. We are working to enhance and strengthen our overseas compliance efforts in collaboration with the Compliance Department.

Each group 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.

In case of any misconduct or violation committed by board members and employees, the Company implements disciplinary actions in accordance with the employment regulations. Disciplinary may be disclosed internally as a means of raising awareness and caution. Furthermore, depending on the nature and severity of the violation, it may have an impact on the compensation of board members and employees.

Activities

Compliance Program

We and group companies, as a part of the compliance implementation plan, develop the Compliance Program 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. HOME / About MS&AD Group / OUR PLATFORM / Risk Management / Compliance

Compliance Manual

We and group companies have each Compliance Manual that states their compliance-related policies and regulations, with examples and interpretations, for board members and employees. The manual 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 group 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

Group 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 group 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. The International Supervisory Department monitors the progress of compliance initiatives at overseas entities, provides guidance and support, and regularly reports on the status of overseas compliance to the Board of Directors, etc. We also engage in discussions with relevant departments to work towards the establishment and enhancement of overseas compliance

measures.

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 16 languages and can be reported directly to our Group Head Office in Japan via a dedicated website or e-mail.



Anti-Money Laundering, Countering the Financing of Terrorism and Countering the Proliferation Financing (AML/CFT/CPF)

The MS&AD Insurance Group has formulated a "Policy on AML/CFT/CPF" and is promoting initiatives to prevent the products and services of Group companies from being used in money laundering, terrorist financing or proliferation financing. Moreover, measures to prevent money laundering, terrorist financing or proliferation financing are implemented at overseas entities of the MS&AD Insurance Group, where "Measures for Anti-Money Laundering and Counter Financing of Terrorism" are stipulated in the "Compliance Manual for International Operations".

Policy on AML/CFT/CPF

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

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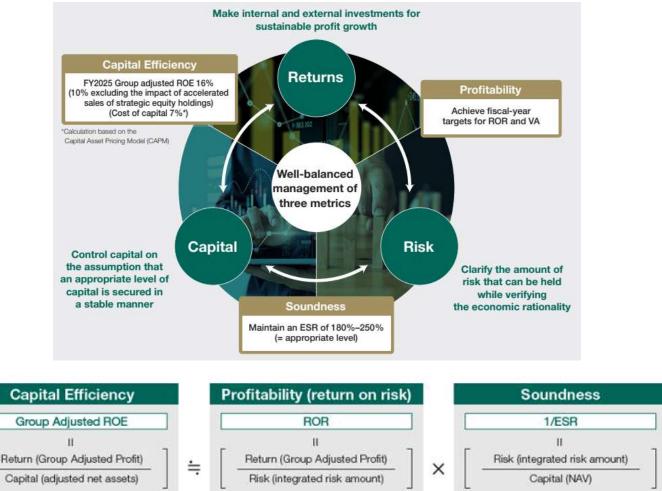
ERM and Risk Management

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 the 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, considering 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.



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ERM Cycle

Planning phase	 Formulate strategies based on the Group Risk Appetite Statement and establish capital allocation amounts after confirming the amount of risk that can be taken. 		Planning	0
Execution phase	② Take risks within the risk limits based on the capital allocation amounts and others.			< _
Monitoring phase	 ③ Conduct regular monitoring of financial soundness, profitability, capital efficiency, etc.* ④ Based on the outcome of monitoring, examine and 	Monitoring		Execution
n the Monitorin	g phase, the Company quarterly reviews Group Adjusted ROE, ROR, ESR	phase		phase

and other indicators, including compliance with the risk limits.

Group Risk Appetite Statement and ERM practices

To achieve its management vision, the Company sets out the direction and basic concepts of initiatives related to matters such as capital policy and risk appetite, in the Group Risk Appetite Statement which is resolved by the Board of Directors and manages risk, return and capital in a unified manner.

The Company formulates the Group Medium-Term Management Plan consistent with the Group Risk Appetite Statement, and aims to ensure soundness, improve capital efficiency and increase return on risk through an ERM cycle.

When allocating capital for each business and making the Group income and expenditure plan, the Company confirms these are consistent with the Group Risk Appetite Statement.

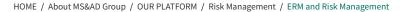
The Company periodically reviews the necessity of a revision of the Group Risk Appetite Statement in light of the results of stress tests, environmental changes and other factors.

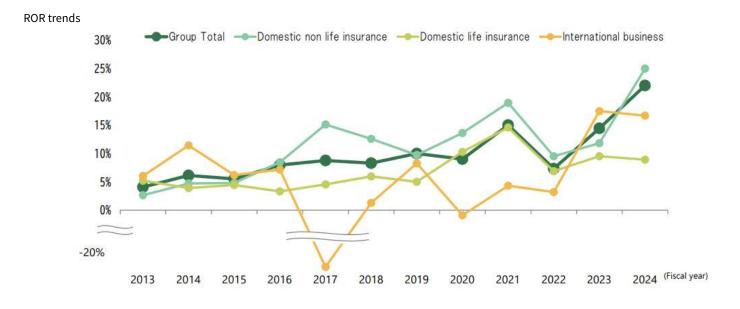
Initiatives to Boost Profitability

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.

	P/L management by product/line			
Product development/	Domestic non-life insurance	Strengthening risk/return management according to insurance line attributes and P/L management of new types of insurance, which have a large impact on major accidents and are growth drivers		
sales/ initiative management	MSI Aioi Life*	Assessing ROR for new policies when products are developed and revised and a sales policy is formulated		
	MSI Primary Life*	Product-by-product profitability assessment (estimated value at the start of sales and actual value after sales)		
Asset management strategy	o			
Retention/ reinsurance policy		a retention and outward reinsurance scheme that maintains financial soundness and stability of loss and contributes to improving profitability. Control the net retained risk amount associated ers		

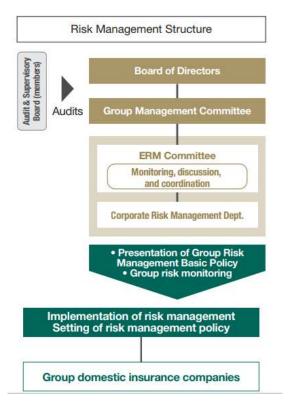
*MSI Aioi Life: Mitsui Sumitomo Aioi Life Insurance; MSI Primary Life: Mitsui Sumitomo Primary Life Insurance





Implementation and promotion of risk management

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
- Three Lines of Defense Structure for Risk Management
- Insurance Business Risks
- Risk Management in International Business
- Crisis Management System (Including Business Continuity Management System)

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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.

	Group Material Risks
No.	(The dotted areas show "main scenarios assumed" for the respective Group Material Risks. Considerations are points to keep in mind when considering the main scenarios.)
	Occurrence of large-scale natural catastrophes (Considerations: Climate Change)
	- Increase in claims paid due to the occurrence of large-scale windstorms, floods, forest fires, blizzards,
	hailstorms, droughts, earthquakes, volcanic eruptions and other natural catastrophes in Japan and
	overseas, in part due to climate change
1	- Development of a situation in which it is difficult to control risks in line with the Group policy due to rising
	outward reinsurance premiums and reduced reinsurers' underwriting capacity mainly as a result of the
	occurrence of large-scale natural catastrophes
	- Development of situation in which the occurrence of a large-scale natural catastrophe prevents the
	Group from properly executing business or delivering services
	Significant changes in financial markets (Considerations: Inflation)
	- Fall in the value of stocks and other assets held due to a possible stagnation of the global economy and
	economic activities
2	- Decrease in capital adequacy due to fluctuations in interest rates and currency exchange rates as a
	result of changes in monetary policy of the respective governments in light of price trends, the
	downgrading of the credit rating of the government bonds due to a lack of fiscal discipline, etc.
	Significant increase in credit risk (Considerations: Climate Change)
	- Deterioration in performance and the default of investees due to factors such as deterioration in the
	actual economy, tighter regulations in view of the transition to a decarbonized society and delay in the
3	necessary actions
	- Fall in value of bonds and other instruments held due to increased risk aversion among investors amid
	concerns about a global slowdown
	 (i) Acts such as a breach of laws or regulations related to Group business, a serious labor issue, a human rights violation or elimination of diversity, deficient data governance, etc. Occurrence of breaches of laws or regulations in Japan and/or overseas where the Group has operating facilities or does business (including unreasonable restraints on transactions and abuse of
	 a superior bargaining position), and occurrence of serious labor issues (long working hours, harassment, etc.) Occurrence of an infringement of human rights, intellectual property rights or information leakage within the Group or at a subcontractor or other business partner
	 Occurrence of infringement of rights, inappropriate disclosure, violations of guidelines created by relevant authorities, damage to the Group's reputation, etc., due to the increasing utilization, regulatory changes, changes in public awareness, etc. regarding generative AI.
4	- Occurrence of serious error in disclosed information due to delayed or inadequate establishment of operational
	framework for the disclosure of consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) or the introduction of economic value-based solvency regulation
	 (ii) Lack of or failure to fully take into account the perspective of customers and other stakeholders, deviation from social norms, and acts that violate the Group's code of conduct (conduct risk, etc.)
	- A loss of the Group's social credibility mainly due to insufficient examination of the customer's
	perspective while acting in accordance with industry practices, etc.
	- Increase in business disruption or complaints as a result of reorganization, business reforms or
	system development for the execution of the Group strategies
	- Decline in work quality or efficiency as a result of insufficient communication or other changes
	associated with remote working, etc.
	- Damage to the Group's reputation or increase in financial burden as a result of the Group's insufficient
	response to sustainability-related issues and information disclosure regarding how the Group is
	responding to climate change, and any ensuing litigation, etc.

Large-scale and serious business delay and/or information leakage as a result of cyber attack
(Considerations: Digitalization) - Occurrence of business holdups or information leakage within the Group or at a subcontractor or other business partner due to the global escalation of damage caused by cyber attacks as a result of further digitalization, increasingly sophisticated and diverse cyber attacks (including attacks using generative AI etc., where technological progress is remarkable), and the expansion of the range of the impact of
cyber attacks with the expanding use of cloud technology and supply chains.
 Frequent occurrence of system failure or occurrence of serious system failure, or progress delay and non-attainment of target, budget overrun or failure to achieve expected outcome in large system development (Considerations: Digitalization) Business and services holdups caused by simultaneous failures of systems for customers and agents due to increased digitalization, damage of system-related facilities due to a large-scale natural disaster or other event, the suspension of fund settlement infrastructure or a communication failure due to a problem or incident involving communications satellites or communications lines, which could also be affected by space weather phenomena Occurrence of a large-scale fault of a system operating for customers and others Failure to accomplish the management plan due to progress delay, non-attainment of targets, budget overrun or failure to achieve expected outcome in large system development
 Spread of a new strain of influenza or other infectious disease (Considerations: Climate Change) Development of situation in which the Group is prevented from properly executing business or delivering services caused by spread of new strains of infectious diseases and protraction of the impact of infectious disease events partly due to the impact of global warming Decline in profitability caused by an increase in claims and benefits paid amid a rise in infectious worldwide and long-term stagnation of economic activity due to protraction of the impacts of infectious disease events
Changes in the insurance market
 (Considerations: Digitalization, Climate Change, Falling Birthrate and Aging Population, Inflation) Impact on profit structure caused by decline in the number of car accidents resulting from the advances in driver assistance and autonomous driving technologies and the large-scale transformation of business models and sales channels resulting from the emergence of digital platformers, changes in consumer awareness, and response to the social expectations, etc. Impact on sales strategy from constraints on the supply of equipment or reputational 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 in line with expansion of services before and after coverage and protection Increase in claims paid due to new insurance underwriting relating to responses to climate change such as low-carbon and decarbonization technologies, the development of a circular economy, and health and environmental damage caused by chemical substances, etc. Impact on business portfolio from changes in market size and structure caused by declining birthrate, aging population, and depopulation Increase in claims paid and business expenses due to the rise or accumulation of risks associated with changes in the external environment (including changes in the needs of society, the aging of the buildings and equipment of enterprises, etc., and the emergence of cross-country/regional risks such

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Î T	Changes in environment surrounding human capital			
	(Considerations: Failing Birthrate and Aging Population, Digitalization)			
9	 Gap between management strategies and human capital portfolio and insufficient recruitment and development of human resources to eliminate such gap, due to external changes in areas such as the human capital market and labor supply and demand and changes in the skills and expertises necessary for the execution of strategies such as the promotion of DX Decrease in employee engagement and loss of human capital due to insufficient development of environments that accurately reflect changes in what employees value in their working life such as autonomous career development opportunities, flexible and diverse work styles and respect for diversity, and inadequate systematic responses to harassment (including harassment by customers) 			
	Intensifying confrontation and political, economic and social division and polarization between countries and in overseas countries and national security crises			
10	 Decline in the value of the assets held by the Group, including stock, due to concerns about stagnation of ecnomic activity caused by intensifying confrontation and political, economic and social division and polarization between countries and in overseas countries (including those caused by changes in world leaders, such as the presidents of countries, and the rise of the Global South) Deterioration in performance and default of investees due to situations including but not limited to deterioration in the actual economy as a result of supply chain disruptions and other obstacles caused by tighter economic security-related regulations around the world Damage to the Group's reputation as a result of an economic security-related issue within the Group or at a subcontractor or other business partner 			
	 Occurrence of business holdups or information leakage within the Group or at a subcontractor or other business partner due to the expansion of damage caused by a global cyber attack resulting from intensifying confrontation between major powers Restriction or suspension of business or withdrawal from business in a specific country or region due to a change to regulations, military action or other development associated with intensifying confrontation between major powers and the rise of protectionism and subsequent insurance claims paid based on 			

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.

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	Group Emerging Risks			
No.				
1	Appearance or emergence of new systems or innovative technologies that will significantly change or transform the economy, consumer behavior and business models			
2	Damage to natural capital (depletion of resources, ecological degradation and crisis, man-made pollution or accident which causes enormous damage to the environment)			
3	Establishment, revision or abolition of Japanese or foreign laws, regulations, systems, regimes, etc. which may significantly affect the Group			
4	Significant holdups or delays in the maintenance, management or renewal of social capital (bridges, tunnels, river facilities, port facilities, sewers, etc.) or significant and chronic supply shortages of energy, etc.			

Management of Natural Catastrophe Risk

Climate/Nature-related Financial Disclosure

Control of the Retained Amount of Natural Catastrophe Risk



>

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Information Security

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. HOME / About MS&AD Group / OUR PLATFORM / Risk Management / Information Security

Monitoring Activities

The holding company monitors the status as regards arrangements for information security management at domestic insurance companies in the Group, and reports of 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. In case of any misconduct or violation committed by board members and employees, the Company implements disciplinary actions in accordance with the employment regulations. Disciplinary may be disclosed internally as a means of raising awareness and caution. Furthermore, depending on the nature and severity of the violation, it may have an impact on the compensation of board members and employees.

> Declaration of Personal Information Protection (Privacy Policy)

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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

Under the "MS&AD Insurance Group Basic Policy on the Environment," the Group has established the following Key Issues and is advancing efforts in these areas, together with its stakeholders, making environmental issues part of its corporate strategy: 1. Mitigation of and adaptation to climate change, 2. Sustainable use of resources, 3. Reduction of environmental burden, and 4. Preservation of biodiversity

> Basic Policy on the Environment

Specific Initiatives

Initiatives for Human Rights

Through its human rights due diligence, the MS&AD Insurance Group is taking measures to reduce risks through making realization of 1. Fair and impartial customer services, 2. Initiatives that take into consideration human rights measures to be implemented by business partners/agencies, and 3. consideration for employee health and a workplace environment free of discrimination priority Issues and carrying out monitoring on a regular basis.

> Human Rights Due Diligence and Remedial Measures

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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 for the Environment

The MS&AD Insurance Group has set "Symbiosis with the Global Environment — Planetary Health" as one of its key sustainability issues and is undertaking various initiatives to address climate change and natural capital

- > Action on Climate Change
- > Improvement of Sustainability of Natural Capital

Initiatives in the Value Chain

Consideration for Human Rights

> Basic Policy on Human Rights

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.

Environmental Consideration

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.

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 net-zero society and the reduction of CO2 emissions in society.

As the chairman of the Japan Biodiversity Initiative (JBIB), we are demonstrating leadership in improving the sustainability of natural capital. MSI and ADI annually explain the MS&AD Insurance Group Basic Policy on the Environment to clients and ask for their cooperation in environmental consideration.

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.

Each Group company is promoting paperless in-house processes such as use of paperless insurance policies and policy clauses, expansion of Web pages exclusively for policyholders, and digitalization of notices that formerly were sent by postal mail, in cooperation with customers. We are also actively engaged in green procurement of stationery and other items used in our business.

> Promotion of Paperless In-house Processes in Cooperation with Customers

- 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.

HOME / Sustainability / Governance / Transaction Responsibilities / Group Basic Policy for Management of Outside Vendors

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.

3. Appropriate transactions with outside vendors

The MS&AD Insurance Group will establish a management system to prevent abuse of a superior position in its relationships with outside vendors.

Based on the "Guidelines for Price Negotiations for Appropriate Pass-on of Labor Costs" (Cabinet Secretariat and Fair Trade Commission), we will establish appropriate transaction prices through appropriate price transfer with outside vendors.

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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/Nature-related Financial Disclosure

The MS&AD Insurance Group endorses "Task Force on Climate-related Financial Disclosures" (TCFD) and "Taskforce on Nature-related Financial Disclosures" (TNFD), and promotes information disclosure.

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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.

NS&AD Insurance Group Basic Policies on Corporate Governance

Basic Policies

MS&AD Insurance Group Basic Policy for Disclosure of Information

The "MS&AD Insurance Group Basic Policy for Disclosure of Information" 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.

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

Policy for Constructive Dialogue with Shareholders

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.

> Policy for Constructive dialogue with shareholders

IR Policy

The "IR Policy" is the basic policy for IR activities established by MS&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.

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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.

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



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The Medium-Term Management Plan

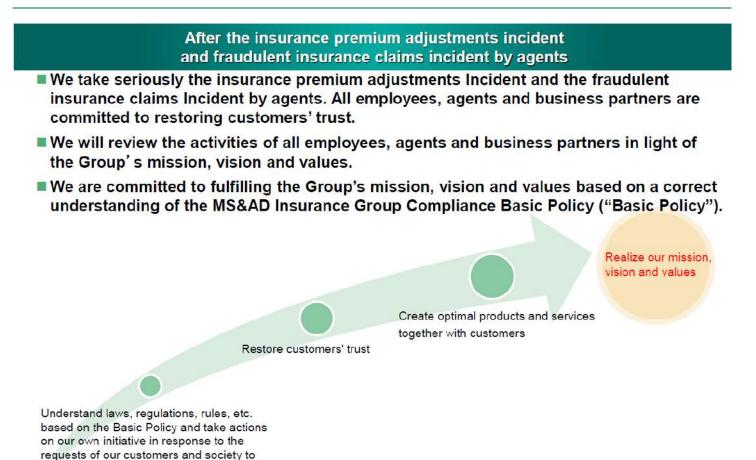
MS&AD Group Medium-term Management Plan (FY2022-FY2025) Stage 2 Grow Together with Society As a Platform Provider of Risk Solutions



meet their expectations

> The Medium-term Management Plan (FY2022-FY2025) Stage 2 腕 (5,098KB)

Main Points of the Review of the Plan in Stage 2



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Significant Business Style Revolution

 We will review the way that we do business and drastically change our business style, including the value we provide, business structure, productivity and profitability. The new style will be based on customer-focused operations, robust governance and compliance.

Changing the value we provide

 Establishing an appropriate competitive environment

Increasing our competitive advantage in the provision of products and services

- Strengthen ability to propose risk solutions
 Enhancing our core insurance functions and solutions before and after coverage
- and solutions before and after coverage and protection Improving underwriting management
- Promoting underwriting using risk-related information and data

Changing business structure

 Implementing new growth investments
 Increasing investments in businesses

that can be developed and in markets that are expected to grow

 Investing in digital technologies and human resources
 Increasing digital transformation investment in new solutions, including

generative AI, and investments in human resources

Changing productivity and profitability

- Fully implementing the One Platform strategy
 - Promoting the integration of head office functions and expanding the integrated functions to the entire Group
- Reviewing overdesigned operations Promoting paperless operations and digitalization
- Strengthen asset management Pursuing profitability based on changes in the market environment

Customer focused business operation

- Re-emphasizing customer-focused operations
- Taking actions on our own initiative in response to the requests of our customers and society to meet their expectations

Strengthen governance

- Strengthening the governance framework by senior management
 Enhancing the functions of the second
- and third lines of the three-line defense
- Compliance
- Enhancing awareness and knowledge of compliance
- Enhancing the ability to foresee risks and detect risk indicators
- Monitoring, accumulating knowledge and sharing knowledge within the Group

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, claim 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)

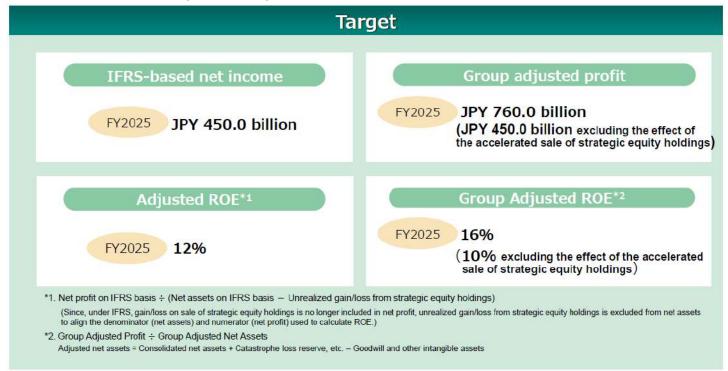
To contribute to the development of a vibrant society and help secure a sound future for the planet, by enabling safety and peace of mind through the global insurance and financial services business



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Our Aspirations: (2) Qualitative Targets

- Achieve net income of JPY 450.0 billion on an IFRS basis in FY2025 and a Group Adjusted Profit of JPY 760.0 billion (JPY 450.0 billion if the effect of the sale of strategic equity holdings is excluded).
- Achieve an Adjusted ROE of 12% and a Group Adjusted ROE of 16% (10% if the effect of the sale of strategic equity holdings is excluded). (Note) The Group plans to change its accounting standards to IFRS in FY2025.



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.

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S	Value (Value creation)	 Increase the earning potential of businesses, products and services and strengthen the revenue base Provide value to all stakeholders and improve corporate value through the global rollout of the CSV × DX strategy 	 Strengthening of the revenue base Implementation of MS&AD Value strategy
sic strategies	Transformation (Business reforms)	 Fundamentally review our way of doing business and change the business structure to one that emphasizes customer-focused operations and legal compliance. 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 	 Business and risk portfolio reforms (Shift towards international/life insurance/new businesses) Pursuit of optimal solutions utilizing digital technologies
Bas	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 	 Implementation of One Platform strategy Synergy of life insurance and non-life insurance businesses Global synergy

stainability

- Initiatives to address three priority issues
 Symbiosis with global environment
- (Planetary Health)
- Safe and secure society (Resilience)

Foundations

- Happiness of diverse people (Wellbeing)
- re-emphasizing compliance
 Corporate group which continues to evolve based on customer feedback
 Highly transparent and

Quality

Customer-focused operations,

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 of the profitability of fire insurance due to the increasing severity and frequency of natural disasters and of the profitability of voluntary automobile insurance due to ongoing inflation and other factors

Strengths of the MS&AD Group

- Strong awareness among employees due to early commitment to CSV
- Global network which will help create value (Corporate Venture Capital in Silicon Valley, open innovation centers "GDH" <Global Digital Hubs> around the world, Joint research laboratory for AI and other cutting-edge technologies with an AI venture of the University of Oxford, U.K., etc.)
- Initiatives to improve productivity using digital tools

Help solve climate change and other social issues while growing together with society through the global rollout of the CSV × DX strategy

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 the profitability of fire insurance, improvement of the revenue from voluntary automobile insurance
- Reforming the business style using digital tools

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

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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, including generative AI, the 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 (Corporate Venture Capital in Silicon Valley, open innovation centers "GDH" <Global Digital Hubs> around the world, Joint research laboratory for Al and other cutting-edge technologies with an Al venture of the University of Oxford, U.K., etc.)

Fundamentally review the way of doing business and adapt to changes in the business environment by reforming the business portfolio and utilizing digital technologies

Business and risk portfolio reforms (Shift towards international/life insurance/new businesses)

- Realization of diversified business portfolio through expansion of
- Realization of diversified business portion through expansion of the international business and life insurance business
 Improvement of capital efficiency by increasing the sophistication
- of business management (improving results and identifying unprofitable businesses)
- 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 builtin insurance sales process
- Business style transformation through the introduction of new solutions, including generative AI, in business processes

Basic Strategy: Synergy (Demonstration of Group Synergy)

External environment

- Slowdown in growth of domestic non-life insurance market in the medium and longterm due to the shrinking population and the declining birthrate and aging population
- Ongoing labor shortage

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
- Transformation of the business model and business operations to address the labor shortage

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

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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



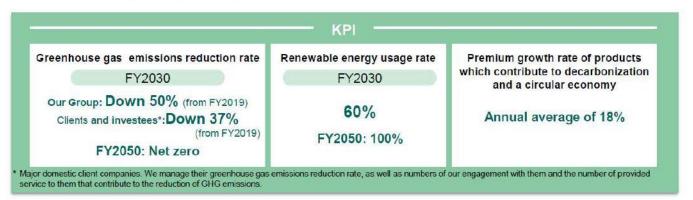
Created based on Stockholm Resilience Centre's SDGs wedding cake

Symbiosis with global environment (Planetary Health)

Action on climate change – Aiming for net zero greenhouse gas emissions by 2050

Improvement of sustainability of natural capital

- Reduction of greenhouse gas emissions created by Group and its supply chain
- · Reduction of greenhouse gas emissions in cooperation with our client companies and investee companies
- Provision of products and services and investment and financing that will support technological innovation and its implementation in society for a transition 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
- Support for the transition to business based on the restoration and protection of biodiversity and the utilization of sustainable resources



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Safe and secure	e society (Resilience)		Ha	ppiness of diverse p	eople (Well-being)
	new risks that emerge with rmation of society	l l		Provision of products a support customers	
 Addressing new risks associated with innovation and changes in the industrial structure such as cyber risks 		es in the	 Support for companies' health & productivity management Provision of products and services that will help promote custor health, adapt to an aging society and improve OOL 		at will help promote customers'
Loss prevention/mitigation th	nrough the utilization of dat	ta and Al	 Financi 	al inclusion: improving access	
	nts, natural disasters and majo		service	5	
based on data analysis	sualization and the provision of	solution	(Respect for hum	nan rights
Creation of a resilient and incl	usive society (regional revi	talization)		ion of human rights due diliger ment of human rights risks and	
 Social implementation of green resilience, the use of the diverse functions of nature to prevent disasters, disaster mitigation, GHG emissions reduction, regional revitalization and physical and mental health Collaboration with local governments, commerce and industry associations and other stakeholders in communities to address social issues Regional revitalization through initiatives such as transition to a sustainable infrastructure, activation of regional industries, and realization of diverse mobility services 			implementation of corrective activities that impact human rights business activities) and establishment of remedy system Employee well-being		s that impact human rights withi
					ll-being
			 working DE&I in equity a 	ement of mental and physical i itiative: Creating a work enviro and inclusion rees and customers respecting	onment that values diversity,
1		—— КР			
		FY20	25		
Rate of increase in underwriting of products which help improve the resilience of society (based on number of products underwritten)	Instances of support for the resolution of issues faced by regional companies Consulting services, training/seminars	Number of polici for products w solve health-rela issues	hich help ated social	Number of policies in force for asset-building products to support longevity	Instances of support for action by companies to address human rights Consulting services, training/seminars
Annual average of 20%	10,000 instances a year	2.6 mill	ion	0.1 million	1,000 instances a year

Foundation Initiatives: Quality

• Establish clear business operation rules, strengthen risk management in second- and third-line activities, put customers and agents first in business operations and re-emphasize compliance

Customer-focused operations, re-emphasizing compliance

- Customer-focused operations, specific training and education programs for employees and agents that will contribute to raising compliance awareness and improving knowledge, and investigations of business partners
- Clarify rules to ensure proper operations
- Strengthen the risk management framework for second- and third-line activities to ensure legal compliance (monitoring, internal audits, establishing a new organization to strengthen the ability to detect risks)

Corporate group which continues to evolve based on customer feedback

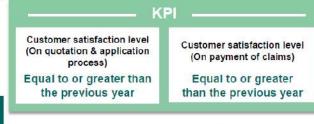
- Initiatives to improve customer experience value through the improvement of business processes and the utilization of digital technologies based on customer feedback
- Advancement of the Group as a whole through the groupwide sharing of knowledge and knowhow for improving customer satisfaction gained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

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

MS&AD Insurance Group Compliance Basic Policy 3.Code of Conduct for Officers and Employees Concerning Compliance (excerpt)

- We will comply with laws and regulations, etc., and if we discover any behavior with the potential to break laws and regulations, etc., we will have the courage to point out the behavior and correct it in cooperation with related persons and authorities where necessary.
- When considering an action, we will ask ourselves if the action is ethical, if we can explain the action to our customers, friends and family with confidence, and if the action will preserve confidence in the MS&AD Insurance Group and its brand.
- We treat every person faithfully, fairly, and appropriately in every situation.





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Foundation Initiatives: Human Resources

Increase human capital investment and strive to improve employees' well-being

Percentage of executives of overseas

subsidiaries that are foreign nationals

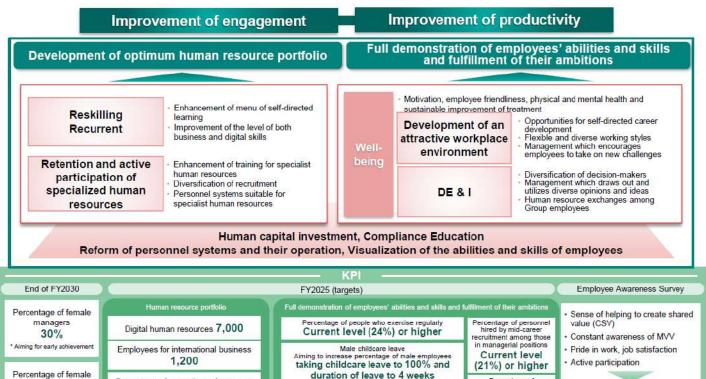
Current level (77%) or higher

line managers

15%

Aiming for early achievement

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



duration of leave to 4 weeks

Number of annual paid holidays taken Equal to or greater than the

previous year

Percentage of productivity improvement personnel expenses (MS+AD)

8.5%

Equal to or greater

than the previous year

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Foundation Initiatives: ERM

- Quantitatively and qualitatively identify risks held by the entire Group and strengthen the risk management framework.
- Allocate management resources in such a way that strikes the right balance between risk, returns and capital by using the ERM cycle

Strengthening risk management

- Strengthening risk management
 Sharing information about risks detected by Group companies within the Group and strengthening the framework for identifying risks using external advisors and other methods
- Forward-looking risk detection Qualitatively assessing risks that are hard to quantify, such as legal and conduct risks, and strengthening initiatives to detect risks at an early stage and uncover risks
- Fostering a risk culture
 Fostering a risk culture that will be a basis for governance, enhancing enterprise value and creating a sustainable businesses

Reduction of strategic equity holdings

 Initiatives to further reduce strategic equity holdings* We plan to accelerate the reduction of strategic equity holdings and sell all remaining strategic equity holdings by the end of the period of the next medium-term management plan (March 31, 2030) This is to reduce risk and improve capital efficiency.

While returning 50% of Group Adjusted Profit to shareholders, we will invest the proceeds from the sale of strategic equity holdings for growth (We will invest in businesses, systems and digital transformation.).

* Strategic equity holdings do not include stocks that are deemed to be held for rational purposes, including stocks that are held for business investments, such as investments in the development of insurance products and services, and stocks that are held purely for investment purposes.



- 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

Conceptual diagram of sophistication of business management



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 from FY2022 to FY2025
- For the basic return, we increase dividends per share in line with the growth of profit. In principle, the Company does not
 reduce ordinary dividends. It will distribute a portion of the profits gained from the acceleration of sales of strategic equity
 holdings to shareholders as special dividends.*

*Extra dividends paid to shareholders when exceptional profits are posted in addition to the ordinary dividends paid each accounting period.

Provide additional returns in an agile and flexible manner, in light of market trends, the business environment, capital status
and other factors

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

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Previous Medium-Term Management Plan

🕑 Medium-term Management Plan(FY2022-FY2025) 尉 (5,340КВ)

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)

*1.Net profit on IFRS basis \div (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)