# CSR 2016



# Advancing with you MS&AD Holdings MS&AD INSURANCE GROUP

# INDEX CSR Report 2016

#### CSR in the MS&AD Insurance Group

P.002

Message from the President
Perspective and System of CSR Approaches of
the MS&AD Insurance Group
Communication with Stakeholders
Priority Issues (Pillars of CSR Initiatives)

Participation to Initiatives and External Evaluation

#### Corporate Governance

P.022

Outline of the Group
Corporate Governance
Group Management and Internal Control Systems
Compliance

Risk Management Information Disclosure

The Medium-Term Management Plan "Next Challenge 2017"

# Contributing to Resolution of Social Issues through the Business

P.093

Accident Prevention, Disaster Prevention and Mitigation Response to Climate Change Response to Aging Society Development of Local Communities Undertaking Responsible Investment to Contribute to Resolving Social Issues

# Enhancing the Quality of Products and Services

P.137

Leveraging Stakeholders' Voices to Improve Quality
Development and Improvement of Products and Services
from Stakeholders' Perspective
Upgrading Customers' Ease of Understanding and Convenience
Payment of Insurance Claim Service Preferable to Customers
Growth with Our Agents

### Approaches to the Environment

P.166

Policies and Management Systems Related to Environmental and Social Contribution Activities Reduction of Environmental Impact Preservation of Biodiversity

#### Approaches to Local and International Communities

P.176

Contribution to Local and International Communities Social Contribution in the Field of Sports, Culture and Education

# Human Asset Development and Health Management

P.196

Human Asset Development Health Management Employee's Employment

#### Diversity and Human Rights

P.206

Promotion of Diversity
Achievement of Work-Life Balance
Communication with Employees
Respect for Human Rights

#### Data/Reference Material

P.217

#### Third-Party Assurance

P.228

#### Third-Party Opinion

P.232

# CSR in the MS&AD Insurance Group

#### Message from the President

Message from President & CEO Yasuyoshi Karasawa

# Perspective and System of CSR approarches of the MS&AD Insurance Group

Presents the MS&AD Insurance Group's Aspiration and value creation story.

#### Communication with Stakeholders

Presents the MS&AD Insurance Group's approaches to communication with stakeholders.

#### Priority Issues (Pillars of CSR Initiatives)

Presents priority issues of CSR initiatives that the MS&AD Insurance Group has been working on.

#### Participation to Initiatives and External Evaluation

Presents initiatives that the MS&AD Insurance Group participates in and acknowledgement by external parties.

#### CSR in the MS&AD Insurance Group

# Message from the President

We express our sincere condolences and sympathy to those affected by the 2016 Kumamoto Earthquake.

The MS&AD Insurance Group, in a bid to provide peace of mind to customers as soon as possible, set up a contact desk immediately after the earthquake and has been making overall efforts for the Group for reliable receipt of accident reports and payment of claims. We will continue focusing on payment of claims to as many eligible beneficiaries as possible. Furthermore, the Group as a whole will make proposals for disaster prevention and mitigation and promote risk consultation as part of preparation for potential future disasters.

We made efforts for our CSR programs in fiscal 2015 by putting in place two pillars based on the basic Group strategies articulated in our medium-term management plan, "Next Challenge 2017." They are: 1) Earning trust through improvement of the quality of our products and



services, and 2) Contributing to the resolution of social issues through improvement of the quality of our products and services. As efforts common to all Group companies, we promoted the Group environmental and social contribution activity, "MS&AD Our Earth Project," as well as the "MS&AD Ramsar Supporters" initiative, which is an activity for waterfront biodiversity conservation, and many employees participated in activities and initiatives in local communities to resolve social issues.

While the United Nation's Sustainable Development Goals (SDGs) and the Paris Agreement, an international agreement for measures against global warming, were adopted, we signed the Paris Pledge for Action, a call to action in support of the Paris Agreement, and will continue working on our initiatives. We believe that companies' roles in climate change issues and disaster prevention and mitigation are increasingly important on a global scale.

The MS&AD Insurance Group will face issues that we have become aware of through communication with stakeholders and as well as the 17 goals and 169 targets of the SDGs. We will contribute to build a sustainable, strong and resilient society by achieving our management vision, "creating a world-leading insurance and financial services group that continues to seek sustainable growth and to enhance enterprise value."

The MS&AD Insurance Group runs three non-life insurance companies and two life insurance companies in Japan that have characteristics unique to our Group, and operates an insurance business overseas that is also unique to our Group. The Box Innovation Group joined our Group in March 2015, and MS Amlin in February 2016. Leveraging this diversity, we will bring together the power of each and every one of our employees and continue to endeavor to meet all of our stakeholders' expectations. We would greatly appreciate your continued support.

July 2016

President & CEO / Husav

Yasuyoshi Karasawa

CSR in the MS&AD Insurance Group > Perspective and System of CSR Approarches of the MS&AD Insurance Group

#### CSR in the MS&AD Insurance Group

# Perspective and System of CSR Approaches of the MS&AD Insurance Group

# ı

#### **Aspiration and CSR**

The MS&AD Insurance Group has set Mission, Vision and Value in order to clarify how the Group should be. We are aiming for sustainable enhancement of the enterprise value through achievement of our mission, vision and values.

#### Our Mission

To contribute to the development of a vibrant society and help secure a sound future for the earth, by bringing security and safety through the global insurance and financial services business.

#### Our Vision

To create a world-leading insurance and financial services group that continues to seek sustainable growth and to enhance enterprise value.

#### Our Values

| CUSTOMER FOCUSED | We continuously strive to provide security and achieve customer satisfaction.  |
|------------------|--|
| INTEGRITY        | We are sincere, kind, fair, and just in all our dealings with everyone.  |
| TEAMWORK         | We achieve mutual growth by respecting one another's individuality and opinions, and by sharing knowledge and ideas. |
| INNOVATION       | We listen to our stakeholders and continuously seek ways to improve our work and business.                           |
| PROFESSIONALISM  | We make continuous efforts to improve our skills and proficiency to provide high-quality services.                   |

#### Perspective of CSR Initiatives

We have established "Perspective of CSR Initiative of the MS&AD Insurance Group" in order to realize Our Mission.

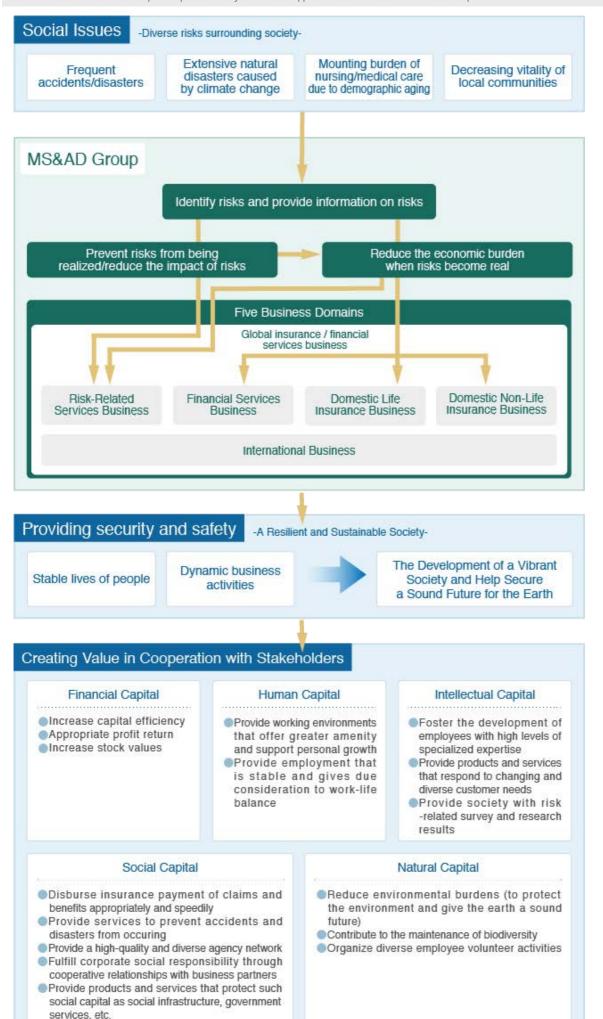
- The MS&AD Insurance Group will increase enterprise value and contribute to the creation of a sustain able and resilient society through behavior that takes into account interaction with the environment and society in all business activities, with the aim of realizing Our Mission.
- We will provide products and services with high quality and added value, contributing to a secure, safe, vibrant and prosperous future by gaining a deeper understanding of social issues through active dialogue with our stakeholders.

# 1

#### The MS&AD 's Story of Value Creation

In a bid to support the "development of vibrant society and sound future of the earth" that we are aiming for, we will quickly identify various risks stemming from social issues that prevent us from achieving this aim, prevent such risks from actually happening, minimize the impacts of such risks when they occur, and provide various products and services to cover the financial impact. By doing so, we will build an environment where customers who are taking on challenges can live and engage in business activities with peace of mind. This is our value creation scenario.

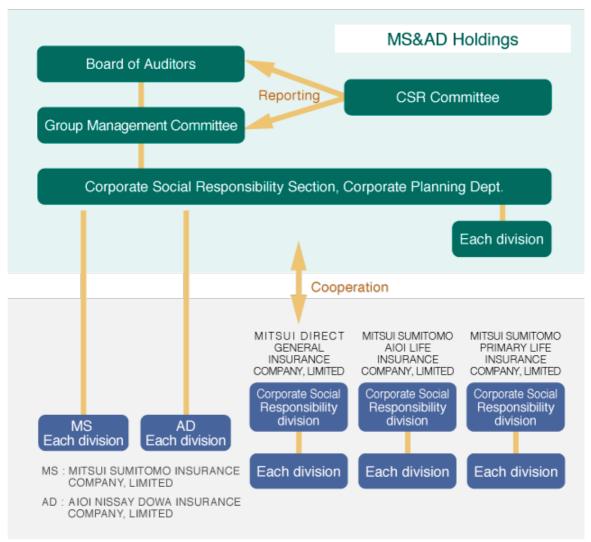
CSR in the MS&AD Insurance Group > Perspective and System of CSR Approarches of the MS&AD Insurance Group



CSR in the MS&AD Insurance Group > Perspective and System of CSR Approarches of the MS&AD Insurance Group

# **Promotion System of CSR**

The MS&AD Insurance Group has set up a specific department (Corporate Social Responsibility Section, Corporate Planning Dept.) in its holding company for the promotion of CSR activities throughout the entire Group and for supporting individual CSR activities of each domestic Group insurance company. In fiscal 2016, we enhanced the overall CSR function by integrating the CSR functions of two core business companies (Mitsui Sumitomo Insurance Company and Aioi Nissay Dowa Insurance) into the Corporate Social Responsibility Section of the holding company. In addition, we have established a CSR Committee and discuss matters including the Group's CSR initiatives to share information on global trends and environmental changes regarding CSR and enhance our understanding. Matters discussed by the CSR Committee are reported to the Board of Directors and at the Group's management meetings.



CSR in the MS&AD Insurance Group > Communication with Stakeholders

#### CSR in the MS&AD Insurance Group

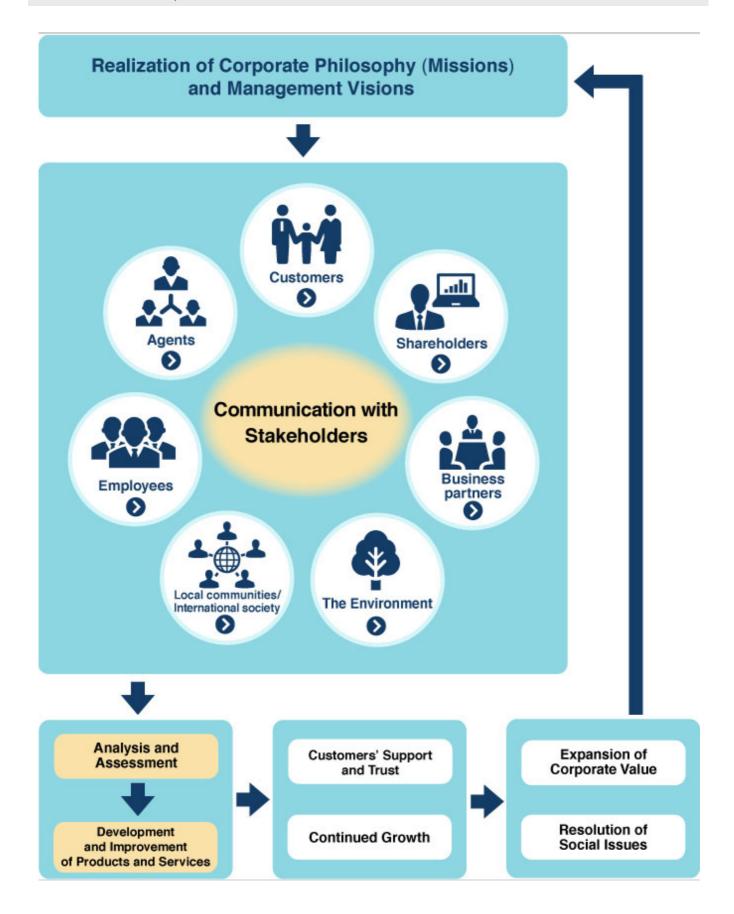
# Communication with Stakeholders

We believe it is important to understand what is expected and wanted by our stakeholders and utilize this information to improve the quality of products and services in order to always be an enterprise group that is needed by society. The MS&AD Insurance Group builds various systems to facilitate communication with our stakeholders and works on incorporating voices of the stakeholders into the Group's management strategies.

# ١

#### Communication with Our Stakeholders

The MS&AD Insurance Group believes that the public nature of the insurance and financial services is fundamental, and it is our role to provide the best solutions to uncertainties and risks in society. In order to provide safety and security to people and support active business activities and a healthy and productive life, we listen to voices of our stakeholders including customers, face various inquiries, requests, complaints and opinions and utilize them for quality improvement. In addition, we disclose on our website our processes of understanding issues and the contents and results of improvement efforts toward resolving the issues by the aforementioned manner and make them available for public inspection.



CSR in the MS&AD Insurance Group > Communication with Stakeholders

#### Responsibility for Customers

We will work on the improvement of business operations and quality utilizing feedback from customers and provide products and services that win customers' trust and meet their expectations.

- Leveraging Stakeholders" Voices to Improve Quality
- **Develop and Improve Products and Services from Stakeholders** Perspective
- **OUpgrading Customers** Ease of Understanding and Convenience
- ■Payment of Insurance Claim Service Preferable to Customers

#### Responsibility for Shareholders

We are conducting IR activities in accordance with the basic policy in order to win the trust of shareholders and investors and for our Group's enterprise value to be fairly evaluated.

**Disclosure of Information and Investor Relations (IR)** 

#### Responsibility for Business Partners

We will conduct fair and equitable trade to meet social expectations and requests and also endeavor to make permanent development as well as fulfill corporate social responsibility.

Responsibilities in Transactions

#### Responsibility for the Environment

We have developed our behavioral guidelines based on the management principle (mission), "through global insurance and financial services businesses, we will provide safety and security and support development of vibrant society and sound future of the earth" to implement initiatives.

- Response to Climate Change
- Undertaking Responsible Investment to Contribute to Resolving Social Issues
- Approaches to the Environment

#### Responsibility for Agents

We aim to grow together with our agencies through continuous dialog with them and by maintaining and improving the quality of our products and services.

Growth with our Agents

#### Responsibility for Employees

Listening to voices of the stakeholders and constantly reviewing our action work (innovation) is stipulated in our behavioral guidelines (values). Our employees put the behavioral guidelines into practice and work on the improvement of products and services.

- Human Asset Development
- **Diversity and Human Rights**

#### Responsibility for Local Communities and International Society

As a member of local communities and the international community, we conduct social contribution activities through our main businesses including our insurance business, and our employees proactively engage in contribution activities for environmental conservation and the local communities to contribute to the sustainable development of local communities and the international community.

- Approaches to Local and International Communities
- Contributing to Resolution of Social Issues through the Business

#### CSR in the MS&AD Insurance Group

# Priority Issues (Pillars of CSR Initiatives)

Under the process of formulating our new medium-term management plan, entitled the "Next Challenge 2017," that commenced in April 2014, the MS&AD Insurance Group has set priority issues of CSR that should be addressed, taking into consideration the voices of our stakeholders and ISO26000, so as to realize our management principles anew.

# ŀ

#### The Medium-term Management Plan and our Priority Issues (Pillars of CSR Initiatives)

The MS&AD Insurance Group launched "Next Challenge 2017," our medium—term management plan, in April 2014. As a part of our Group's Basic Strategy, we pledge in this plan our commitment "to earn trust and contribute to the resolution of social issues, through the improvement of products and services quality, based on our communication with stakeholders." We have set two pillars as priority issues to be worked on through our efforts to improve the quality of products and services.

In addition, because of our belief that the activities of each employee as a citizen of local communities do not just lead to employee growth, but are also important as means of understanding the issues faced by the societies in which our business activities take place and the kind of behavior is expected from us, we established new Shared Group Initiatives in April 2015 and are implementing these initiatives.

# The Pillars of Group CSR Measures (Priority Issues)

#### Medium-Term Managemaent Plan-Group Basic Strategy

We will earn trust and contribute to the resolution of social issues, through the improvement of products and services quality, based on our communication with stakeholders.



Participating in initiatives Holding dialogues with stakeholders Social Material Issues

SDGs\*1 Paris
Agreement\*2

\*1 Goals set towards sustainable society resolving issues of climate change, health and welfare, and poverty

\*2 Global agreement at COP21 on keeping the temperature rise below 2 degree Celsius above pre-industrial levels

#### Measures

Pillar I: We will earn trust through the improvement of product and service quality

Measures to improve products and services and enhance businesses based on communication with stakeholders

Pillar II: We will contribute to the resolution of social issues through the improvement of product and service quality

Supporting preparations for handling risks and providing safety and security

Accident prevention, disaster prevention and mitigation Response to climate change Response to aging society Development of local communities

Undertaking responsible investment to contribute to resolving social issues

#### Shared Group Initiatives

"MS&AD OUR EARTH Project" (Reduction of burden on the environment, social contribution activities, support for reconstruction from disasters)

"MS&AD Ramsar Supporters" (Activities to conserve the biodiversity of waterfront areas)



**Employee growth** 

Fostering human assets development/Promoting diversity/ Promoting a sense of Group unity Resolution of social issues / improvement of corporate value

CSR in the MS&AD Insurance Group > Priority Issues (Pillars of CSR Initiatives)



#### The Consideration Process for Priority Issues (Pillars of CSR Initiatives)

In order to establish the priority issues of the MS&AD Insurance Group's CSR Initiatives, we have organized the 37 issues that have been raised as core issues under ISO26000, the global guideline concerning CSR, from the following two viewpoints whether:

- (i) the issue is a priority for the MS&AD Group; and
- (ii) the stakeholders have special interests in our company (regarding the issue).

With respect to item (i) above, we made our determinations based on aspects (relevance to enhancement of profitability/growth, acquiring of customers' trust) which our group has attached importance as basic strategies of our medium-term management plan and discussions on the formulation of our new medium-term management plan which is started in April 2014.

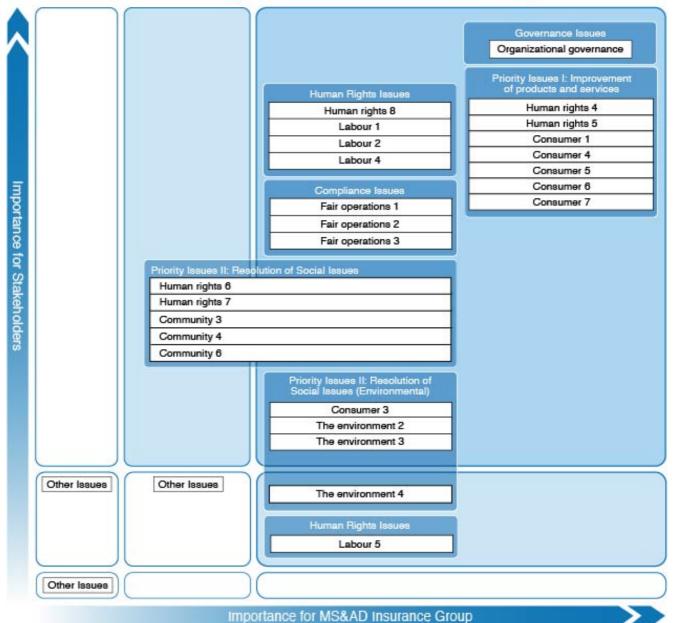
With respect to item (ii) above, we held multiple discussions taking into consideration customer surveys and the voices of our shareholders, agents and employees.

Based on the above viewpoints, we have mapped out the initiatives that we consider to be highly material. We will commit to taking the following two Priority Issues (Pillars as material initiatives of our company) in fiscal 2016.

|   | Priority Issues   | Description   |
|---|---|---|
| I | Earning trust through the improvement of product and service quality (Enhancing the quality of products and services)   | Communicate with stakeholders, with customers at the center, promote the enhancement of product and service quality and improve operations to win trust.  |
| П | Contributing to the resolution of social issues through the improvement of product and service quality (Contributing to resolution of social issues through the business) | Promote the improvement and development of products and services that contribute to resolving social issues (global environmental conservation, prevention/mitigation of disasters and accidents, low birth rate and aging population), reduce the environmental burden of our business activities and conserve biodiversity. |

CSR in the MS&AD Insurance Group > Priority Issues (Pillars of CSR Initiatives)

## MS&AD Priority Issues for the MS&AD Insurance Group



ISO 26000 Core Subjects and Issue

| SO 26000 Core Subjects and Issues |   |  |  |  |  |
|-----------------------------------|---|--|--|--|--|
| Core subject                      | Organizational governance   |  |  |  |  |
| Core subject                      | Human rights  |  |  |  |  |
| Issue 1                           | Due diligence   |  |  |  |  |
| Issue 2                           | Human rights risk situations  |  |  |  |  |
| Issue 3                           | Avoidance of complicity   |  |  |  |  |
| Issue 4                           | Resolving grievances  |  |  |  |  |
| Issue 5                           | Discrimination and vulnerable groups  |  |  |  |  |
| Issue 6                           | Civil and political rights  |  |  |  |  |
| Issue 7                           | Economic, social and cultural rights  |  |  |  |  |
| Issue 8                           | Fundamental principles and rights at work                                       |  |  |  |  |
| Core subject                      | Labour practices  |  |  |  |  |
| Issue 1                           | Employment and employment relationships   |  |  |  |  |
| Issue 2                           | Conditions of work and social protection  |  |  |  |  |
| Issue 3                           | Social dialogue   |  |  |  |  |
| Issue 4                           | Health and safety at work   |  |  |  |  |
| Issue 5                           | Human development and training in the workplace                                 |  |  |  |  |
| Core subject                      | The environment   |  |  |  |  |
| Issue 1                           | Prevention of pollution   |  |  |  |  |
| Issue 2                           | Sustainable resource use  |  |  |  |  |
| Issue 3                           | Climate change mitigation and adaptation  |  |  |  |  |
| Issue 4                           | Protection of the environment, biodiversity and restoration of natural habitats |  |  |  |  |
| Core subject                      | Fair operating practices  |  |  |  |  |
| Issue 1                           | Anti-corruption   |  |  |  |  |
| Issue 2                           | Responsible political involvement   |  |  |  |  |
| Issue 3                           | Fair competition  |  |  |  |  |
| Issue 4                           | Promoting social responsibility in the value chain                              |  |  |  |  |
| Issue 5                           | Respect for property rights   |  |  |  |  |
| Core subject                      | Consumer issues   |  |  |  |  |
| Issue 1                           | Fair marketing, factual and unbiased information and fair contractual practices |  |  |  |  |
| Issue 2                           | Protecting consumers' health and safety   |  |  |  |  |
| Issue 3                           | Sustainable consumption   |  |  |  |  |
| Issue 4                           | Consumer service, support, and complaint and dispute resolution                 |  |  |  |  |
| Issue 5                           | Consumer data protection and privacy  |  |  |  |  |
| Issue 6                           | Access to essential services  |  |  |  |  |
|                                   |   |  |  |  |  |

CSR in the MS&AD Insurance Group > Priority Issues (Pillars of CSR Initiatives)

| Issue 7      | Education and awareness                    |
|--------------|--|
| Core subject | Community involvement and development      |
| Issue 1      | Community involvement                      |
| Issue 2      | Education and culture                      |
| Issue 3      | Employment creation and skills development |
| Issue 4      | Technology development and access          |
| Issue 5      | Wealth and income creation                 |
| Issue 6      | Health                                     |
| Issue 7      | Social investment                          |

■ Linkage with Core Subjects in ISO26000



#### Key Performance Indicators (KPI) to Promote Our CSR Approaches

The MS&AD Insurance Group introduced "KPI for the promotion of CSR approaches at the MS&AD Insurance Group" in three group companies, including MS&AD Holdings, MSI and ADI in fiscal 2012. The KPI was introduced at the three more companies, Mitsui Direct General, MSI Aioi Life, and MSI Primary Life in fiscal 2013, and further introduced at au insurance, Mitsui Sumitomo Insurance Venture Capital, InterRisk Research Institute & Consulting in fiscal 2015, for the aim to further its approaches effectively in line with the PDCA cycle.

| Issues   | Index  | Covered<br>Companies                        |  |
|--|--|---|--|
| Earning trust through the improvement of quality of products                                       | (1) Improvements of products/services initiated by customers' voices.  | Domestic Group Companies <sup>(*1)</sup>    |  |
| and services   | (2) Customer satisfaction for overall response to accidents. (questionnaire results)   | MSI,<br>ADI                                 |  |
|  | (3) Ratio of customer recommendation for company/agents (questionnaire results).   |   |  |
| Contribution to the resolution of social issues through improving quality of products and services | (4) Disclosing new issues/risks confronting our society as a result of studies, and developing and improving our products to address these new issues/risks. | Domestic Group<br>Companies <sup>(*1)</sup> |  |
|  | (5) Electricity consumption  | Domestic Group                              |  |
|  | (6) Paper consumption  | Companies <sup>(*2)</sup>                   |  |
|  | (7) Gasoline consumption   |   |  |
|  | (8) Web policy clauses selection rate  | MSI,<br>ADI                                 |  |
| Diversity, Employee Satisfaction,  | (9) Number of female managers (section manager or above)   | Domestic Group<br>Companies                 |  |
| Social Contribution Activities   | (10) Employee satisfaction (questionnaire results), "Pride, Job satisfaction"  |   |  |
|  | (11) Employee satisfaction (questionnaire results), "Working Vigorously"   |   |  |
|  | (12) Number of employees practicing social contribution activities   |   |  |
|  | (13) Of the above, the number of employees participating in waterside biodiversity conservation activities.  |   |  |

(\*1): Exclude MS&AD Holdings

(\*2): For (5)(7), include au insurance, Mitsui Sumitomo Insurance Venture Capital and InterRisk Research Institute & Consulting.

- Results of Fiscal 2015 CSR Activities
- Subject Organization and Data Coverage

CSR in the MS&AD Insurance Group > Priority Issues (Pillars of CSR Initiatives) > Key performance indicators (KPI) to promote our CSR approaches

CSR in the MS&AD Insurance Group

# Key performance indicators (KPI) to promote our CSR approaches

|                    |              |   | Index  |  | FY2014 FY2015   |  | <b>2015</b>                           | FY2016                                     | 0  |  |
|--------------------|--------------|---|--|--|---|--|---------------------------------------|--|--|--|
|                    | Issu         | ues   |  |  | Performance   | Target                                     | Performance                           | Group<br>Target                            | Covered<br>Companies                           |  |
|                    | Pillar<br>I  |   | (1) Improvements of products/services initiated by customers' voices.                                  |  | _   | Continue<br>the<br>approaches              | Main efforts found below              | Continue<br>the<br>approaches              | Domestic<br>Group<br>Companies <sup>(*2)</sup> |  |
|                    |              |   |  | (2) Customer satisfaction for  | Ratio of<br>customers<br>satisfied with<br>accident<br>response for<br>automobile<br>insurance. | 89.1%                                      |                                       | 95.5%                                      | Equal to or                                    |  |
|                    |              | Earning<br>trust<br>through the<br>improvement<br>of quality of<br>products<br>and services | overall response<br>to accidents.<br>(questionnaire<br>results)  | Ratio of<br>customers<br>satisfied with<br>accident<br>response for<br>fire, personal<br>accident, and<br>casualty<br>insurance. | 90.2%   | Over 90.5%                                 | 96.5%                                 | greater<br>than the<br>previous<br>year    |  |  |
|                    |              |   | (3) Ratio of customer recommendation for   | Ratio of<br>customers<br>who are willing<br>to recommend<br>either MSI or<br>ADI to their<br>friends and<br>acquaintances.       | 89.3%   | Over 90.5%                                 | greater<br>than the                   | _  | MSI,ADI  |  |
| Priority<br>Issues |              |   | company/agents<br>(questionnaire<br>results).  | Ratio of<br>customers<br>wishing to<br>recommend<br>any agents to<br>their friends<br>and<br>acquaintances.                      | 88.1%   | over 90.5%                                 |                                       | previous                                   |  |  |
|                    | Pillar<br>II | #hrough   | (4) Disclosing new<br>confronting our s<br>result of studies,<br>and improving our<br>address these ne | ociety as a<br>and developing<br>r products to   | _   | Continue<br>the<br>approaches              | Main efforts found below              | Continue<br>the<br>approaches              | Domestic<br>Group<br>Companies <sup>(*2)</sup> |  |
|                    |              |   | (5) Electricity consumption  | Electricity<br>consumption<br>of all domestic<br>locations   | 159,508<br>Thousand<br>kWh<br>(\$\Delta 2.4%)   | 157,943<br>Thousand<br>kWh<br>(▲1.0%)      | 153,068<br>Thousand<br>kWh<br>(▲4.0%) | Equal to or greater than the previous year |  |  |
|                    |              |   | (6) Paper consumption  | Paper<br>consumption<br>of all domestic<br>locations<br>(Copy paper,<br>prints,<br>machine<br>tabulation)                        | 13,188t<br>(▲17.3%)   | 12,697t<br>(▲3.7%)                         | 13,928t<br>(+5.6%)                    |  | Domestic<br>Group<br>Companies <sup>(*3)</sup> |  |
|                    |              |   | (7) Gasoline consumption   | Gasoline<br>consumption<br>of all domestic<br>locations  | 7,467KL<br>(+4.8%)  | 7,257KL<br>(▲2.8%)                         | 6,489KL<br>(▲13.1%)                   |  |  |  |
|                    |              |   | (8) Web policy<br>clauses<br>selection<br>rate <sup>(*1)</sup>   | The ratio of<br>contracts<br>which<br>selected the<br>Web policy   | 70.7%   | 75.0%                                      | 74.0%                                 | 75.0%                                      | MSI,ADI  |  |
|                    | -            | Satisfaction<br>ntribution  | (9) Number of<br>female<br>managers<br>(section<br>manager or  | Number of<br>female<br>employees<br>above section<br>manager   | 377   | Equal to or greater than the previous year | 449                                   | Equal to or greater than the previous year | Domestic<br>Group<br>Companies                 |  |

CSR in the MS&AD Insurance Group > Priority Issues (Pillars of CSR Initiatives) > Key performance indicators (KPI) to promote our CSR approaches

| above)   |   |           |           |  |  |
|--|---|-----------|-----------|--|--|
| (10) Employee<br>satisfaction<br>(questionnaire<br>results), "Pride,<br>Job<br>satisfaction" | Ratio of<br>employees<br>feeling pride<br>or job<br>satisfaction<br>(all-employee<br>average on a<br>6-point scale).  | 4.3points | 4.4points |  |  |
| (11) Employee<br>satisfaction<br>(questionnaire<br>results),<br>"Working<br>Vigorously"      | Ratio of<br>employees,<br>regardless of<br>sex and age,<br>feeling free<br>and lively at<br>work places<br>(all-employee<br>average on a<br>6-point scale). | 4.2points | 4.3points |  |  |
| (12) Number of e<br>practicing social<br>activities <sup>(*4)</sup>                          |   | 15,124    | 16,507    |  |  |
| (13) Of the above of employees par waterside biodive conservation act                        | rticipating in<br>ersity  | 5,013     | 5,363     |  |  |

- (\*1) Terms and Conditions was made available online in consideration of environment .
- (\*2) Exclude MS&AD Holdings
- (\*3) For (5)(7), figures in FY2015 and onwards include au Insurance, Mitsui Sumitomo Insurance Venture Capital and InterRisk Research Institute & Consulting.
- (\*4) Number of employees who participated in volunteering activities or made donations as a member of a corporate or an individual.

CSR in the MS&AD Insurance Group > Priority Issues (Pillars of CSR Initiatives) > Key performance indicators (KPI) to promote our CSR approaches

#### <FY2015 Examples>

| · · · · · · · · · · · · · · · · · · ·                                    |  |
|--|--|
| (1) Improvements of products and services initiated by customers' voices | O Launched a new service where videos that recorded accident moments and photos of damaged items can be sent via a mobile application called "Suma-Ho" and official website. [MSI] O Contact Center became the first in the domestic damage insurance industry to obtain the certification for "Five Star Certification Program" authenticated by Help Desk Institute (HDI). [ADI] O Launched a new customer service using the mobile communication application, LINE, operated by LINE Co., LTd., particularly, live talk and personal identification functions. [MSI] Started distributing information of insurance products through the LINE application. [ADI] OUtilizing NPS survey that has been conducted for a long period of time beyond solely a measure of customer satisfaction, observed whether the customers feel the services they receive are good enough to recommend the company to others [Mitsui Direct General] O Began a digital registration service called "Seiho Kantan Mode" allowing customers to complete the procedure online from own devices [MSI Aioi Life] O Expand the One Stop Service (concluding a contract via phone) for eight basic categories such as change of the type and starting age of the pension plan and improved the convenience by linking the call center system and the contract management system [MSI Primary Life] |
|  | O Jointly developed the system to pre-register the signatory's family members as emergency contact for the first time in the industry. The system allowed the company and its agencies to contact family members of the elderly signatory in   |

(4) Disclosing new issues/risks confronting our society, and developing and improving our products to address these new issues/risks

case of an emergency such as unreachable signatory, and also ensure guidance of the insurance renewable lands in the signatory's hand. [MSI, ADI]

O Launched a car insurance product called "Tsunagaru Automobile Insurance"

- developed utilizing the telematics technique. [ADI]
- O Received an award from the Government of India for the third consecutive year since 2011 for dissemination activities of RSBY, a Health Insurance Scheme for the Below Poverty Line families, introduced by the Government for provision of better social welfare and also for smooth payment of claims. [MSI]
- O Started "Support Menu for Inbound Businesses" targeting companies employing foreign citizens wit the aim of supporting those companies. [MSI, ADI] O Released a weather update and alert service which distributes alert email when a forecast exceeds preset values at preselected observation sites. This is intended to contribute to prevention and minimization of damage from natural
- O Launched a mobile application service that checks the signs of SAS for employees. [MSI]
- O Launched a product "Liability Insurance for private emergency service operators " targeting private emergency service operators including the emergency transfer service and the eldercare and welfare taxi service. The product covers potential damage compensation incurred by accidents while assisting loading and unloading of passengers as well as during on-road. [ADI] O Carried out "MUJICOLOGY! Project" to improve drivers' manner towards zero accident and better environmental consideration as part of the safe drive campaign. Developed a mobile application called "MUJICOLOGY DRIVE" equipped with, for example, a driving skill test function, and released it in July 2015. [Mitsui Direct General]
- O Provided the latest cutting-edge medical information through "Senshiniryo (Advanced Medical Technology).net," the information releasing website. [MSI Aioi

#### Mid-term Target

\*For the following target s in the end of fiscal 2017, we aim to exceed the performance level of fiscal 2015:

disasters. [MSI]

- Customer satisfaction for overall response to accidents
- Ratio of customer recommendations for company/agents
- \*For the target of "Number of female managers", in the end of fiscal 2020, three Group insurance companies holds each target as below;
- MSI: 480 female managers (four times compared to 120 in fiscal 2014)
- ADI: Share of deputy managers or higher occupied by women up to 30% (22.3%, present (May, 2016))
- MSI Aioi Life: Share of deputy managers or higher occupied by women up to 50% and the number of female managers to be increased 5 times as many as that in the present (May, 2016)
- \*For the target of reduction of CO2, MS&AD Group holds target as below;

Reduce CO2 emission to 70% from the base year(fiscal 2009) in 2050, and reduce to 30% in 2020.

#### CSR in the MS&AD Insurance Group

# Participation to Initiatives and External Evaluation

The MS&AD Insurance Group, following the declaration of support of the United Nations Global Compact in June 2004 by MSI as the first financial organization, participates in various initiatives and endeavors to contribute to the resolution of social issues. Social Responsibility Investment (SRI) is a method of investing that assesses the company from the viewpoint of Corporate Social Responsibility (CSR). The MS&AD Insurance Group utilizes the assessment provided by major Social Responsibility Investment (SRI) evaluation organizations to improve its approaches to CSR.

#### **Participation to Initiatives**



#### Participation in the U.N. Global Compact<sup>(\*)</sup>

The MS&AD Insurance Group keeps its active participation. We also actively participate in the local network of the Global Compact Network Japan.

(\*) U.N. Global Compact is the initiative advocated by former UN Secretary-General Annan and commands global companies to abide by and practice 10 principles for human rights, labor, environment, and prevention of corruptive practices.



# WE SUPPORT

#### The Ten Principles of the UN Global Compact

#### **Human Rights**

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.
- Principle 2: make sure that they are not complicit in human rights abuses.

#### Labour

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
  - Principle 4: the elimination of all forms of forced and compulsory labour.
  - Principle 5: the effective abolition of child labour.
  - Principle 6: the elimination of discrimination in respect of employment and occupation.

#### Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges.
- Principle 8: undertake initiatives to promote greater environmental responsibility.
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

#### Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

- Relationship between the 10 Principles and the MS&AD Insurance Group Activities
- U.N. Global Compact Network Japan(Japanese only)

CSR in the MS&AD Insurance Group > Paticipation to Initiatives and External Evaluation

#### Signature to Principles for Sustainable Insurance

MSI and ADI have participated in the United Nations Environment Programme Finance Initiatives (UNEP FI) to search, prevail and promote a desirable business in a financial institution that considers the environment and sustainability. In June 2012, UNEP FI published the "Principles for Sustainable Insurance," requiring insurance companies to consider in their business activities issues related to the environment, society and governance and to play their roles in developing a sustainable world.

MSI has participated in its implementation and signed to endorse the principles.

#### Signature to the Principles for Responsible Investment

In June 2015, the MS&AD Insurance Group signed the Principles for Responsible Investment, which call for consideration of ESG (environmental, social, and governance) issues in the decision making process used for investment activities. Moving forward, we will continue to advance constructive dialogue based on an ESG perspective, as well as discussion toward the realization of investment and loan activities that consider ESG issues.

#### Signatory of:



#### Signing the Natural Capital Declaration

In July 2016, the MS&AD Insurance Group signed the Natural Capital Declaration that declared financial institutions would incorporate the concept of natural capital into their financial products and services for the 21st century. This declaration is advocated by the United Nations Environmental Program Finance Initiative (UNEP FI) and stipulates that endorsing financial institutions shall demonstrate leadership through engagement with their customers, investee companies, suppliers, civil society, and other stakeholders(\*).

(\*) Four items in which endorsing financial institutions of the Natural Capital Declaration shall demonstrate leadership.

#### Signature to Principles for Financial Action towards a Sustainable Society

In October 2011, "Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)" and "Guidelines by Businesses (Insurance, deposit/loan/lease, fund management/security/investment banking)" were published in Japan. These principles were designed to provide behavioral guidelines for financial institutions that desire to fulfill their roles and maintain their responsibility to build a sustainable society. MSI, ADI, MSI Aioi Life and InterRisk Research Institute & Consulting signed the principles.

#### Participation in the CDP (formerly known as the Carbon Disclosure Project)

The CDP (formerly known as the Carbon Disclosure Project) is an independent nonprofit organization with the world's largest database for corporate measures against climate changes, and corporations and organizations across the world have made public their emissions of greenhouse effect gases and measures against climate change through CDP. The MS&AD Insurance Group subscribes to its approaches and continuously submits CO2 emission data.

#### Principles for Responsible Institutional Investors ≪Japan's Stewardship Code≫

MSI and ADI have assented to the main idea of Japan's Stewardship Code from the perspective of fulfilling social responsibility and announced their support.

CSR in the MS&AD Insurance Group > Paticipation to Initiatives and External Evaluation

#### **External Evaluation**

Socially Responsible Investment (SRI) is a method of investing that assesses the company not only through profitability but from a viewpoint of Corporate Social Responsibility (CSR) and this practice is spreading. The MS&AD Insurance Group utilizes the assessment provided by major SRI evaluation organizations to improve its approaches. As of July 2016, The MS&AD Insurance Group is included in the following components of SRI Index.

- FTSE4Good Index Series
- Morningstar Socially Responsible Investment Index(MS-SRI) (Japanese only)
- **■** ECPI® Indices







#### **Awards**

- Receive the Customer Experience & Engagement Award at the first Efma Innovation in Insurance Awards 2016. (June 2016, MSI) (Japanese Only)
- Awarded excellence award of 2015 Ministry of the Environment "Human Resources Development Award for the Environment" (May 2016, MS&AD Holdings)
- Receive three stars which is the highest score in ratings of web support category (website) by HDI (Help Desk Institute) for the second consecutive year. (March 2016, Mitsui Direct General) (Japanese Only)
- Receive "Best Practice" at the Principles for Financial Action for the 21st Century. (March 2016, MSI)
- Selected as a model for sports promoting company in Tokyo in fiscal 2015. (March 2016, ADI)(Japanese Only)
- Awarded for promoting the advancement of part-time workers. (January 2016, MSI)(Japanese Only)
- Awarded General Insurance Company of the Year, in recognition as most outstanding insurance company in asia. (November 2015, MSI)(Japanese Only)
- Receive the highest award, UCDA Award 2015 at the 2015 UCDA for the first time in the direct non-life insurance industry in Japan. (November 2015, Mitsui Direct General)(Japanese Only)
- Receive the 2015 CRS Best Practise Award for contact center. (November 2015, MSI)(Japanese Only)
- Receive 2015 IT special award. (for promotion of operational reforms) (November 2015, MSI) (Japanese Only)
- Awarded "Continuity and Resilience Consultant 2015" in "BCI Asia Awards 2015" for consultant. (November 2015, InterRisk Research Institute & Consulting) (Japanese Only)
- Awarded the Eco Test (Certification Test for Environmental Specialists) award 2015 for excellence. (October 2015, MS&AD Holdings)
- Receive three stars which is the highest score in ratings of by HDI (Help Desk Institute) for inquary counters and support portal site. (September 2015, MSI) (Japanese Only)
- Receive the second award at best company to approach environmental issues 2014 by Ministry of Environment. (August 2015, MS&AD Holdings) (Japanese Only)
- Receive "Five Star Certification" by HDI for the first time in the non-life insurance industry in Japan. (Help Desk Institute) (June 2016, ADI) (Japanese Only)

# Corporate Governance

We 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, We are working to disseminate these aspirations among all the officers and employees of our company and Group companies. In addition we have established corporate governance, compliance, and risk management as priority issues within our Group Medium-Term Management Plan and we are activity promoting that plan.



#### Outline of the Group

Presents the outline and structure of the MS&AD Insurance Group, financial statement highlights, and the development of group business.

#### Corporate Governance

We have established a management framework equipped with transparency and internal checking functions, and are striving to heighten our corporate value for the purpose of long-term stability and advancement.

#### Compliance

Each and every one of our officers and employees follows laws, regulations, and internal rules, and engages in business activities grounded in a keen sense of ethics.

- Compliance
- Information Management
- Responsibilities in Transactions

#### Risk Management

We have positioned risk management as a key task of the Group's management, and are taking approaches to ensure our ability to fulfill our responsibilities to all of our stakeholders.

#### Information Disclosure

We thoroughly put the disclosure rules in practice as set forth by the Financial Instruments Exchange and disclosing information so that respective stakeholders can have a correct understanding of the true status without delay.

- MS&AD Insurance Group Basic Policies for Disclosure
- Disclosure of Information and Investor Relations (IR)

#### The Medium-Term Management Plan

Our medium-term management plan, "Next Challenge 2017" (fiscal2014 – 2017), which commenced on April 1, 2014, entered Stage 2 in April 2016. We are making a collective effort to achieve targets toward "creation of a world-leading insurance and financial services group."

Corporate Governance > Outline of the Group

## Corporate Governance

# 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.

- Outline
- Company Overview
- Organization Chart
- History

#### Financial Highlights

Presents the main indicators and business performance of MS&AD Holdings.

#### Group Structure

Presents organizational structure of the MS&AD Insurance Group.

#### Business Segment and Structure

Presents the business overall picture, revenue structure, and the structure of the main Group companies.

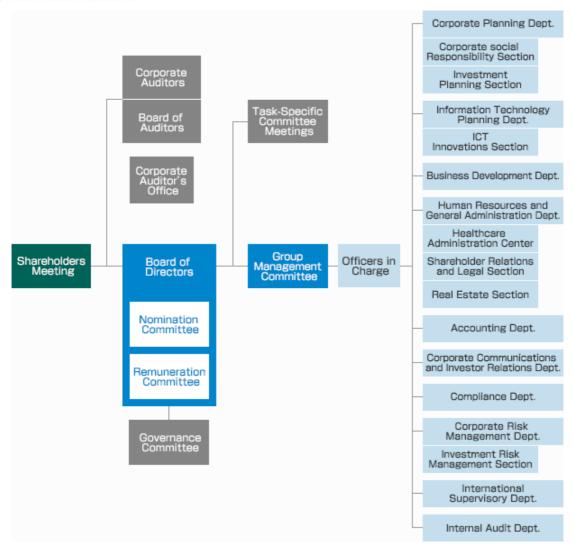


# Company Overview

MS&AD Insurance Group Holdings, Inc. is the insurance holding company of the new Group formed in April 2010 through the merger of Aioi Insurance Co., Ltd., Nissay Dowa General Insurance Co., Ltd., and Mitsui Sumitomo Insurance Group. The purpose of MS&AD insurance Group is to achieve sustainable growth and to enhance enterprise value through the creation of a world-class 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  Map   |
| Representative       | Yasuyoshi Karasawa, Representative Director, President & CEO   |
| Paid-in Capital      | 100,000,000,000 yen  |
| Number of Employees  | 305 (As of March 31, 2016)   |
| 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 (First Section)  Nagoya Stock Exchange (First Section)  |

# Organizational Chart



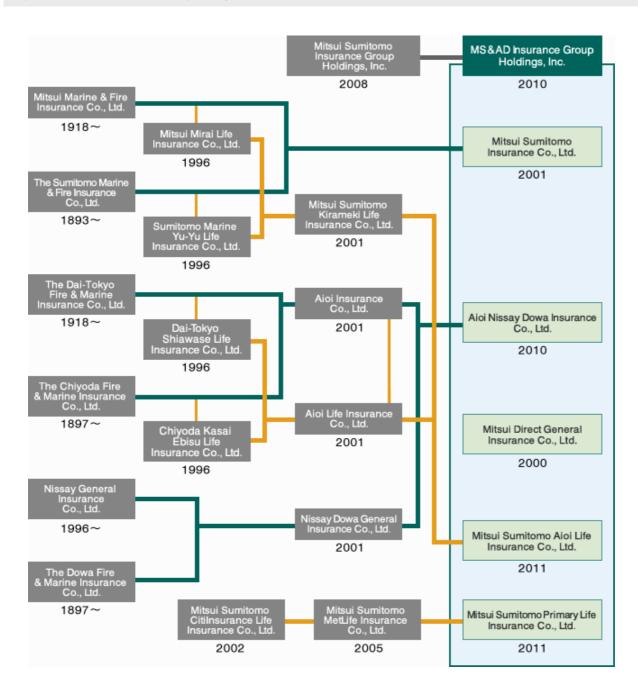
# History



# History

|                | 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, presidents of the holding companies, addresses, 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."   |

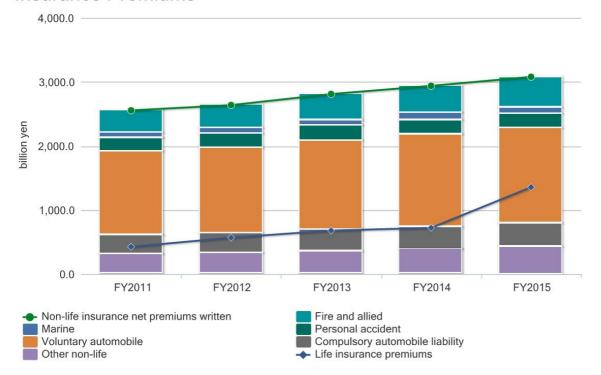
## **Background of Group Integration**



History of Mitsui Sumitomo Insurance (link to website)

MS&AD Holdings (Consolidated)

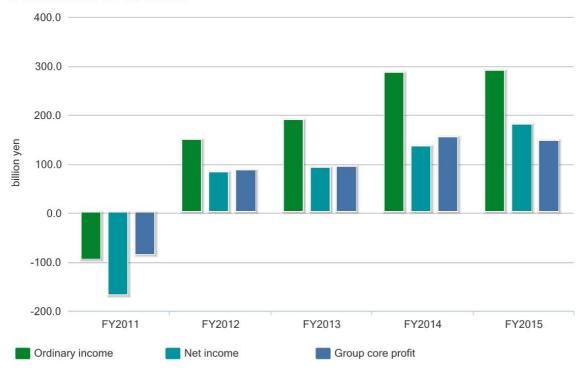
# **Insurance Premiums**



|   |             | FY2011  | FY2012  | FY2013  | FY2014  | FY2015  |
|---|-------------|---------|---------|---------|---------|---------|
| Non-life insurance net premiums written | billion yen | 2,555.5 | 2,639.0 | 2,811.6 | 2,939.1 | 3,078.7 |
| Fire and allied                         | billion yen | 339.6   | 354.0   | 398.1   | 425.8   | 471.4   |
| Marine                                  | billion yen | 87.3    | 87.3    | 97.0    | 103.3   | 106.1   |
| Personal accident                       | billion yen | 219.5   | 222.8   | 227.5   | 230.9   | 218.4   |
| Voluntary automobile                    | billion yen | 1,299.4 | 1,337.1 | 1,393.1 | 1,438.0 | 1,495.3 |
| Compulsory automobile liability         | billion yen | 291.6   | 310.5   | 338.2   | 348.3   | 357.6   |
| Other non-life                          | billion yen | 317.8   | 327.1   | 357.4   | 392.4   | 429.6   |
| Life insurance premiums                 | billion yen | 425.6   | 569.0   | 678.9   | 721.7   | 1,356.3 |



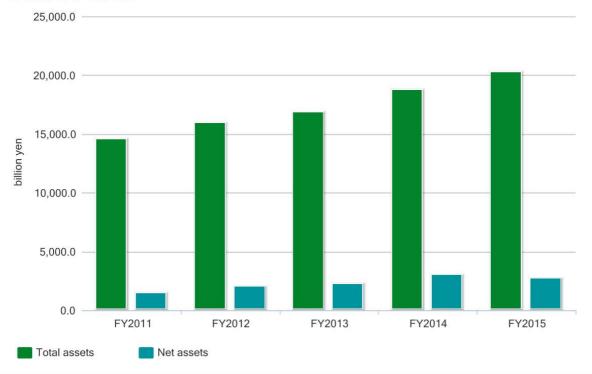
# Statement of Income



|                   |             | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 |
|-------------------|-------------|--------|--------|--------|--------|--------|
| Ordinary income   | billion yen | -96.2  | 150.3  | 190.2  | 287.0  | 291.5  |
| Net income        | billion yen | -169.4 | 83.6   | 93.4   | 136.2  | 181.5  |
| Group core profit | billion yen | -87.5  | 87.4   | 94.8   | 155.7  | 147.5  |



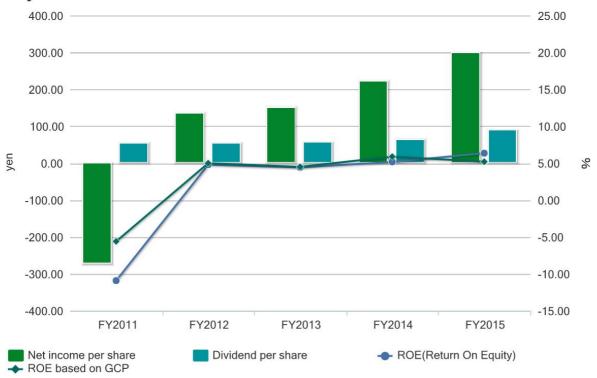
# **Balance Sheet**



|              |             | FY2011   | FY2012   | FY2013   | FY2014   | FY2015   |
|--------------|-------------|----------|----------|----------|----------|----------|
| Total assets | billion yen | 14,537.2 | 15,914.6 | 16,878.1 | 18,788.0 | 20,303.6 |
| Net assets   | billion yen | 1,512.1  | 2,021.6  | 2,285.8  | 3,036.6  | 2,725.2  |



# **Major Indicators**



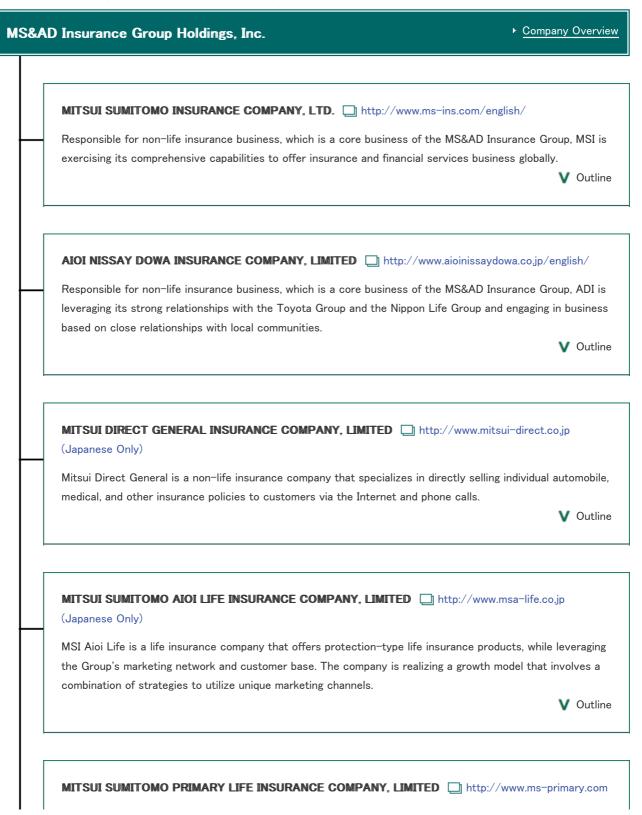
|                       |     | FY2011  | FY2012 | FY2013 | FY2014 | FY2015 |
|-----------------------|-----|---------|--------|--------|--------|--------|
| Net income per share  | yen | -272.49 | 134.46 | 150.58 | 221.34 | 298.72 |
| Dividend per share    | yen | 54.00   | 54.00  | 56.00  | 65.00  | 90.00  |
| ROE(Return On Equity) | %   | -10.91  | 4.79   | 4.42   | 5.18   | 6.36   |
| ROE based on GCP      | %   | -5.6    | 5.0    | 4.5    | 5.9    | 5.2    |

#### Notes

1.ROE based on GCP - GCP:Group Core Profit

#### **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: 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 Research Institute Co., Ltd., MS&AD Loan Services Co., Ltd. and ANSHIN DIAL Co., Ltd.



#### (Japanese Only)

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

V Outline

#### **Directly Invested Affiliated Operating Companies**

#### InterRisk Research Institute & Consulting, Inc. | http://www.irric.co.jp (Japanese Only)

InterRisk Research Institute & Consulting is one of the largest risk consulting companies in Japan. It provides companies and government entities with risk consulting, risk survey, funded research, information publishing, and other services related to diverse kinds of risks.

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



#### MS&AD Business Support Co., Ltd. http://www.ms-ad-bs.co.jp (Japanese Only)

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.

V Outline

#### MS&AD Staffing Service Co., Ltd. http://www.ms-ad-staffing.co.jp (Japanese Only)

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.

V Outline

#### MS&AD Systems Co., Ltd. http://www.ms-ad-systems.com (Japanese Only)

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.

V Outline

| MS&AD Business Service delivers contract administration services, services   | related to data entry, t  |
|--|---|
| creation of documents and forms, and other services to MS&AD Insurance C   |   |
|  | <b>V</b> Ou   |
|  | •   |
|  |   |
| MS&AD Research Institute Co., Ltd.   | e/  |
| As a research institute in the MS&AD Insurance Group, MS&AD Research In  | nstitute undertakes stud  |
| and research in such fields as insurance, finance, social security and other s   | ocio-economic fields, ar  |
| risk management.   |   |
|  | V Ou  |
|  | • • • •   |
|  | • • •   |
|  | • • •   |
|  |   |
| MS&AD Loan Services Co., Ltd.  |   |
| MS&AD Loan Services Co., Ltd.  http://www.ms-ad-ls.co.jp/site/inde   | x (Japanese Only)   |
| - <u>-</u> .   | x (Japanese Only)<br>tion services for                              |
| MS&AD Loan Services provides customers within the Group with administrative investments, loans and mortgage guarantee insurance, credit guarantee serv             | x (Japanese Only)<br>tion services for                              |
| MS&AD Loan Services provides customers within the Group with administrative investments, loans and mortgage guarantee insurance, credit guarantee serv             | x (Japanese Only)<br>tion services for<br>ices, and loan services t |
| MS&AD Loan Services provides customers within the Group with administrative investments, loans and mortgage guarantee insurance, credit guarantee serv             | x (Japanese Only)<br>tion services for<br>ices, and loan services t |
| MS&AD Loan Services provides customers within the Group with administration investments, loans and mortgage guarantee insurance, credit guarantee servindividuals. | x (Japanese Only)<br>tion services for<br>ices, and loan services t |
| MS&AD Loan Services provides customers within the Group with administrative investments, loans and mortgage guarantee insurance, credit guarantee serv             | x (Japanese Only)<br>tion services for<br>ices, and loan services t |
| MS&AD Loan Services provides customers within the Group with administration investments, loans and mortgage guarantee insurance, credit guarantee servindividuals. | x (Japanese Only) tion services for ices, and loan services f       |

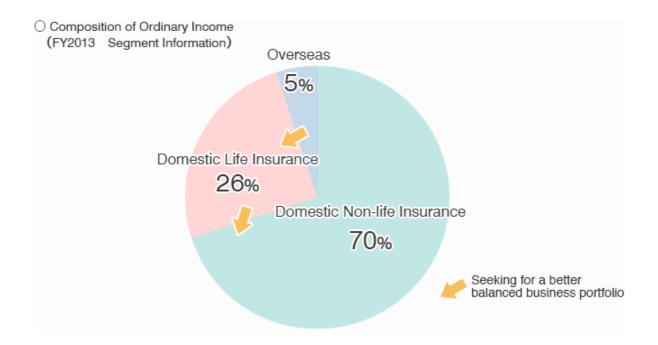
## Business Segments and Structure | Who We Are

Business Overview

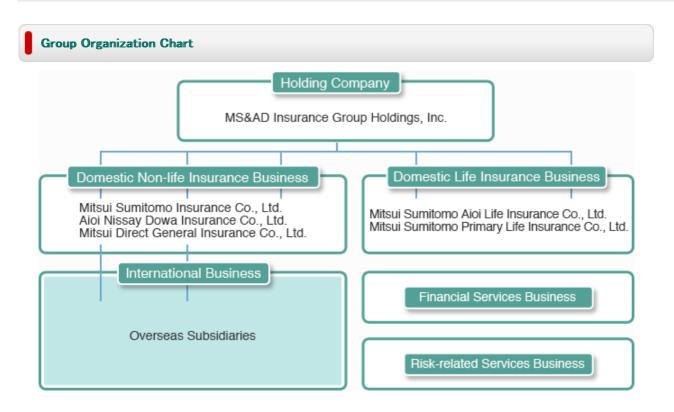
Five business domains drive our continued growth, underpinned by the platform of the domestic non-life insurance business.



Growth in domestic life insurance and international businesses will lead to a better balanced business portfolio.



Corporate Governance > Outline of the Group > Who We Are:Business Segments and Structure





## Corporate Governance

MS&AD Holdings, aiming to promote the Group's sustainable growth and an increase in enterprise value, implements transparent, fair, swift, and decisive decision-making processes. In addition, believing it crucial to strengthen the corporate governance posture, MS&AD Holdings is emphasizing the measures for the "strengthening of Group governance," which is one of the four implementation drivers within the Next Challenge 2017 medium-term management plan.

- MS&AD Insurance Group Basic Policies on Corporate Governance
- Responses to 11 Principles of the Corporate Governance Code
- Group Management and Internal Control Systems
- Internal Control Systems



Corporate Governance Report (last update : June 22, 2016) (983KB)

#### **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.

#### **Corporate Governance Stance**

- · As a company with a Board of Auditors, the Company will endeavor to improve governance by ensuring that independently appointed corporate auditors 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 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,

Corporate Governance > Corporate Governance

return and capital, and aims to increase enterprise value in the medium-to-long term by achieving sustainable growth and improvement in earnings and capital efficiency with a foundation of soundness.

- In addition to appointing executive officers, the Board of Directors aims to separate management decision making and oversight by the Board of Directors from business execution by executive officers by clarifying their respective roles.
- Executive officers are responsible for executing business in the respective areas of business entrusted to them by the Board of Directors, and report on the status of business execution to the Board of Directors.

## Composition of the Board of Directors

More than one-third of the Board of Directors which has eleven members (ten men and one woman) are nominated as Outside Directors to incorporate perspectives independent from management, strengthen monitoring and oversight functions, and conduct highly transparent management.

#### **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, corporate auditors, 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 Auditors Joint Council

#### Support Systems for Outside Directors and Outside Corporate Auditors

Support for the activities of the Outside Directors is provided by the Corporate Planning Department, and support for the Outside Corporate Auditors is supplied by the Internal Audit Department. The agenda for the Board of Directors' Meetings is explained to the Outside Directors and Outside Corporate Auditors 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 Corporate Auditors, internal and external.



#### Support Systems for Directors and Corporate Auditors / Training Policy

The Company has the following systems in place as required for Directors and Corporate Auditors 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 Corporate Auditors (hereinafter referred to as "Outside Officers") to provide support in areas such as providing briefings in advance.
- (2) The Company has established a system for ongoing provision of information and training at the time of appointment and during the term of Directors and Corporate Auditors.
- (3) The Company provides appropriate opportunities for Outside Officers to share information and exchange opinions with management and senior employees.

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



#### **Auditing**

## Corporate Auditors and Board of Auditors

#### 1. Responsibilities of Corporate Auditors

As an independent entity entrusted with authority by the shareholders, the Corporate Auditors are responsible for ensuring the sound and sustainable growth of the Company, and establishing good corporate governance in response to the public trust by supervising the performance of duties of the Directors.

#### 2. Authority and Roles of Corporate Auditors

Each Corporate Auditor 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 Board of Auditors.

- 3. Composition and Roles of the Board of Auditors
  - The Board of Auditors comprises two full-time Corporate Auditors and three part-time Corporate Auditors (Outside Corporate Auditors), for a total of five members (all men). Candidates for Corporate Auditor are nominated by the Board of Directors with the approval of the Board of Auditors, based on the "Criteria for the Selection of Director Candidates and Corporate Auditor Candidates".
  - The Board of Auditors receives reports from Corporate Auditors on the status of performance of duties and reports from officers and employees on important matters related to auditing, and also makes decisions regarding auditing policies and auditing plans.

#### **Internal Auditing**

- The Company has established the "MS&AD Insurance Group Basic Policy for Internal Audits." Under this basic policy, the Company and domestic Group insurance companies have formed the Internal Audit Department that acts as an independent body with auditing functions.
- The Company's Internal Audit Department reports important matters that have been discovered as a result of internal audits of the Company and domestic Group insurance companies to the Board of Directors and the Group Management Committee. In addition, the Internal Audit Department cooperates with auditing conducted by the Corporate Auditors.

#### 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 Board of Auditors endeavor to take appropriate action to ensure adequate auditing by the Accounting Auditors.
- The Board of Auditors 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 Board of Auditors prepares criteria for appropriately selecting and evaluating Accounting Auditor candidates. To promote appropriate accounting by the Accounting Auditors, measures are taken to confirm the independence, specialist capabilities, and other requisite characteristics of the Accounting Auditors.

#### Accounting Auditor Remuneration

(¥ million)

|       | FY                              | 2014                                | FY2015                          |                                     |
|-------|---------------------------------|-------------------------------------|---------------------------------|-------------------------------------|
| Scope | Compensation for audit services | Compensation for non-audit services | Compensation for audit services | Compensation for non-audit services |

#### Corporate Governance > Corporate Governance

| The Company               | 46  | 10 | 49  | 11 |
|---------------------------|-----|----|-----|----|
| Consolidated subsidiaries | 335 | 9  | 338 | 40 |
| Total                     | 381 | 20 | 387 | 52 |

\* Regarding the content of non-audit services for which the Company paid compensation to the accounting auditor, in fiscal 2014 and 2015, these included expert guidance and advisory services towards the application of IFRS.



#### **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 five members each, and the chairpersons and other members are appointed from among members of the Board of Directors. With respect to each of the two committees, a majority of the members and the chairperson have been appointed from among the Outside Directors.



#### **Nomination Committee (Nomination Process)**

- The Nomination Committee deliberates on major management personnel matters and provides advice on these matters
  to the Board of Directors. Such matters include the selection of candidates for the positions of Director, Corporate
  Auditor, and Executive Officer of the Company as well as the selection of Directors and Corporate Auditors 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 Corporate Auditor and Executive
  Officers based on advice from the Nomination Committee. The consent of the Board of Auditors must be obtained for
  candidates for Corporate Auditor.



#### **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.



#### **Remuneration Determination Processes**

- 1. Amount of Directors' Remuneration
  - (1) Determination Processes

Remuneration for each Director is set within overall limits approved by the Shareholders' Meeting. Consideration is given to the function of remuneration as an incentive for improvement in performance, long-term contribution to corporate profits and enterprise value, the level of compensation appropriate for competitiveness as a global corporation, and other factors. To ensure transparency, the Remuneration Committee, which is composed of a majority of Outside Directors, considers remuneration amounts, and the final decisions are made by the Board of Directors.

(2) Maximum Total Compensation

As a result of decisions made by the Shareholders' Meeting, maximum total annual compensation for Directors (excluding any salaries for work performed by Directors concurrently in employee positions) is set at ¥500 million (including a total allocation of ¥60 million for Outside Directors). With a separate framework, the remuneration of Directors (excluding Outside Directors) includes "stock acquisition rights as stock compensation—type stock options" with a maximum value of ¥60 million per year.

- 2. Amount of Corporate Auditors' Remuneration
  - (1) Determination Processes

Remuneration for Corporate Auditors is set within overall limits approved by the Shareholders' Meeting. Consideration is given to whether Corporate Auditors are full-time or part-time, their share of the auditing activities, and the content and

Corporate Governance > Corporate Governance

level of remuneration of Directors. Decisions on remuneration levels are decided in discussions among the Corporate Auditors.

(2) Maximum Total Compensation

As a result of decisions made by the Shareholders' Meeting, maximum total compensation for Corporate Auditors is set at ¥110 million.

#### Performance-Based Remuneration and Stock Option System

- The Company has introduced performance-based remuneration (linked to corporate and personal performance) into its corporate officer remuneration system. Because this system elevates corporate officers' consciousness of performance increases, from fiscal 2014, the share of performance-based remuneration within total corporate officer remuneration has been increased from the previous level of approximately 20% to a new level of approximately 30%.
- In addition, from fiscal 2015, the Company has introduced stock options as stock-based compensation so that the Company's directors (excluding outside directors) share not only the benefit of a rising share price, but also share the risk of share price fluctuations with our shareholders. The system involves replacing a portion of performance-based monetary remuneration with stock options provided as stock-based compensation. Actual grants of these stock options as stockbased compensation to commence from fiscal 2016.
- Plans also call for introducing stock options as stock-based compensation for the Company's executive officers and the
  directors (excluding outside directors), executive officers, etc. of domestic insurance companies in which the Company
  has direct investments. Specific grants of these stock options as stock-based compensation commence from fiscal
  2016.

#### **Directors** and Corporate Auditors Remuneration

## Total Amount of Remuneration by Directors/Corporate Auditors Category, and the Number of Recipients (fiscal 2015)

| Category  | Number | Total Remuneration (¥ million) |
|---|--------|--------------------------------|
| Directors (excluding Outside Directors)                   | 9      | 287                            |
| Corporate Auditors (excluding Outside Corporate Auditors) | 3      | 51                             |
| Outside Directors/Corporate Auditors                      | 7      | 73                             |

(Note) The total remuneration figures are the portion of the Company. All remuneration is basic remuneration.

## Persons with consolidated Remuneration (including remuneration for corporate officer posts at main subsidiaries, etc.) of ¥100 Million or More (fiscal 2015)

| Name                        | Corporate Officer Posts | Company     | Total consolidated remuneration, etc. (¥ million) |  |
|-----------------------------|-------------------------|-------------|---|--|
| Yasuyoshi Karasawa          | Director                | The Company | 10  |  |
| rasuyosiii Narasawa         | Director                | MSI         | 108   |  |
| Toshiaki Egashira           | Director                | The Company | 108   |  |
| (resigned on June 22, 2016) | Director                | MSI         | 100   |  |

## Criteria for the Selection and Independence of Outside Directors and Outside Corporate Auditors

- 1. Policies on the Board of Directors' Overall Balance of Expertise, Experience, Capabilities, Diversity, and Scale
  - Four of the eleven Directors (ten men and one woman) and three of the five Corporate Auditors (5 men) 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 Corporate Auditors 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 Corporate Auditors 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 Directors and Corporate Auditors are contributing to the strengthening of oversight and auditing functions to
  the Board and to ensuring the transparency of management. In addition, by receiving advice from these Outside
  Directors and Corporate Auditors based on their knowledge and experience as professionals in the fields of law and
  accounting, the Company ensures that this system will enable proper decision making on important matters.
- 2. Criteria for the Selection of Director Candidates and Corporate Auditor 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 Corporate Auditor 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 Corporate Auditor Candidates

1. Outside director candidates and outside corporate auditor candidates

Candidates must meet the following requirements.

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

Additionally, candidates must satisfy the following three requirements

#### (1) Eligibility

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

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

#### (2) Expertise

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

#### (3) Independence

The following persons are ineligible.

- [1] An executing person of the Company or a subsidiary of the Company.
- [2] A director or corporate auditor 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
- [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 corporate auditor 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 corporate auditor, 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 corporate auditors 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 corporate auditors, in principle the total term is 1 term, 4 years, but this is renewable for a maximum of 2
- 2. Candidates for director other than outside director and candidates for corporate auditor other than outside corporate auditor

Candidates must meet the following requirements.

- Must not be disqualified from serving as a director or corporate auditor pursuant to the Companies Act.
- Must not be disqualified from serving as a director or corporate auditor of an insurance holding company pursuant to the Insurance Business Act.
- Must satisfy the eligibility requirements for a director or corporate auditor 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 Corporate Auditors and Related Matters

#### **Outside Directors**

| Name           | Date of<br>Selection | Reason for Selection   | Attendance at Board of Directors Meetings* |
|----------------|----------------------|--|--|
| Akira Watanabe | April 2010           | Mr. Akira Watanabe is well versed in the field of the Companies Act as an attorney-at-law and has a wealth of experience gained through his service as a trustee of companies subject to reorganization proceedings. He has been stating opinions at meetings of the Company's Board of Directors and on other | 15 of 15 meetings                          |

|                |            | occasions based on his knowledge and experience. We elect him as Outside Director in order to continue reflecting his knowledge and experience in the management of the Company.  |                   |
|----------------|------------|---|-------------------|
| Daiken Tsunoda | April 2010 | Mr. Daiken Tsunoda has a wealth of knowledge and experience concerning overall corporate legal affairs as an attorney-at-law. He has been stating opinions at meetings of the Company's Board of Directors and on other occasions based on his knowledge and experience. We elect him as Outside Director in order to continue reflecting his knowledge and experience in the management of the Company.  | 15 of 15 meetings |
| Tadashi Ogawa  | June 2012  | Mr. Tadashi Ogawa previously served as Administrative Vice Minister of Finance, as Director—Chairman of Japan Tobacco Inc., etc. He has been stating opinions at meetings of the Company's Board of Directors and on other occasions based on his knowledge and experience. We elect him as Outside Director in order to continue reflecting his broad knowledge in relation to fiscal and monetary affairs and experience as an executive in the management of the Company.            | 13 of 15 meetings |
| Mari Matsunaga | June 2012  | Ms. Mari Matsunaga was a chief editor of magazines and was involved in planning and development of new services at NTT DOCOMO, INC. She has been stating opinions at meetings of the Company's Board of Directors and on other occasions based on her broad knowledge and experience concerning society, culture, consumer lifestyles, and other areas. We elect her as Outside Director in order to continue reflecting her knowledge and experience in the management of the Company. | 14 of 15 meetings |

<sup>\*</sup> The number of Board of Directors' meetings attended during fiscal 2015.

## Outside Corporate Auditors

| Name                               | Date of<br>Selection | Reason for Selection   | Attendance at Board of Directors/ Corporate Auditors Meetings*                |
|------------------------------------|----------------------|--|---|
| Kuniaki Nomura                     | April 2010           | We elect him to reflect his knowledge and experience gained in his present position as lawyer in the management of the Company   | Board of Directors meetings: 13 of 15<br>Board of Auditors meetings: 10 of 12 |
| Hiroyuki Tezuka                    | April 2010           | We elect him to reflect his knowledge and experience gained in his present position as lawyer in the management of the Company   | Board of Directors meetings: 13 of 15<br>Board of Auditors meetings: 11 of 12 |
| Kunio Chiyoda<br>(Newly appointed) | June 2016            | Mr. Kunio Chiyoda is an expert in accounting and auditing and has served as a university professor and a member of a public institution. We elect him as Outside Corporate Auditor to reflect his wealth of knowledge and experience in the management of the Company. | _   |

<sup>\*</sup> The number of Board of Directors' meetings and Board of Auditors' meetings attended during fiscal 2015.



### Basic Policies on Corporate Governance

#### **MS&AD Insurance Group Basic Policies on Corporate Governance**

MS&AD Insurance Group Holdings, Inc. (hereinafter referred to as "MS&AD" or "the Company") has established the MS&AD Insurance Group Basic Policies on Corporate Governance for the purpose of indicating the basic approach to and framework for corporate governance.

#### Chapter 1: The Company's Basic Approach to Corporate Governance

- 1. 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.
- 2. 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.
  - ▶ MS&AD Insurance Group Corporate Philosophy (Mission), Corporate Vision and Values



Medium-term Management Plan (5.6MB)

#### Chapter 2: Relationship with Stakeholders

- 1. In order to realize our Corporate Philosophy (Mission), the Company aims toward sustained enhancement of enterprise value by fulfilling our responsibilities to seven types of stakeholders (customers, shareholders, agents, business partners, employees, local communities, global society and the environment) based on the "Perspective of CSR Approaches of the MS&AD Insurance Group."
- 2. Perspective of CSR Approaches of the MS&AD Insurance Group

The MS&AD Insurance Group will increase enterprise value and contribute to the creation of a sustainable and robust society through behavior that takes into account interaction with the environment and society in all business activities, with the aim of realizing our Corporate Philosophy.

We will provide products and services with high quality and added value, contributing to a secure, safe, vibrant and prosperous future by gaining a deeper understanding of social issues through active dialogue with our stakeholders.

3. Efforts to engage stakeholders

We will fulfill our responsibilities to stakeholders through the following efforts

| Stakeholder       | Efforts   |
|-------------------|---|
| Customers         | Provide products and services that meet customer expectations for quality.  |
| Shareholders      | Provide appropriate disclosure of information and appropriate return to shareholders. Strive to raise enterprise value (See Chapter 5: Relationship with Shareholders). |
| Agents            | Grow together as partners.  |
| Business partners | Maintain sound relationships and cooperate to fulfill corporate responsibilities.   |



| Employees                          | Provide a comfortable working environment, a sense of purpose and opportunities to grow. |  |
|------------------------------------|--|--|
| Local communities / Global Society | As a member of society, contribute to its sustainable development.                       |  |
| The environment                    | Take steps to protect the global environment.  |  |

#### 4. Schemes for Receiving Feedback from Customers

The MS&AD Insurance Group has formulated a "Basic Policy for Responding to Customer Communications" in order to receive a wide range of customer feedback in the form of consultations, requests and complaints, etc. This feedback is used to make quality improvements.

#### Basic Policy for Responding to Customer Communications

#### 5. Whistleblowing System

The MS&AD Insurance Group has established a whistleblowing system enabling all employees of the Company and its subsidiaries to directly report illegal, improper or unethical behavior by organizations and individuals, for which the Company's Board of Directors provides appropriate supervision.

#### 6. Promotion of Diversity

In order to conduct Group management with an awareness of changes in the global environment, the MS&AD Insurance Group aims to establish and enhance an environment that enables employees with diverse values to meet their potential regardless of gender, nationality or disability, through the promotion of the role of female employees and hiring of those with disabilities.

#### Chapter 3: The Company's Corporate Governance Stance

#### 1. The Company's Organizational Structure

- As a Company with a Board of Auditors, the Company will endeavor to improve governance by ensuring that
  independently appointed Corporate Auditors 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 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 rapid execution.

#### 2. Role of the Board of Directors

- (1) 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.
- (2) 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.
- (3) 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.
- (4) 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.

#### 3. Composition of the Board of Directors and Roles of Outside Directors

(1) The Board of Directors is defined in the Articles of Incorporation as has having up to 15 members, with a balanced composition that includes diverse knowledge and expertise. Candidates for director are nominated by



the Board of Directors based on the "Criteria for the Selection of Director Candidates and Corporate Auditor Candidates" (Appendix) (see 10. Nomination Process below).

Furthermore, at least one third of the Directors are nominated as Outside Directors to incorporate perspectives independent from management, strengthen monitoring and oversight functions, and conduct highly transparent management.

- (2) 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 (Note) and/or major shareholders.
  - Realizing supervising function from a standpoint independent of management by fulfilling accountability for stakeholders, including shareholders.

(Note) Collectively refers to the directors, corporate auditors and executive officers of the Company and domestic insurance companies in the Group in which the Company has a direct investment (same applies hereinafter)

- ▶ Criteria for the Selection of Director Candidates and Corporate Auditor Candidates
- 4. Operation of the Board of Directors
  - (1) Resolutions of the Board of Directors
    - Except in cases otherwise stipulated by law, resolutions of the Board of Directors are made by a majority of the directors attending the meeting, where a majority of directors are in attendance.
  - (2) Operation of the Board of Directors
    - The agenda, length of deliberation and frequency of meetings of the Board of Directors are defined to allow for required, adequate discussion of important decisions regarding business execution and oversight of the performance of duties.
    - An effort is made to send out and explain proposals to the Board of Directors, giving adequate consideration
      to the time required for preparation by attendees to enable meaningful views, comments and questions to be
      presented in meetings of the Board of Directors.
    - The annual schedule of the Board of Directors and anticipated agenda items are determined in advance.
- 5. Evaluation of the Board of Directors

The Board of Directors periodically analyzes and evaluates its own overall effectiveness, and publishes an overview of the results.

- 6. Corporate Auditors and Board of Auditors
  - (1) Responsibilities of Corporate Auditors

As an independent entity entrusted with authority by the shareholders, the Corporate Auditors are responsible for ensuring the sound and sustainable growth of the Company, and establishing a good corporate governance stance in response to the public trust by supervising the performance of duties of the Directors

- (2) Authority and Roles of Corporate Auditors
  - Each Corporate Auditor 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 Board of Auditors.
- (3) Composition and Roles of the Board of Auditors
  - The Board of Auditors is defined in the Articles of Incorporation has having up to 6 members, a majority of which shall be Outside Corporate Auditors in accordance with the law. Candidates for Corporate Auditor are nominated by the Board of Directors with the approval of the Board of Auditors, based on the "Criteria for the Selection of Director Candidates and Corporate Auditor Candidates" (Appendix) (see 10. Nomination Process below).
  - The Board of Auditors receives reports from Corporate Auditors on the status of performance of duties, and

reports from officers and employees on important matters related to auditing, and also makes decisions regarding auditing policies and auditing plans.

- The Board of Auditors makes decisions regarding proposals submitted to the General Shareholders' Meeting
  on the appointment or dismissal of Accounting Auditors, and the non-reappointment of Accounting Auditors.
   It also has the right to consent to decisions regarding remuneration of the Accounting Auditors.
- ▶ Criteria for the Selection of Director Candidates and Corporate Auditor Candidates

#### 7. Accounting Auditors

The Board of Directors and the Board of Auditors endeavor to take appropriate action to ensure adequate auditing by the Accounting Auditors.

#### 8. Support Systems for Directors and Corporate Auditors/Training Policy

The Company has the following systems in place as required for Directors and Corporate Auditors 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 Corporate Auditors (hereinafter referred to as "Outside Officers") to provide support in areas such as providing briefings in advance.
- (2) The Company has established a system for ongoing provision of information and training at the time of appointment and during the term of Directors and Corporate Auditors.
- (3) The Company provides appropriate opportunities for Outside Officers to share information and exchange opinions with management and senior employees.
- (4) The Company bears the expenses required to enable Outside Officers to fulfill their roles.

#### 9. Group Management Committee

The role of the Group Management Committee is to discuss management policies, management strategies and other matters that are key issues for the Company and its Group companies. It also monitors specific business operations by receiving reports on matters decided upon by Executive Officers.

#### 10. Nomination Process

- The Board of Directors appoints candidates for Director, candidates for Corporate Auditor and Executive
   Officers based on advice from the Nomination Committee. The consent of the Board of Auditors needs to be is obtained for candidates for Corporate Auditor.
- The Nomination Committee deliberates on important 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, Corporate Auditor, and Executive Officer of the Company as well as the selection of Directors and Corporate Auditors for domestic insurance companies in which the Company has direct investments.
- The Nomination Committee is made up of 3 or more members.
- A majority of members and the chairperson shall be appointed from among the Outside Directors by the Board of Directors.

#### 11. Process of Determining Remuneration

#### (1) Remuneration of Directors

- The amount of remuneration for each Director is determined by the Board of Directors within the amount specified by resolution of the General Shareholders' Meeting, after deliberation by the Remuneration Committee.
- The Remuneration Committee provides advice to the Board of Directors on matters such as performance evaluations and remuneration for the Company's Directors and Executive Officers.
- The Remuneration Committee is made up of 3 or more members.
- A majority of members and the chairperson have been appointed from among the Outside Directors by the Board of Directors.

#### (2) Remuneration of Corporate Auditors

• The amount of remuneration of each Corporate Auditor is determined by discussion by Corporate Auditors, within the amount specified by resolution of the General Shareholders' Meeting.

12. Governance Committee



The Governance Committee whose chairperson is elected by mutual vote of the Outside Directors has been established for the purpose of discussion by all Outside Directors, the Chairman and the President regarding matters related to the status of, policies regarding and stance on corporate governance.

#### 13. Task-Specific Committees

The Company has established The Group Management and Monitoring Committee, ERM Committee, Group Profitability Improvement Committee, Group International Business Committee, ICT Innovation Committee, Risk and Compliance Committee, Information Disclosure Committee, Brand Committee, CSR Committee and Group Systems Committee with the aim of deliberating important management issues involving business execution, as well as to coordinate perspectives across various departments.

#### **Chapter 4: Group Management Structure**

- 1. Roles of the Company (Holding Company)
  - The Company has entered into management supervision contracts with the domestic Group insurance companies in which it has direct investments (hereinafter referred to as "directly invested companies"), and supervises management of Group companies in order to realize management strategies, improve management efficiency and ensure financial soundness and appropriate operations within the Group.
  - The Company has established "Basic Policy Pertaining to System for Internal Controls", "Risk Management Basic Policy", "Compliance Basic Policy", "Internal Audit Basic Policy", "Risk Appetite Statement", and "Basic Policy on Information and Technology Governance". In addition to requiring compliance with these policies by Group companies, important matters involving directly invested companies require either the approval of or reporting to the Company in line with management supervision contracts.
  - The Company establishes group business strategy such as the Group's Medium-term Management Plan.
  - The Company provides guidance and supervision through monitoring of the progress of management plans formulated by Group companies and the status of business execution, with the aim of achieving the goals of the
  - Group Basic Policies, including the Group Internal Control System Basic Policy
  - Group Compliance Basic Policy
- 2. Role of Directly Invested Companies
  - · Directly invested companies formulate their own policies and appropriately establish internal management systems based on the Group's Basic Policies, in addition to formulating management plans in each company based on the Group's Medium-term Management Plan to conduct management as individual companies.
  - Directly invested companies also appropriately supervise the management of their subsidiaries under management supervision contracts.

#### Chapter 5: Relationship with Shareholders

1. Constructive Dialogue with Shareholders

The Company has disclosed the Policy on Constructive Dialogue with Shareholders and has established the system for promoting constructive dialogue with shareholders from the perspective of enabling deeper dialogue in the medium- to long-term and enhancing enterprise value.



Policy on Constructive Dialogue with Shareholders (23KB)

2. Ensuring Shareholder Rights and Equality

The Company acts appropriately to effectively ensure the rights of shareholders, and endeavors to enable shareholders to appropriately exercise those rights as follows.

- The Company will take appropriate action to enable shareholders to effectively exercise their voting rights in the General Shareholders' Meeting.
- The Company will provide accurate information to contribute to appropriate decision-making in the exercise of voting rights by shareholders.
- The Company provides adequate explanation of capital policies, etc., that have a material impact on the interests of shareholders.
- In the event a proposal by the Company is approved in the General Shareholders' Meeting but with considerable



votes in opposition, the Company analyzes the reason and volume of opposing votes, and responds appropriately.

- 3. Prevention of Transactions that Conflict with the Interests of Shareholders When the Company does business with a related party such as a director or a major shareholder, prior approval of the Board of Directors is required for important or non-standard transactions to ensure they do not harm the joint interests of the Company and the Company's shareholders.
- 4. Strategic Equity Holdings

The Company has disclosed the "Basic Policy on Strategic Equity Holdings" and the Criteria for Ensuring Appropriate Handling of the Exercise of Voting Rights Pertaining to Strategic Equity Holdings from the perspective of contributing to the increase in the Company's enterprise value and that of companies in which shares are held by the Company in the medium-to long-term.



🄼 Policy on Strategic Equity Holdings and a Policy on Exercising Voting Rights Pertaining to Strategic Equity Holdings (43KB)

#### Chapter 6: Appropriate Disclosure

- The Company and the Group's domestic insurance companies conduct disclosure based on the "Basic Policy for Disclosure of Information", to ensure that they act in accordance with disclosure rules stipulated by law and financial instrument exchange in line with this Basic Policy, and that their stakeholders are able to fairly, correctly and promptly understand important information.
- In addition to disclosure required by law, the Company also discloses non-financial information of significant interest to shareholders, including ESG (environment, society, governance) along with financial information, in an easily viewable "Integrated Report" format, intended to contribute to a constructive dialogue with stakeholders, including shareholders.
- In addition, this information is also disclosed in, easily-accessible format on the Company's website, and other efforts, including the use of video, will be made to provide stakeholders with a better understanding on the website.
- ▶ Basic Policy for Disclosure of Information

Supplementary Provision

Revision and abolition of this policy shall be by resolution of the Board of Directors

**FND** 

Established, June 22, 2015 Last Amended, June 22, 2016

## Responses to 11 Principles of the Corporate Governance Code

(As of June 22, 2016)



#### 1. Principles Items Not to Be Implemented (To Explain) and Reasons for Not Implementing

The Company complies with all of the Corporate Governance Code.



#### 2. Principle Items to Be Implemented (To Comply)

The response situations and disclosure scope regarding the following 11 principles are as follows:

### Principle 1.4 Policy regarding holding Strategic Equity Holdings and standards with respect to the voting rights as to their cross-shareholdings

#### **<MS&AD Insurance Group Basic Policy for Strategic Equity Holdings>**

Strategic equity holdings is shares held under the assumption of long-term holding for the purpose of long-term increase of asset value and maintaining and strengthening comprehensive business relationships with issuers, etc.

We have adopted a policy to reduce the aggregate amount of our strategic equity holdings, aiming to build a solid financial base less affected by fluctuations in stock prices and to improve the capital efficiency (Note 1).

The economic rationale for holding strategic equities is assessed from the perspective of the equity issuers' growth potential and profitability and the medium-to long-term business relationship (Note 2).

If the rationale is not confirmed, we shall proceed with sales of those strategic equity holdings after obtaining the equity issuers' understanding. Otherwise, we may sell our holdings, taking into account the market environment and our business and financial strategies.

(Note 1) The Group's strategic equity holdings of ¥500 billion is planned to be sold over the 4 years from FY2014 to FY2017. We shall proceed with sales of our holdings based on the planning.

(Note 2) Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance shall examine economic rationale of their major strategic equity holdings. The results of these examinations shall be reported to MS&AD's Board of Directors.

#### «Criteria for Ensuring Appropriate Handling of the Exercise of Voting Rights Pertaining to Strategic Equity Holdings»

- 1 Basic approach to the exercise of voting rights
  - The exercise of voting rights is seen to be an important means of influencing the management and improving the enterprise value of investee companies, and decisions are not made uniformly based solely on formulaic short-term criteria, but rather in terms of enhancement of enterprise value in the medium-to-long term and improvement in shareholder returns, among others
- 2 The process for exercising voting rights
  - When exercising voting rights, items such as those listed below are verified for each potential investment, with a focus on such aspects as whether the company in question is managed with an emphasis on growth of the company and the interests of shareholders, and whether the company is engaged in any antisocial behavior. Proposals are also judged based on the results of dialogue with the company concerned following a detailed examination of individual issues as required.
  - · Shareholder returns · Retirement benefits for directors and corporate officers
  - · Expansion of authorized capital · Takeover defense measures · Business reorganization, etc.

As noted above, when exercising voting rights, rather than making uniform decisions based solely on formulaic short-term criteria, we believe it is important to conduct constructive dialogue in terms of enhancing enterprise value and encouraging the sustained growth of the investee company from a medium-to long-term perspective, which in turn can be tied to a shared understanding and improvement in any problems.

Therefore, because we believe simple disclosure of voting results tallies does not necessarily provide an accurate

Corporate Governance > Corporate Governance > Responses to 11 Principles of the Corporate Governance Code

representation of these stewardship activities, we will also be disclosing cases related to the exercise of voting rights in which approval was not obtained.

## Principle 1.7 Procedures for related Party Transactions

With respect to transactions between the Company and a related party, to ensure that they do not harm the common interests of the Company and the Company's shareholders, such transactions as competition transaction by a director, transactions between a corporate officer and the Company, and other transactions with conflict-of-interest characteristics, such transactions will require prior deliberation and approval of a Board of Directors' meeting with the attendance of multiple outside directors, and in the case of similar transactions by executive officers will require a report to the Board of Directors.

#### Principle 3.1 Full Disclosure

( i ) Aspiration of the Group (Mission etc.) and business strategies and business plans;

#### **《Business Objectives**, etc.》

Please see "Aspiration of the MS&AD Insurance Group" on our company web site.

#### **《Business strategies and business plans》**

Please see our group Medium-Term Management Plan, "Next Challenge 2017" on our company web site.

(ii) Basic policy and guidelines on corporate governance;

Please see "Basic Policies on Corporate Governance" on our company web site.

(iii) Board policies and procedures in determining the remuneration of the senior management of Directors and Corporate Auditors;

Please see "Directors and Corporate Auditors Remuneration" on our company web site.

(iv) Board policies and procedures in the appointment of the senior management and the nomination of Directors and Corporate Auditors candidates;

Please see Chapter 3. 10 "Nomination Process" in the "Basic Policies on Corporate Governance" and "Criteria for the Selection and Independence of Outside Directors and Outside Corporate Auditors."

(v) Explanations with respect to the individual selection and appointment.

Please see [Reasons for selection as a candidate] in the "Notice of Convocation of Annual Shareholders Meeting" (page 6–13)

Supplementary Principle 4.1 ① Scope and content of the matters delegated to the management

Please see Chapter 3. 2 "Role of the Board of Directors" in the "Basic Policies on Corporate Governance."

Principle 4.8 A road map if a company in its own judgement believes it needs to appoint at least one-third of directors as independent directors.

The Board of Directors comprises 11 members (10 men and 1 woman), and more than one-third of the Directors (four Directors) are nominated as Outside Directors.

Principle 4.9 Criteria of determining the independence of outside directors

Corporate Governance > Corporate Governance > Responses to 11 Principles of the Corporate Governance Code

Please see 1. (1) "Eligibility" and 1. (3) "Independence" of "Criteria for the Selection of Director Candidates and Corporate Auditor Candidates."

## Supplementary Principle 4.11 ① Policies on the Board of Directors' Overall Balance of Expertise, Experience, Capabilities, Diversity, and Scale

- Four of the eleven Directors (ten men and one woman) and three of the five Corporate Auditors (5 men) 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 Corporate Auditors 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 Corporate Auditors 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 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.

## Supplementary Principle 4.11 ② A status for concurrent positions of Outside Directors and Outside Corporate Auditors

Please see [Reasons for selection as a candidate] in the "Notice of Convocation of Annual Shareholders Meeting" (page 6-13)

## Supplementary Principle 4.11 ③ A summary of the results from analysis and evaluation of overall effectiveness of the Board of Directors.

- As noted in Chapter 3.5 of the "Basic Policies on Corporate Governance," an analysis and evaluation of the overall effectiveness of the Board of Directors is conducted annually.
- Regarding the overall effectiveness of the Board of Directors in fiscal 2015, each Director conducted a self-evaluation, primarily in terms of the roles, duties and operation, etc. of the Board of Directors. Based on this self-evaluation, the Governance Committee (made up of all outside directors, the Chairman of the Board and the President) prepared a summary entitled "Analysis and Evaluation of the Effectiveness of the Board of Directors." An overview is as follows.
  - a. Roles and responsibilities of the Board of Directors
    - The Board of Directors has grown capable of deep deliberations, holding multiple deliberations regarding matters such as the formulation of a medium-term management plan and large-scale business investments. It has also enhanced its framework for regularly examining the progress of its Group insurance companies with their own medium-term management plans, and has a stronger monitoring approach in place. Given the rapid pace of technological innovation and other changes in environment, the Board of Directors needs to deepen its strategic deliberations from a mid- to long-term viewpoint.
    - Fixed-point observation of the dissemination and practice of the Group's Corporate Philosophy (Mission),
      Corporate Vision and Values was conducted, and it has been reported to the Board of Directors that these are
      steadily being disseminated and practiced. The Board of Directors has also formulated and made public the

Corporate Governance > Corporate Governance > Responses to 11 Principles of the Corporate Governance Code

MS&AD's story of Value Creation that presents the connection between social issues and the Group's business activities and realization of Corporate Mission. Efforts will continue to strengthen the dissemination of information both inside and outside the Group and to encourage the understanding of its officers and employees.

- b. Operations of the Board of Directors
  - The Board of Directors operates appropriately, with materials distributed prior to meetings, information provided to Directors as needed, and sufficient time allowed for deliberations.
  - In fiscal 2015, a reexamination was made of agenda items presented to the Board of Directors, and the items subject to so-called package deliberation, in which explanation of some agenda items during Board meetings is simplified, were expanded further. By working to secure more time for deliberations regarding strategic decisions, the Board of Directors has strengthened its supervisory function. It is important that the Board of Directors strengthens its deliberations regarding the direction of management strategy, management plans and other important themes, in particular incorporating the viewpoints of the outside directors.

#### Supplementary Principle 4.14 ② Criteria for Directors and Corporate Auditors Training

Please see Chapter 3. 8 "Support Systems for Directors and Corporate Auditors" in the "Basic Policies on Corporate Governance."

Principle 5.1 Policies concerning the measures and organizational structures aimed at promoting constructive dialogue with shareholders.

Please see "Policy on Constructive Dialogue with Shareholders" on our company web site.



## Group Management and Internal Control Systems

▶ Internal Control Systems



#### **Systems for Execution of Management**

MS&AD Holdings has introduced an executive officer system and is strengthening the control of its management by clarifying the roles of the Board of Directors, who are responsible for management decision making and oversight, and the Executive Officers, who are responsible for business execution. The number of Executive Officers is limited to 16.



#### **Group Management Committee**

The role of the Group Management Committee is to discuss management policies, management strategies, and other matters that are key issues to the Company and the Group companies. It also monitors specific business operations by receiving reports on approved matters under the rules for the Group Management Committee.



#### **Group Management Structure**



#### Role of the Company (the holding company)

- (1) To realize management strategies, increase the Group's management efficiency, and ensure the soundness of Group finances and appropriateness of Group operations, the Company concludes management agreements with its directly invested subsidiaries (hereinafter referred to as "directly invested companies") and undertakes the management administration of each company.
  - The Company has concluded management agreements with its directly invested domestic insurance company subsidiaries (MSI, ADI, Mitsui Direct General, MSI Aioi Life, and MSI Primary Life) and provides those companies with advice and other assistance.
  - Believing that directly and quickly obtaining business-related information from the Group's domestic insurance
    companies will contribute to the smoothness of Group management, the Company has established a system in which
    its own directors concurrently serve as directors of the Group's domestic insurance companies. In addition, directors
    of the Group's domestic insurance companies sometimes attend the Group Management Committee meetings,
    depending on the proceedings.
  - In addition, the Company has concluded management agreements with its directly invested affiliated operating companies (InterRisk Research Institute & Consulting and seven other companies) and undertakes the management administration of each company.
- (2) The Company has established Groupwide basic policies—including the "Basic Policy Pertaining to System for Internal Controls," "Risk Management Basic Policy," "Basic Compliance Policy," "Internal Audit Basic Policy," "Risk Appetite Statement," and "Basic Information and Technology Governance Policy." In addition to requiring compliance with these policies by Group companies, important matters involving directly invested companies require either the approval of or reporting to the Company in line with management supervision contracts.
- (3) The Company establishes Group business strategy, such as the Group's Medium-term Management Plan.
- (4) The Company provides guidance and supervision through the monitoring of the progress of management plans formulated by Group companies and the status of business execution, with the aim of achieving the goals of the Group.



#### **Role of Group Companies (Directly Invested Companies)**

- (1) Group Companies (Directly invested companies) formulate their own policies and appropriately establish internal management systems based on the Group's Basic Policies, in addition to formulating management plans in each company based on the Group's Medium-term Management Plan to conduct management as individual companies.
- (2) Directly invested companies also appropriately supervise the management of their subsidiaries under management supervision contracts.



## Task-Specific Committees

The task-specific committees have been established with the aim to deliberate on various key issues in management when executing operations as well as to coordinate perspectives across various departments. When necessary, the Director(s) and/or Executive Officer(s) in charge summarize the results of discussions in these committees and report them to the Board of Directors and/or the Group Management Committee. We established three new Committees to strengthen the system to control the management of group companies on April, 2016.

| Group Management and Monitoring Committee    | Prior-monitoring: Basically two times a month Post-monitoring: Basically once a month | Upon receiving reports on matters related to the Board of Directors and the Management Committee of directly invested Group insurance companies, the committee meeting confirms matters that include whether the related matters have been approved and/or reported, ensures financial soundness of the Group companies, and ensures appropriate risk management and operations.  |
|--|---|---|
| ERM Committee                                | Basically four times a year   | The ERM Committee works to maintain growth and improve profitability by ensuring soundness and improving capital efficiency, for the purpose of realizing the increase of the enterprise value. The direction of management strategies involved in promoting ERM, including the allocation of corporate resources based on risk appetite is discussed at the committee.   |
| Group Profitability Inprovement Committee    | Basically four times a year   | The committee shares issues in each business domain and verifies the policy to deal with the issues and the progress of the countermeasures in order to improve group profitability.  |
| Group International Business Committee (New) | Basically four times a year   | The Committee confirms and discusses the vision for International Business strategy (International Business investment, etc.) that contributes to sustainable Group growth. It also shares common understanding of issues regarding the role of International Business in strengthening overall Group profitability and demonstrating synergies, and confirms and discusses the direction of measures for handling those issues and their progress. |
| ICT Innovation Committee (New)               | Basically four times a year   | The Committee is responsible for coordinating the key issues and managing progress with Group ICT innovation strategy, related strategic alliances and investments, etc.  |
| Risk and Compliance Committee                | Basically four times a year   | While monitoring the overall risk management and Group's compliance matters, it also deliberates and coordinates the key issues.  |
| Information Disclosure Committee             | Basically four times a year   | With the aim to appropriately disclose MS&AD Group's corporate information, including the financial data, it examines operational procedures and evaluates the effectiveness of internal control.   |
| Brand Committee                              | Basically two times a year  | The committee deliberates, coordinates, and manages such issues as the policy and planning of Group brand strategy.   |

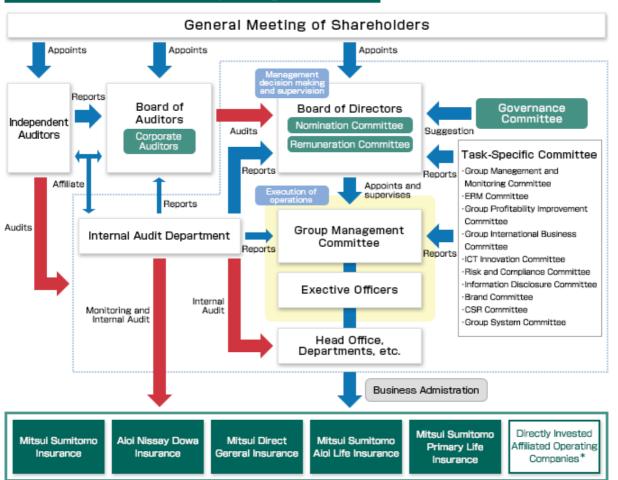
Corporate Governance > Corporate Governance > Group Management and Internal Control Systems

| CSR Committee (New)     | Basically two times a year | The Committee discusses policy regarding the Group's CSR initiatives, shares information regarding CSR-related global trends and changes in environment, and works to deepen understanding of those issues. |
|-------------------------|----------------------------|---|
| Group Systems Committee | Basically once a month     | The committee deliberates, coordinates, and manages such issues as IT strategy, system risk management, and the large-scale system development of the Group companies.                                      |

## **Outline of the Corporate Governance System**

### MS&AD Insurance Group Holdings, Inc.

(As of June 22,2016)



<sup>\*</sup> MS&AD Holdings has eight affiliated operating companies: InterRisk Reserch Institute & Consulting, Inc., MS&AD Business Support Co., Ltd., MS&AD Staffing Service Co., Ltd., MS&AD Systems Co., Ltd., MS&AD Reserch Institute Co., Ltd., MS&AD Loan Services Co., Ltd., and ANSHIN DIAL Co., Ltd.,

MS&AD. Articles of Incorporation (21KB)

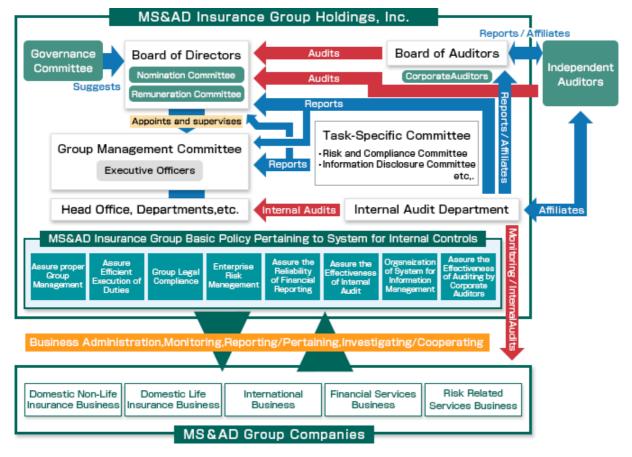
Presents our articles of incorporation.

Corporate Governance > Corporate Governance > Group Management and Internal Control Systems > Internal Control Systems

## Internal Control Systems

The Company has established its MS&AD Insurance Group Basic Policy Pertaining to System for Internal Controls, and in addition to the systems required under Japan's Company Law, the Company regards the "systems for assuring the reliability of financial reporting" to be an important perspective in the context of enhancing related systems.

The Company maintains a system in accordance with this Basic Policy, and reports to the Board of Directors regarding the results of an inspecton conducted every year about the system building and the appropriate operation.



100 L

MS&AD Insurance Group Basic Policy Pertaining to System for Internal Controls (70KB)

Corporate Governance > Compliance

### Corporate Governance

## Compliance



#### **Compliance**

The MS&AD Insurance Group formulated the "MS&AD Insurance Group Basic Policy on Compliance", with the aim of imbuing all officers and employees of MS&AD Holdings and the domestic Group insurance companies with a thorough awareness of compliance.

Detailed Information of Compliance

## ı ı

#### **Information Management**

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 "MS&AD Insurance Group Basic Policy for Management of Customer Information" and "MS&AD Insurance Group Basic Policy for Sharing Customer Information".

Detailed Information of Information Management



### Responsibilities in Transactions

We endeavor to engage in fair and equitable transactions, and to achieve on-going advancement and fulfillment of social responsibilities together with our business partners in various business activities.

Detailed Information of Responsibilities in Transactions

## Compliance



#### **Compliance Basic Policy**

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

#### ▶ MS&AD Insurance Group Compliance Basic Policy



#### **Compliance Promotion Structure**

The Company has formed the Risk 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, the Risk and Compliance Committee reports to the Board of Directors after discussion in the committee

The Company established its Compliance Department as the organizational unit to integrate and manage Group compliance matters. This department is responsible for integrating compliance initiatives within the Company and domestic Group insurance companies.

Each unit in the domestic Group insurance companies that is in charge of compliance matters is responsible for the preparation and implementation of policies, internal rules, and measures related to compliance and for planning and operating activities related to business operating rules pertaining to insurance solicitation and sales. These units are also the focal points for fact finding and confirmation as well as conducting investigations related to activities where there are concerns about violations of internal rules and other compliance issues.



#### **Activities**



#### **Compliance Program**

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



#### **Compliance Manual**

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



#### Compliance-related Training

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



#### Compliance-related Inspection

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

Corporate Governance > Compliance > Compliance



#### **Monitoring Group Companies**

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



#### **Internal Reporting System**

The MS&AD Insurance Group has established various internal reporting systems such as the MS&AD Helpline. Group company employees can contact the helpline to make a report or have a consultation if a compliance-related issue arises. A contact desk has also been established at an external legal office to make it easier for reporters. The identity of reporters is protected and their information is handled carefully to protect them and ensure that they do not suffer any unfair treatment.



#### **Compliance Promotion Structure in International Business Operations**

Management and staff of the overseas offices of the MS&AD Insurance Group give highest priority to compliance and take care to respect the cultures, customs, and histories of countries and regions where they serve as well as act in a manner that contributes to development of those regions. The Company has established its International Supervisory Department to integrate and manage matters related to compliance at overseas offices of Group companies, and it monitors the compliance-related initiatives of these overseas offices, while also providing guidance and assistance. This department works with the Compliance Department, which is in charge of overall integration of Group companies, to provide periodic reports regarding the status of compliance overseas directly to the Company's Board of Directors, etc. The department also engages in activities to improve and expand the overseas compliance promotion structure.



#### Tax compliance efforts



#### Compliance with laws and regulations

The MS&AD Insurance Group will comply with the laws and regulations of each jurisdiction, and will file all tax returns and pay all taxes required.



#### Relationships with tax authorities

The Company and each company in the Group will strive to manage tax risk and build good working relationships with tax authorities through prior consultation concerning tax treatments and providing appropriate information in a timely manner in response to requests by tax authorities.



#### Response to BEPS Project

The MS&AD Insurance Group understands the intent of the OECD BEPS (Base Erosion and Profit Shifting) Project, and will undertake efforts so that suitable tax payments are made in appropriate jurisdictions.

Intra-group transactions are conducted at arm's length prices, and efforts will be made so that an appropriate international allocation of profits is achieved.



## MS&AD Insurance Group Compliance Basic Policy

The MS&AD Insurance Group has established a Basic Compliance Policy as follows.

#### **MS&AD Insurance Group Compliance Basic Policy**

The MS&AD Insurance Group positions compliance as one of the foremost priorities in the management of the Group. We have adopted the following policies to establish a structure in which all of our officers and employees aim to achieve compliance, with a constant awareness of our corporate social responsibility.

#### 1. Basic Policy

- (1) We intend to achieve our mission by ensuring compliance in every aspect of our corporate activities and by establishing corporate ethics.
- (2) We define compliance as "taking 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, relevant guidelines issued by competent government agencies, and regulations of the holding company and Group companies ("laws and regulations, etc.")."

#### 2. Development of Compliance Structure

#### (1) Development of systems

- (i) We will develop a system under which important compliance matters and breaches of relevant laws and regulations are appropriately reported to Board and senior management.
- (ii) We will manage compliance matters in an integrated manner, establish a department that enforces and monitors compliance, and give the department the authority needed to function the compliance structure effectively.
- (iii) We will develop reporting and consulting systems for examples when our officers and employees identify any compliance-related misconduct and breaches of laws and regulations.

#### (2) Enforcing compliance

- (i) We will create a Compliance Manual setting out specific guidelines for compliance and will become fully familiar with it.
- (ii) We will develop and implement an annual Compliance Program as a specific plan of action and practice compliance accordingly.
- (iii) We undertake training and inspections to ensure compliance.
- (iv) We will immediately correct any inappropriate behavior related to compliance and analyze the causes to prevent a recurrence.

#### 3. Code of Conduct for Officers and Employees Concerning Compliance

#### (1) Faithful conduct

- (i) 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.
- (ii) 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.
- (iii) We treat every person faithfully, fairly, and appropriately in every situation.



#### (2) Conduct to ensure that corporate activities are appropriate

- (i) We will not engage in unfair trade, such as restricting competition through collusion or acquiring unfair benefits by abusing our position.
- (ii) We will protect our intellectual property rights and will not infringe on the intellectual property rights of others.
- (iii) We will diligently manage customer information we obtain in the course of our work and use such information only for specified approved purposes.
- (iv) We will be resolute in dealing with anti-social forces and will not accept any unjust, unlawful or unethical demands.
- (v) We will appropriately manage conflicts of interests to ensure that our customers' interests are not compromised unfairly.
- (vi) We will ensure that transactions are fair, for instance when we do business within the Group or form a business alliance
- (vii) We will ensure that our management is transparent, by disclosing information appropriately on a timely basis.
- (viii) We will not engage in insider trading (trading in stocks, etc. using important undisclosed information).
- (ix) We will appropriately manage assets, important information, and trade secrets, etc. of the Group companies.
- (x) We will not seek personal benefits by making use of our position in business.

#### (3) Respect for Human Rights and Creating a Positive Working Environment

- (i) We respect human rights and will not discriminate or harass people based on race, nationality, gender, age, profession, region, faith, disability, or other elements.
- (ii) We will create a safe and comfortable working environment.

## Information Management



#### **Basic View and Policy**

The MS&AD Insurance Group will observe the laws and regulations, such as the Act on Protection of Personal Information, 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 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 "MS&AD Insurance Group Basic Policy for Management of Customer Information" and "MS&AD Insurance Group Basic Policy for Shared Use of Customer Information".

- ▶ MS&AD Insurance Group Basic Policy for Management of Customer Information
- ▶ MS&AD Insurance Group Basic Policy for Shared Use of Customer Information



#### Structure of Information Management

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

### Monitoring Activities

The holding company monitors the status as regards arrangements for information 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 management in the entire Group, through steps such as sharing of know-how with and provision of requisite support to domestic insurance companies in the Group.



#### MS&AD Insurance Group Holdings, Inc. Declaration of Personal Information Protection (Privacy Policy)

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

Declaration of Personal Information Protection (Privacy Policy) of each company

MS&AD Insurance Group Holdings, Inc.

- Mitsui Sumitomo Insurance Co., Ltd.
- Aioi Nissay Dowa Insurance Co., Ltd.
- Mitsui Direct General Insurance Co., Ltd.
- Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
- Mitsui Sumitomo Primary Life Insurance Co., Ltd.



## Basic Policy for Management of Customer Information

In addition to complying with laws and ordinances such as the Act on the Protection of Personal Information, the MS&AD Insurance Group will continue to strive to build a stronger framework for information management, by establishing internal regulations and rules, improving system security, ensuring information management training is provided to employees and agencies, and reducing the risk of information leaks.

# MS&AD Insurance Group Basic Policy for Management of Customer Information

Given the importance of protecting customer information and to improve the public trust toward the business operations of the Group, the MS&AD Insurance Group shall handle customer information properly and institute measures that are appropriate for its secure management in compliance with the Act on the Protection of Personal Information (the "Personal Information Protection Act"), the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures ("My Number Act") as well as other laws, guidelines and the like.

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.

- 1. The MS&AD Insurance Group shall acquire customer information to the degree that it is necessary for business by means that are lawful and fair, and except were provided otherwise by applicable law, shall provide notice and public releases regarding the purpose for which personal information is to be used and shall use the same only within the scope of such purpose.
- 2. Except were provided otherwise by applicable law, the MS&AD Insurance Group shall not provide any personal data pertaining to customers to third parties without prior consent from the concerned persons.
- 3. The MS&&AD Insurance Group may share the use of personal data pertaining to customers within the Group for the purpose of providing better products and services to customers and conducting management of Group companies (See here Link to the policy pertaining to shared use of information).
- 4. The MS&AD Insurance Group shall strive to prevent leaks, loss or degradation of customer information; shall prepare rules for its handling and a system to provide for its safe management; and shall implement adequate security measures. Necessary and appropriate supervision shall be conducted if the handling of customer information is delegated to outside parties.
- 5. The MS&AD Insurance Group shall be thorough in providing education and guidance to those who are engaged in business operations, etc. so that customer information is handled properly. The procedures for handling and managing customer information at the Group shall be reviewed and improved on an ongoing basis to ensure they are appropriate.
- 6. The MS&AD Insurance Group shall respond properly and in a timely manner to any complaints or inquiries pertaining to the handling of customer information. Responses to requests for the release or correction of personal data being held by the Group from concerned persons shall be addressed promptly based on applicable law.
- 7. The MS&AD Insurance Group shall treat individual numbers and specific personal information as provided in the My Number Act in the following manner:
  - (1) We will neither acquire nor use individual numbers or specific personal information for purposes other than those

Corporate Governance > Compliance > Information Management > Basic Policy for Management of Customer Information

- restrictively specified in the My Number Act;
- (2) Notwithstanding clause 2 above, we will not provide individual numbers or specific personal information pertaining to any customer to any third party, even with prior consent from the person concerned, for any purpose other than those restrictively specified in the My Number Act;
- (3) Notwithstanding clause 3 above, we will not share the use of individual numbers or specific personal information pertaining to any customer within the Group; and
- (4) We will adhere to the My Number Act, the Guidelines for Proper Handling of Specific Personal Information for Financial Institutions, etc. and will endeavor to manage specific personal information in a secure manner.

## Basic Policy for Shared Use of Customer Information

The MS&AD Insurance Group has set forth the following provisions on sharing customer information with in the Group.

# MS&AD Insurance Group Basic Policy for Shared Use of Customer Information

In order to provide customers with the highest quality risk solution services centered on activity to achieve "Customer Satisfaction," to the extent that it is necessary, the MS&AD Insurance Group may share the use of personal data of customers within the Group within the scope stated below. When doing so, the handling of such data shall be conducted appropriately in compliance with the Act on the Protection of Personal Information (the "Personal Information Protection Act") as well as other applicable laws, guidelines and the like.

- 1. In order for the MS&AD Insurance Group Holdings, Inc. (the "Holding Company") to conduct management of the Group companies, the use of personal data may be shared at the MS&AD Insurance Group among the Holding Company and Group companies subject to the following conditions.
  - (1) Types of Personal Data
    - (i) Shareholder information (names, addresses, number of shares held, etc.).
    - (ii) Customer information maintained by the Holding Company and Group companies (names, addresses, telephone numbers, email addresses, gender, dates of birth, other policy information stated in applications and other documentation, information pertaining to insurance claims, and other information pertaining to transactions with customers).
  - (2) Parties with Which Information is Shared and Party Responsible for Management

    The Group companies with which the use of information is shared consist of domestic and foreign insurance companies, reinsurance companies and affiliates of the MS&AD Insurance Group (refer to the <u>List</u>). The party responsible for supervision and management of shared use shall be the Holding Company.
- 2. In order to provide information and the like on products and services handled by the Group companies, the use of personal data may be shared at the MS&AD Insurance Group among the Group companies subject to the following conditions.
  - (1) Types of Personal Data Names, addresses, telephone numbers, email addresses, gender, dates of birth, other policy information stated in applications and other documentation, information pertaining to insurance claims, and other information pertaining to transactions with customers.
  - (2) Parties with Which Information Is Shared and Party Responsible for Management
    Refer to the <u>List</u> of the Group companies with which the use of information is shared. The party responsible for supervision and management of shared use shall be the Holding Company.

Corporate Governance > Compliance > Responsibilities in Transactions

#### Corporate Governance

## Responsibilities in Transactions



#### **Basic Perspective and Policy**

The MS&AD Insurance Group stipulates in the "MS&AD Insurance Group Basic Policy on Compliance" that all executives/employees of the MS&AD Insurance Group should always be conscious of corporate social responsibilities and comply with all laws and regulations relevant to business activities and practice fair and valid conducts in good faith to live up to the expectations and requirements of the society.

#### MS&AD Insurance Group Basic Policy on Compliance

Furthermore, realizing the actual business needs of contracting out various jobs and services to outside sources, the Group has instituted "MS&AD Insurance Group Basic Policy for Management of Outside Vendors". Taking the above policy into account, the Group companies are conducting proper management upon organizing a setup for managing outside vendors.

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

When engaging the services of outside vendors for business purposes, the MS&AD Insurance Group shall prepare procedures for the proper management of outside vendors based on the following management policy.

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.

Corporate Governance > Compliance > Responsibilities in Transactions

## Activities

#### Confirmation of Eligibility of Outside Vendors

MSI and ADI confirm the soundness of information management systems and outside vendors, and the adequacy of job execution progress by referring to the new "Outside Vendor Adequacy Check List". Domestic Group insurance companies do the same by clarifying the standards for selecting vendors, conducting information management once a year, in principle, and checking periodically outside vendors.

#### Requests to Business Partners for Environment Related Considerations

MSI and ADI, as a consistent step toward dealing with ISO14001, explain Group's Environmental Basic Policy once a year to permanent stationing business partners in each company and ask them to cooperate in their considerations regarding the environment.

#### Supports for Tackling with Environmental Issues at Agents and Business Partners

MSI and ADI are promoting to their agents and business partners to secure "Eco Action 21" certification, a simplified version of environmental ISO, spread practicing Eco-maintenance<sup>(\*)</sup> and utilized recycled automobile parts.

- Detailed information of Support for Certification under Eco Action 21
- Detailed information of Support for the Spread of Eco-maintenance
- Detailed information of Use of Recycled Automobile Parts
- (\*) Support for the Spread of Eco-maintenance

"Engine cleansing" has been stipulated by the government as one specific requisition item in the "Green Purchase Method" since April, 2008. Support for obtaining Eco Action 21 certification leads directly to spread "Engine cleansing".

#### Mitsui Sumitomo Insurance Transaction Policy

MSI determined the Mitsui Sumitomo Insurance Transaction Policy (on May 27, 2005) to lay down minimum requisite basic rules for transactions in areas such as outsourcing and purchase of supplies. MSI is striving for on-going advancement and fulfillment of social responsibilities with its business partners.

#### Mitsui Sumitomo Insurance Transaction Policy

- We shall select business partners (contractors, suppliers, etc.) without being bound by past transaction records and
  with comprehensive consideration of factors including transaction terms, business status, technical capabilities, and
  concern for the environment.
- We shall properly manage and protect all information received through transactions.
- We shall ask all business partners (contractors, suppliers, etc.) to observe all related laws, regulations, and social norms.
- We shall ask all business partners (contractors, suppliers, etc.) to constantly provide optimal quality, prices, delivery terms and service.

## Risk Management



#### **Risk Management Basic Policy**

We assign highest management priority to risk management and have set out the "MS&AD Insurance Group Risk Management Basic Policy," which underpins common risk management exercised throughout the Group.

The policy stipulates the basic processes and the Group-wide framework for risk management, and defines the categories of risks which the Group should identify and approaches to managing them.

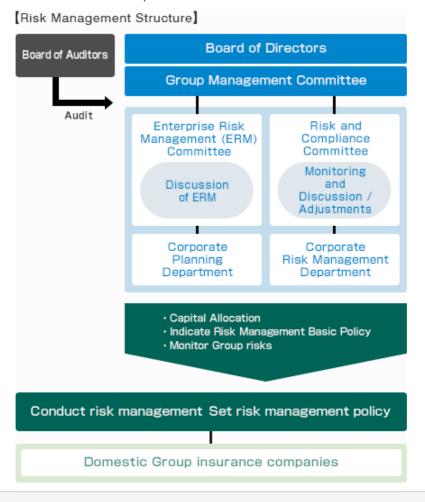
The domestic Group insurance companies follow this basic policy to set out their own individually tailored risk management policies and be proactive in managing their own risks.



#### **Risk Management Structure**

The Company has formed its Enterprise Risk Management (ERM) Committee, as one of its task-specific committees under the Board of Directors, to discuss matters related to ERM and the Risk and Compliance Committee, another task-specific committee that is in charge of monitoring as well as discussing and making necessary adjustments related to ERM and risk management. Under Company procedures, important matters are reported to the Group Management Committee and the Board of Directors after discussion in the ERM Committee and the Risk and Compliance Committee.

The domestic Group insurance companies implement risk management in each company and its domestic and overseas subsidiaries. The Corporate Risk Management Department monitors risks of the Group as a whole and the status of risk management in each of the Group companies. This department implements integrated risk management for the Group as a whole and reports its results to the Risk and Compliance Committee.





The Company's Board of Directors has issued a Risk Appetite Statement to be executed under the MS&AD Insurance Group medium-term management plan. Based on this statement, we formulate income and expenditure plans, business plans, and risk management plans. For proceeding with risk management, we identify primary risk events that could impact the Group's business portfolio and assess these risk factors, both quantitatively and qualitatively.

In addition, we establish a management PDCA (Plan, Do, Check, Act) cycle, and seek to realize further improvement in profitability and capital efficiency with a foundation of "soundness" to increase enterprise value.

#### **ERM Cycle**

Check

Act

ERM is implemented through a management PDCA (Plan, Do, Check, Act) cycle.

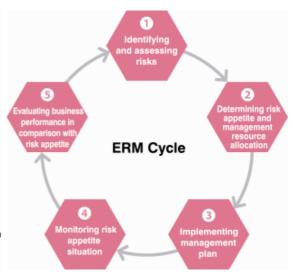
(1) By identifying and assessing risks, the Group quantitatively and qualitatively measures the risks it bears.

(2) By determining risk appetite and management resource allocation, a management plan is drafted.

(3) Business is implemented based on the management plan.

(4) The actual risk appetite situation is monitored. In addition, (5) business performance is evaluated in comparison with risk appetite.

In cases when the check process has discovered problems, response and remediation measures are drafted and then implemented in the "do" process. ERM is implemented by repeating this cycle.



#### Quantitative Risk Management

By using a probabilistic risk assessment model (VaR\*), we periodically measure insurance underwriting risks, asset management risks, and operational risks to confirm that the risk exposure is well managed within the limits of the Group's capital.

We also monitor the risk trends and movements of the domestic Group insurance companies on a monthly basis to confirm that their risk levels do not exceed the risk limits.

Moreover, we monitor the impact of changes in the market environment on the Group every day, which enables us to identify significant events (or their precursors) at an early stage and respond flexibly and swiftly.

In ascertaining the status of risk and capital, we make medium-term checks based on management plans (income and expenditure plans) and conduct periodic stress tests to ascertain the effect of an anomalistic event, such as a large-scale natural disaster or turmoil in the financial markets.

\* VaR (Value at Risk) is the maximum loss expected at a certain level of probability.

#### Qualitative Risk Management

To evaluate insurance underwriting risks, asset management risks, liquidity risks, and operational risks, we assess domestic Group insurance companies' risk management activities and risk management frameworks.

We also regulate the accumulation of loans and investments and monitor transactions between Group companies to ensure that the soundness of the MS&AD Insurance Group is not compromised by the transmission, misdistribution, or concentration of risk.



There are a variety of risks inherent in the insurance business. Given that the insurance business hinges on insurance claim payments and payment of insurance proceeds and benefits, insurance underwriting risks and asset management risks need to be managed in consideration of the relationship to shareholders' equity and the need to maintain a balance with earnings, rather than simply being repressed. Moreover, we need to manage liquidity risks with respect to its bearing on funding requirements now and in the future. Operational risks stemming from issues such as clerical errors and system failures, on the other hand, need to be minimized by ensuring appropriate operations so as to prevent losses wherever possible.

The MS&AD Insurance Group strives to manage each of these risks with precision to realize the Group's management vision.

| Insurance Underwriting Risks | Insurance underwriting risks are risks for underwriting losses due to frequency or levels of damage that significantly surpass the projection on which the insurance premiums are calculated.   |
|------------------------------|---|
| Asset Management Risks       | Asset management risks are risks owing to fluctuation of interest rates, stock prices, exchange rates, real estate prices, and rents, etc., or the financial condition of investee entities that cause a reduction in value or income, including off-balance assets. They also include risks that we cannot hold assets in alignment with the characteristics of liabilities, such as claim payments. |
| Liquidity Risks              | Liquidity risks are risks that cash shortages caused by large cashouts, such as claims payments due to major natural disasters, force us to secure financing by selling assets at significantly unfair prices (cash management risk) or risks that market disturbances prevent market transactions or force unfair trades (market liquidity risk).  |
| Operational Risks            | Operational risks are risks that cause losses due to failure of the operational process or business system, misconduct of executives or employees, or external incidents, such as accidents or disasters.   |



#### **Risk Management in International Business**

To strengthen risk management systems in the overseas subsidiaries of domestic Group insurance companies, we have established the International Supervisory Department as the organizational unit responsible for integrating risk management matters in our international business activities. This department monitors the overall status of risk management in the Group's international business operations and is engaged in upgrading and expanding risk management systems in the Group's international business. The status of risk management in our international business operations is reported to the Corporate Risk Management Department, which conducts integrated risk management for the Group as a whole. After discussion by the Risk and Compliance Committee, related matters are reported to the Board of Directors.



# Crisis Management System (Including Business Continuity Management System)

The Group has structured its Crisis Management System to manage risks appropriately through cooperation among Group members to prevent or respond to crises, based on its "MS&AD Insurance Group Risk Management Basic Policy."

To prepare for risks that have emerged as well as for the potential of these risks to spread within the Group, the domestic Group insurance companies have formulated a crisis management manual and business continuity plans. The Group ensures their effectiveness by exercise and testing on a regular basis, and the Business Continuity Management System is reviewed continuously.

Moreover, the Company also evaluates the Business Continuity Management System and the business continuity plans of the domestic Group insurance companies every year to confirm their feasibility.

| The Group's Crisis Management |
|-------------------------------|
| System                        |

Group members have carried out timely and suitable measures at the time of crisis by structuring Crisis Management System and formulating a crisis management manual. The Company requires Group members to report about Group crisis situations such as the case of economic loss which may have the serious influence to the Group and needs timely disclosure. The Company shall draft policies for

|  | settlement of an identified Group crisis based on discussions among Group members by creation of a Group crisis measures division.  |
|--|---|
| The domestic Group Insurance<br>Companies' Business Continuity<br>Management System and business<br>continuity plans | The domestic Group insurance companies have structured the Business Continuity Management System (instituting the policies, development of rules for management, establishment of management structure), and have formulated the business continuity plans for the capital city strong local earthquake and super-flu. The Company reviews the system through the PDCA cycle continuously, the Group crisis management meetings and having shared exercise and testing on a regular basis in each management system of member companies. The Company also evaluates the Business Continuity Management System and the business continuity plans of the domestic Group insurance companies once a year in collaboration with InterRisk Research Institute & Consulting. The Company confirms the feasibility and undertakes the necessary revision through the evaluation. |
| Group crisis management meeting  | The Company has held a Group crisis management meeting once in the quarter on the theme of the Crisis Management System and the business continuity plans for the crisis management Department of Group members.  The Company confirms the constant review situation by the PDCA cycle in the management organization of Group members through periodical management of those meetings, and we promote the consolidation of systems for timely and appropriate handling of crisis by sharing information between Group members.   |

Corporate Governance > Information Disclosure

### Corporate Governance

# Information Disclosure

The MS&AD Insurance Group stipulates in "The MS&AD Insurance Group's Basic Policies on Disclosure" its external information disclosure policies for each Group business company. According to the policies, each Group company has thoroughly put the disclosure rules in practice as set forth by the Financial Instruments Exchange and is disclosing information so that respective stakeholders can have a correct understanding of the true status without delay.

The MS&AD Insurance Group's Basic Policy for Disclosure of Information

### Disclosure of Information and Investor Relations (IR)

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

Detailed information of Disclosure of Information and Investor Relations (IR)



# Basic Policy for Disclosure of Information

MS&AD Holdings has stipulated its policy on external disclosure at domestic Group insurance companies in the "MS&AD Insurance Group Basic Policy for Disclosure of Information." In accordance with this basic policy, all domestic Group insurance companies strive to thoroughly observe disclosure rules stipulated in laws and regulations and the disclosure rules of stock exchanges. 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 a fair, accurate and timely manner.

#### **MS&AD Insurance Group Basic Policy for Disclosure of Information**

MS&AD Insurance Group Holdings, Inc. and the domestic Group insurance companies (referring to the five companies of Mitsui Sumitomo Insurance Co., Ltd., Aioi Nissay Dowa Insurance Co., Ltd., Mitsui Direct General Insurance Co., Ltd., Mitsui Sumitomo Aioi Life Insurance Co., Ltd. and Mitsui Sumitomo Primary Insurance Co., Ltd.) shall carry out the disclosure of information as follows for the purpose of communicating important information related to the MS&AD Insurance Group in a manner that is accurate, timely and fair.

#### 1. Basic Stance on Disclosure of Information

Disclosure of information pertaining to the MS&AD Insurance Group shall be carried out so that parties such as customers, shareholders, and investors can be well informed of and understand the state of the Group.

#### 2. Standards for Disclosure of Information

Disclosure of information shall be conducted in a timely manner in accordance with the relevant laws and such regulations as "Securities Listing Regulations" and "Rules on Timely Disclosure of Corporate Information by Issuers of Listed Securities" prescribed by financial instruments exchanges (collectively, "Regulations for Timely Disclosures of Information"). In addition, information that would serve for parties such as customers, shareholders and investors to make decisions in relation to contracts, investments and so on shall also be disclosed even if it is not information required by Regulations for Timely Disclosures of Information.

#### 3. Methods for Disclosure of Information

Disclosure of information from the MS&AD Insurance Group shall be conducted so as to reach the appropriate parties such as customers, shareholders and investors by way of diverse means such as disclosure reports, news releases and the corporate website.

Corporate Governance > Information Disclosure > Disclosure of Information and Investor Relations (IR)

#### Corporate Governance

# Disclosure of Information and Investor Relations (IR)

The MS&AD Insurance Group is actively conducting appropriate information disclosure to earn the trust from a wide variety of stakeholders, which includes 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**

The MS&AD Insurance Group compiled its stance relating to information disclosure into two basic policies. Based on these basic policies, the Group implemented accurate, timely, and fair information disclosure.

MS&AD Insurance Group Basic Policies on Corporate Governance

#### **Basic Policies**

#### MS&AD Insurance Group Basic Policy for Information Disclosure

The "MS&AD Insurance Group Basic Policy for Information Disclosure" 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 and regulations and the disclosure rules of stock exchanges. 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 the medium and long term corporate value, the MS&AD Insurance Group works to "constructive dialogue" with shareholders and we are working to further value creation by taking advantage of it to 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 or regulations of financial instruments exchanges, the MS&AD Insurance Group proactively releases information for investment decisions, ranging from basic policies and management plans to business strategies of the Group, thereby improving its quality of disclosure. In addition, by disclosing such information, we strive to put out information that is timely, fair and easy—to—understand.

IR Policy

Corporate Governance > Information Disclosure > Disclosure of Information and Investor Relations (IR)

#### **Setup for Information Disclosure**

To ensure timely and adequate information disclosure and evaluate the effectiveness of information disclosure controls, the MS&AD Insurance Group established the "Disclosure Committee" and built a timely disclosure system.

#### Disclosure Committee

The "Disclosure Committee" has established by a resolution of the Board of Directors, and is the institution at the core of the information disclosure system. The committee is composed of outside directors and officers/directors in charge of the planning, the accounting, and other departments related to information disclosure. The MS&AD Insurance Group regularly holds this committee and verifies the appropriateness of procedures and evaluations, and the effectiveness of the information disclosure controls of the entire Group.

The overview of the structure of timely disclosure is provided in the Corporate Governance Report.

Corporate Governance Report (Japanese Only) (2016/06/22) (5.9MB)

#### **Communication with Shareholders and Investors**

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

#### Dialogue with Shareholders, Investors and Analysts

#### Holding of Various Information Meetings

We held "Information Meetings" where the President explained business strategies and performance, as well as "Investor Meetings" aimed to facilitate constructive dialog between the Group's management team and investors. In addition, we held company information sessions for individual investors and broadcast a message from the top during THE LEADERS corner of Nikkei CNBC, a channel dedicated to economy.



Information Meeting for investors and analysts

| Business strategy meeting for institutional investors and financial analysts: | Twice     |
|---|-----------|
| Earnings call for institutional investors and financial analysts:             | 5 times   |
| Investor meeting for institutional investors and financial analysts:          | Once      |
| Conference organized by securities firm:                                      | 5 times   |
| Individual meeting (excluding conference):                                    | 245 times |
| Briefing for individual investors and sales personnel of securities firm:     | 6 times   |

| Apr.  | May   | Jun.      | Jul.    | Aug.             | Sep.        | Oct.                       | Nov.        | Dec.       | Jan.   | Feb.       | Mar.       |         |
|---|---|-----------|---------|------------------|-------------|----------------------------|-------------|------------|--------|------------|------------|---------|
|   | ● Far   | minas Ann | ounceme | nt <b>0</b> 10 B | tusiness Re | sults                      | <b>2</b> 01 | Business R | esults | <b>3</b> 0 | Business I | Results |
|   | <ul> <li>Earnings Announcement 1 Q Business Results</li> <li>First Information Meeting</li> </ul> |           |         |                  |             | Second Information Meeting |             |            |        | lesaies    |            |         |
|   | Annual shareholders Meeting   |           |         |                  |             |                            |             |            |        |            |            |         |
| Year-end Dividend Payment     Mid-term Dividend Payment |   |           |         |                  |             |                            |             |            |        |            |            |         |
|   |   |           |         |                  |             |                            |             |            |        |            |            |         |

| Information Meetings for                              | We conduct briefings regarding the Group's business  |  |
|---|--|--|
| institutional investors and analysts                  | strategies, an overview of interim and full-year business  |  |
| (Briefings on Financial results and                   | results, business forecasts and other matters, along   |  |
| strategies):  | with Q&A sessions.   |  |
| Business Results Briefing:                            | We provide conference calls for briefings on quarterly business results and Q&A sessions.        |  |
| Company information session for individual investors: | In fiscal 2015, sessions for individual investors were held four times at securities firms, etc. |  |

#### Disclosure Publications

MS&AD Holdings issues the "Integrated Report" in Japanese and English, and the domestic Group insurance companies issue the "Disclosure Reports." All of the main publications for shareholders and investors are available on the MS&AD Holdings website for more widespread disclosure of information.

| Integrated Report:         | To help constructive dialogue with the our stakeholders such as shareholders, we have issued the "Integrated Report" which integrate the non-financial information such as ESG (global environment, social and governance) and the financial information. |
|----------------------------|---|
| Disclosure Report:         | Disclosure reports are prepared by MS&AD Holdings and five domestic Group insurance companies, and made readily available to stakeholders.  |
| Shareholder<br>Newsletter: | In its Shareholder Newsletter, MS&AD Holdings presents an overview of business results and the status of recent business activities in an easy-to-understand format.  |

Corporate Governance > Information Disclosure > Disclosure of Information and Investor Relations (IR)

#### **Improvement of IR Website**

We strive to improve MS&AD Holdings' IR website for shareholders/investors and other stakeholders to view timely information about MS&AD Holdings. The MS&AD Insurance Group's IR website received the Daiwa IR "Internet IR Commendation Award 2015" with high commendation. We designed the website to enhance the convenience of searching for necessary information, and devised features such as displaying easy—to—use graphs of stock prices and financial data, with the aim of making it more easily understandable especially for individual investors.



### Capital Management Policies and Shareholder Return Policy

The MS&AD Insurance Group aims to ensure that capital is kept in line with the amount of risk while strengthening shareholder returns with "dividends" and "share buybacks."

- Capital Management Policies
- Shareholder Return Policy

#### Reference Material

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 Information
- Basic Stocks Information

Corporate Governance > Information Disclosure > Disclosure of Information and Investor Relations (IR) > IR Policy

# IR Policy

We will conduct investor relations (IR) activities under the following core principles to win trust from shareholders and other investors, as well as to have our corporate value assessed fairly and properly.



#### **Basic Policy on Disclosure of IR Information**

Besides disclosing such corporate information as we are required to under statutes or regulations of stock exchanges, we will proactively release information that we consider helps investors/shareholders make reasoned investment decisions, ranging from basic policies and management plans to business strategies of the Group, thereby improving the disclosure variation. In disclosing such information, we strive to put out timely, fair and easy—to—understand statements.



#### **Improvement of Communications**

While providing information through our website and presentation meetings on a broadly disseminated basis, we will respond in good faith to enquiries from investors/shareholders and securities analysts. We will share within the company such requests and opinions as we have received in the course of IR activities, with a view to making use of them to enhance our corporate value.



#### **Quiet Period**

In order to ensure fairness in disclosing important information such as financial results, we observe a quiet period with respect to IR activities commencing on the date three weeks prior to the announcement of financial results for each quarter (the "Quiet Period"). During the Quiet Period, we refrain from making comments or responding to enquiries on financial results, and will not in principle hold one-on-one meetings or presentation meetings.

# Capital Management Policy and Shareholder Return Policy | Ongoing Management Plans and Policies | Ongoing Management Plans and Policies

### **Capital Management Policy**

We will enhance enterprise value by taking balance of financial soundness, capital efficiency, and shareholder return.

Financial Soundness

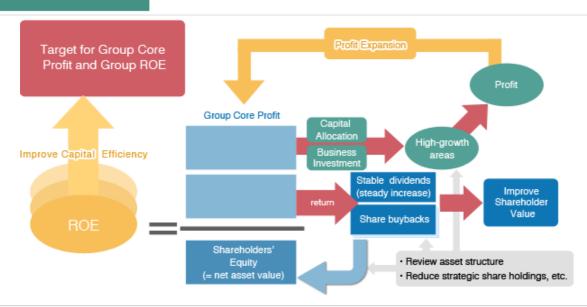
We will retain financial soundness by strengthening capital position and reducing risk.

Capital Efficiency

 We will improve the capital efficiency of the Group by appropriate allocation of management resources, growth, and diversification of business portfolio.

Shareholder Return

We will return approximately 50% of "Group Core Profit" to shareholders.



Shareholder Return Policy and Track Records

Shareholder Return Policy

We will return approximately 50% of "Group Core Profit" to shareholders.

Dividend

 We aim to maintain stable dividends, and steadily increase dividends by strengthening our earnings power.

Share Buybacks

 We will repurchase our own shares flexibly and as opportunities arise, with due consideration to market conditions and the state of our capital.

Track record of total shareholder returns

Corporate Governance > Information Disclosure > Disclosure of Information and Investor Relations (IR) > Capital Management Policy and Shareholder Return Policy



\* Single-year Shareholder Return Ratio

Dividends for the current fiscal year(To be paid In December of the year and in June of the next year)+
Value of share buybacks determined by the day of the annual general meeting of shareholders in the next fiscal year

Group Core Profit of the current fiscal year

### Dividends | Stock & Bond Information



#### **Dividend Policy**

Based on the "Capital Management Policy", the Company aims to maintain an increasing trend of dividends by enhancing profitability over the medium term, while maintaining a stable level of dividend per share.

▶ Capital Management Policy and Shareholder Return Policy

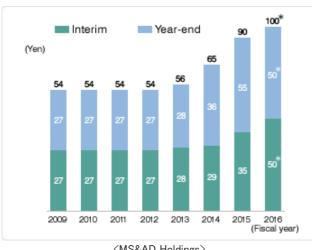


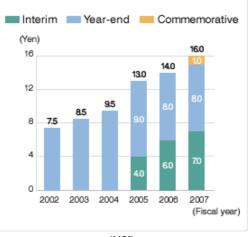
### Track Record of Dividends

The charts below show the track record of the Company in dividends per share.

The dividend per share is 55 yen for FY2015 year-end.

The Company forecasts its dividend per share of 50 yen for FY2016 year-interim, 50 yen for FY2016 year-end.





<MS&AD Holdings>

<MSI>

#### \*Forecast

The MSI's FY2007 dividend per share of ¥16.0 is equivalent to ¥53.3 on an MS&AD basis.

**Archive** 



Track record of dividends (Aioi insurance FY2005 to FY2009) (14KB)



Track record of dividends (Nissay Dowa General Insurance FY2005 to FY2009) (14KB)

# Stock Overview | Stock & Bond Information

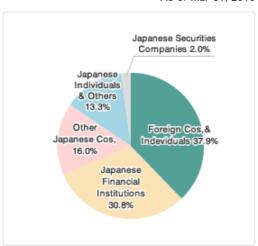
As of Mar 31, 2016

|  | 7.6 of Mar 61, 2016   |
|--|---|
| Stock Exchange Listings                                      | Tokyo Stock Exchange (1st Section), Nagoya Stock Exchange (1st Section)   |
| Securities Code  | 8725  |
| Class of Stock   | Common stock  |
| Authorized Shares  | 900,000,000 shares  |
| Issued Shares  | 633,291,754 shares  |
| Number of Shares per Unit                                    | 100 shares  |
| Fiscal Year  | Apr. 1 to Mar. 31 of the following year   |
| Date of Record for Dividends                                 | Sep. 30 for interim dividends  Mar. 31 for year-end dividends   |
| Annual Shareholders' Meeting                                 | Within 3 months of the end of each fiscal year  |
| Administrator of Shareholders' Registry                      | Sumitomo Mitsui Trust Bank, Limited (1-4-1 Marunouchi, Chiyoda-Ku, Tokyo 100-8233, Japan)   |
| Place of Business of Administrator of Shareholders' Registry | Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Dept. (1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan) |
| Contact  | Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Dept. (2-8-4 Izumi, Suginami-Ku, Tokyo 168-0063, Japan)     |

### **Shareholding Profile**

#### Breakdown of types of shareholders

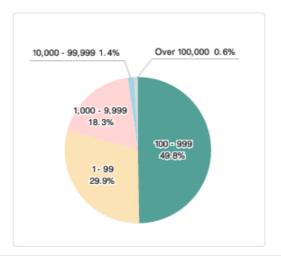
As of Mar 31, 2016



Breakdown by number of shares held (Percentage of all shareholders)

As of Mar 31, 2016

Corporate Governance > Information Disclosure > Disclosure of Information and Investor Relations (IR) > Stock & Bond Information: Stock Overview



### Large Shareholders

As of Mar 31, 2016

| Shareholder Name  | Shares Held<br>(in thousands) | Percentage to Shares Issued (%) |
|---|-------------------------------|---------------------------------|
| TOYOTA MOTOR CORPORATION  | 52,610                        | 8.3                             |
| NIPPON LIFE INSURANCE COMPANY                                       | 36,325                        | 5.7                             |
| The Master Trust Bank of Japan, Ltd. (Trust account)                | 27,615                        | 4.4                             |
| Japan Trustee Services Bank, Ltd. (Trust account)                   | 25,736                        | 4.1                             |
| STATE STREET BANK AND TRUST COMPANY                                 | 18,045                        | 2.8                             |
| CBNY-GOVERNMENT OF NORWAY   | 11,306                        | 1.8                             |
| MELLON BANK, N.A. AS AGENT FOR ITS CLIENT MELLON OMNIBUS US PENSION | 10,475                        | 1.7                             |
| STATE STREET BANK AND TRUST COMPANY 505225                          | 9,738                         | 1.5                             |
| STATE STREET BANK WEST CLIENT - TREATY 505234                       | 7,500                         | 1.2                             |
| Japan Trustee Services Bank, Ltd. (Trust account 7)                 | 7,400                         | 1.2                             |
| Total   | 206,755                       | 32.7                            |

Note: Shares Held are shown as rounded down; Percentages to Shares Issued are shown as rounded to the nearest hundredth percent. Apart from the shares shown above, the company holds 29,618 thousand shares (4.7%) as treasury shares.

The Medium-Term Management Plan 2014-2017

# **Next Challenge 2017**

I will now talk about Next Challenge 2017, our medium-term management plan which entered Stage 2 (FY2016-FY2017) beginning April 1, 2016.

TOP

Numerical Management Targets

Reorganization by Function

Objectives of ERM

Medium-Term Management Plan [Next Challenge 2017]

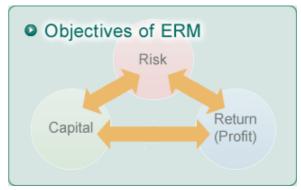
Stage2(As of May 26, 2016)

MS&AD Insurance Group
Mdium-Term Management Plan
Next Challenge 2017
Stage 2 (FY2016—FY2017)

To create a world-leading insurance and financial group —







Capital Management Policy and Shareholder Return Policy

The Medium-Term Management Plan 2014-2017

# Next Challenge 2017

I will now talk about Next Challenge 2017, our medium-term management plan which entered Stage 2 (FY2016-FY2017) beginning April 1, 2016.

TOP

Numerical Management Targets

Reorganization by Function

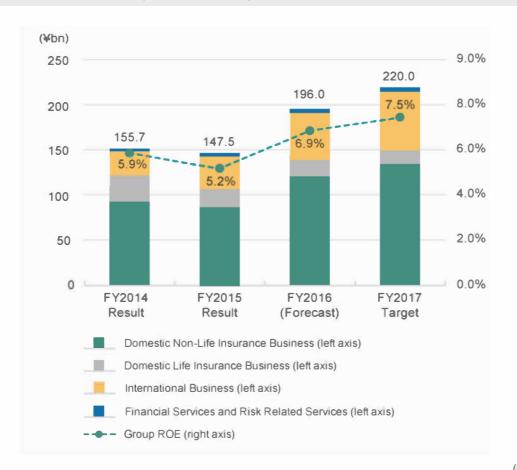
Objectives of ERM

# **Numerical Management Targets**

In Stage 1 (FY2014–FY2015), we established a profit structure centered around our domestic non-life insurance business, and succeeded in achieving almost all of our initially planned numerical management targets. In FY2015, we also acquired Amlin. Given this background, we have revised upward our management targets for FY2017, the final year of the plan, with Group Core Profit at 220 billion yen and Group ROE at 7.5%.

As we welcome MS Amlin into the Group, we will work together as a Group to achieve these targets on our way to creating a world-leading insurance and financial group.





(¥bn)

|   | FY2014<br>Result | FY2015<br>Result           | FY2016<br>Forecast<br>(initial Target) | FY2017<br>Target           |
|---|------------------|----------------------------|--|----------------------------|
| Group Core Profit *1  | 155.7            | 147.5<br>(120.0)           | 196.0                                  | 220.0<br>(160.0)           |
| Domestic Non-Life<br>Insurance Business                         | 92.4             | 91.9<br>(76.0)             | 121.0                                  | 135.0<br>(100.0)           |
| Domestic Life<br>Insurance Business                             | 20.4             | 25.0<br>(13.0)             | 18.0                                   | 15.0<br>(16.0)             |
| International Business  | 38.2             | <b>27</b> .9 (27.0)        | 53.0                                   | 65.0<br>(39.0)             |
| Financial Service Business and<br>Risk Related Service Business | 4.6              | 2.6<br>(4.0)               | 4.0                                    | 5.0<br>(5.0)               |
| Consolidated net premiums written                               | 2,940.7          | 3,078.9<br>(3,000.0)       | 3,455.0                                | 3,570.0<br>(3,100.0)       |
| Combined ratio<br>(Domestic Non-Life<br>Insurance Business)     | 96.0%            | 91.6%<br>(Approx.)<br>95%) | 94.4%                                  | 93%range<br>(95% or less)  |
| Increase in EV of<br>MSI Aioi Life                              | 59.7             | △52.0<br>(Abobe<br>40.0)   | 48.0                                   | Abobe 50.0<br>(Abobe 45.0) |
| Group Core ROE *2   | 5.9%             | 5.2%<br>(5.4%)             | 6.9%                                   | 7.5%<br>(7.0%)             |

<sup>\*1</sup> Group Core Profit = consolidated net income

net capital gains/losses on stock portfolio (gains/losses fron sale)

<sup>-</sup> net evaluation gains/losses on credit derivatives

other incidental factors + equity in earnings of the non-consolidated group companies

<sup>\*2</sup> Group ROE = Group Core Profit + consolidated total net assets excluding minority interests (average of beginning and ending amounts of B/S)

The Medium-Term Management Plan 2014-2017

# Next Challenge 2017

I will now talk about Next Challenge 2017, our medium-term management plan which entered Stage 2 (FY2016-FY2017) beginning April 1, 2016.

TOP

Numerical Management Targets

Reorganization by Function

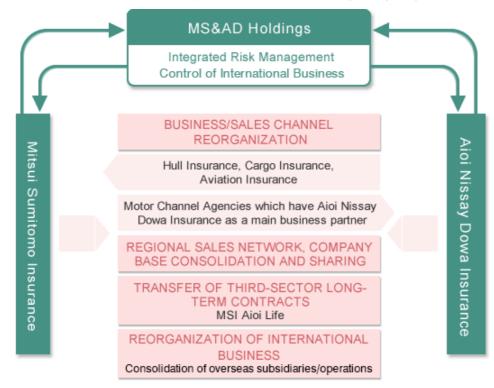
Objectives of ERM

# Reorganization by Function

What does "reorganization by function" mean? We will reorganize the business and sales channels and clarify the business concepts of the two core companies of our group, Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance in a manner that fully utilizes the respective strengths.

We will also be centralize long-term contracts in the third sector insurance market in MSI Aioi Life, and overlapping headquarter functions in the Holding Company.

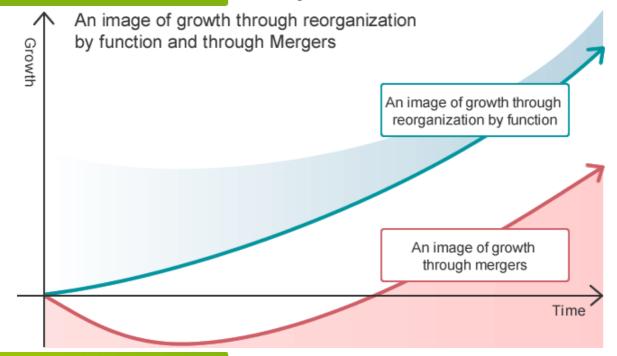
Taking the above steps will enable the two core companies to achieve higher product quality and competitiveness while also accelerating growth. By optimizing functions within the group, we will succeed in improving operational efficiency and strengthening the governance function.



# Why not a merger?

We believe that our reorganization by function will enable us to simultaneously achieve growth and efficiency without sacrificing speed or being weighted down by the temporary costs and various time-consuming procedures required for a merger.

Having two non-life insurance companies with their own unique strengths in the group will also enable us as a whole group to provide multiple options for meeting the diverse needs of our customers.



What we aim to achieve from the reorganization by function

Our goal is to achieve sustainable growth and enhance enterprise value for the group as a whole through reorganization by function to simultaneously achieve growth and efficiency, to provide products and services that meet the diverse needs of our customers, and to further strengthen the system of governance with the holding company at its core.

TOP

Numerical Management Targets

Reorganization by Function

Objectives of ERM

The Medium-Term Management Plan 2014-2017

# **Next Challenge 2017**

I will now talk about Next Challenge 2017, our medium-term management plan which entered Stage 2 (FY2016-FY2017) beginning April 1, 2016.

TOP

Numerical Management Targets

Reorganization by Function

Objectives of ERM

# Objectives of ERM

What is ERM?

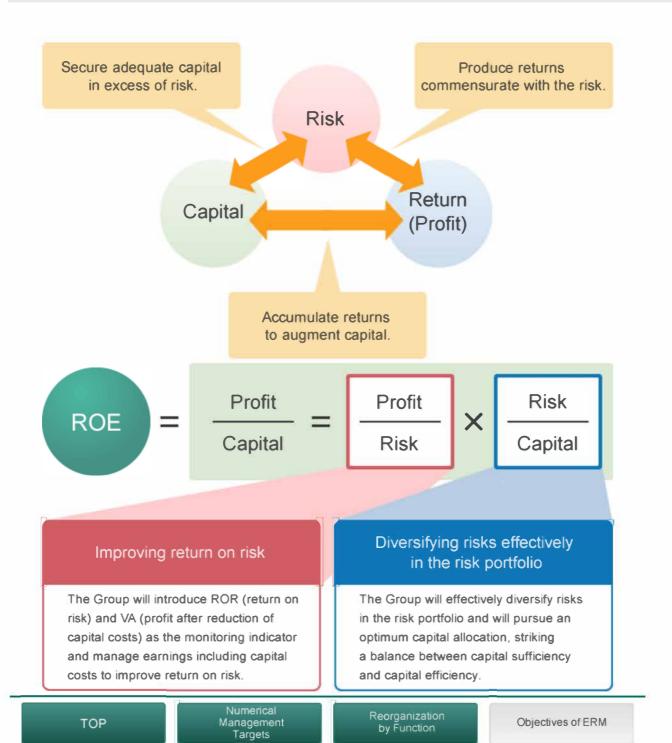
ERM stands for "Enterprise Risk Management." It is a management method that consistently integrates business strategy and risk management and applies these to management judgments and decision-making.

Why is ERM necessary now?

The occurrence of the global financial crisis and massive disasters has increased the various types of risk we face in recent years, and a higher level of financial soundness is required of insurance companies. Meanwhile, the demands of stakeholders such as shareholders and investors for higher business growth and better capital efficiency are increasing, as can be seen from the increasing tendency to focus on ROE and the introduction of Japan's Stewardship Code. In light of today's business environment, we are adopting ERM as a means of achieving the dual goals of growth and increased profitability and capital efficiency while ensuring financial soundness through ERM.

Overview of ERM

The goal of ERM is to enhance enterprise value by achieving sustainable growth and improvement in profitability and capital efficiency underpinned by soundness. This is achieved by first ascertaining risks the group faces both quantitatively and qualitatively from a company—wide perspective and, in light of the specific characteristics of those risks, allocating management resources based on risk appetite, which carefully controls the balance of risk, returns, and capital.



# Contributing to Resolution of Social Issues through the Business

Based on Our Mission that "we will contribute to the development a vibrant society and a sound future for the earth by bringing security and safety through the global insurance and financial services business", we will work to enhance corporate value and contribute the creation of a sustainable and resilient society.



# Supporting Preparations for Handling Risks and Providing Safety and Security

# Accident Prevention, Disaster Prevention and Mitigation



Risks to our society are diversifying and becoming more complex. Whether or not we can recognize risks ahead of time and guard against their occurrence, or prepare for the worst possible scenarios, is a major issue for us as in our attempts to lead stable lives and conduct active business activities. We offer products that meet the diverse needs of customers and services related to accident prevention, as well as disaster prevention and mitigation.

Accident
 Prevention, Disaster

 Prevention and Mitigation

#### Response to Climate Change



The situation of global warming and biodiversity indicate that the sustainability of the world is on the verge of a crisis. The MS&AD Insurance Group works on those issues by providing products and services to secure "a sound future for the earth" with our stakeholders.

Response to Climate Change

### Response to Aging Society



The burden of nursing care and increases in medical fees are becoming large issues as our society continues to age.

Measures are needed that can stave off disease and promote health. New risks are appearing alongside improvements to medicine and medical technology. It is our mission to respond to those risks.

Response to Aging Society

#### Development of Local Communities



Declining vibrancy of local communities not only causes depopulation and lack of social services but also leads to various other issues such as overpopulation in urban areas. We think that stimulation of local industries and development of community-based small- and mid-sized companies are necessary for the revitalization of local economies. We are also focusing on social issues of developing countries.

Development of Local Communities Contributing to Resolution of Social Issues through the Business

# 1

#### Undertaking Responsible Investment to Contribute to Resolving Social Issues

# Undertaking Responsible Investment to Contribute to Resolving Social Issues

The MS&AD Insurance Group agrees with and has signed Principles for Responsible Investment. We are also implementing Japan's Stewardship Code and undertaking investments with consideration for ESG issues.

Undertaking Responsible Investment to Contribute to Resolving Social Issues.

 Undertaking Responsible Investment to Contribute to Resolving Social Issues

#### Contributing to Resolution of Social Issues through the Business

# Accident Prevention, Disaster Prevention and Mitigation

Under the management principle of providing security and safety through the global insurance and financial service business, the entire Group has made efforts so insurance payments can be made immediately in case of a large-scale disaster, and we contribute to the reconstruction of areas hit by disasters. We also work on creating a secure and safe society which is resilient to disasters using know-how to prevent and mitigate disasters, and prevent accidents through our non-life insurance business. We also support healthy and enriched lives through our life insurance business.

#### Response to Large-scale Disasters

The MS&AD Insurance Group is preparing a company—wide insurance payment scheme to fulfill our mission as an insurance company of paying insurance claims as soon as possible to customers affected by disaster. Measures include setting up local disaster—response rooms and dispatching additional support staff to the field.

Based on our experience in the Great East Japan Earthquake, we are preparing our infrastructure for responding to disasters during normal times and stepping up preparatory disaster-response training.

#### [Response to the 2016 Kumamoto Earthquake]

MSI and ADI established disaster response offices and on-site investigation bases in Kumamoto City, Fukuoka City, Kurume City, Oita City, etc. immediately after the earthquake. By dispatching many employees and outside organizations there, we swiftly visited customers and conducted damage investigations. Furthermore, by establishing an earthquake insurance service center in Tokyo and centralizing receipts of accident reports and claim payment operations, we were able to promptly pay insurance money to customers.



#### **Supporting Disaster Preparation**

We consider supporting the mitigation of damages from disasters and preparation for early restoration as our social responsibility. This is why we work on spreading earthquake insurance, developing countermeasures against risks, and spreading awareness.



#### Support for a Business Continuity Plan (BCPs)

Japan is known as earthquake-prone country, and the predicted Nankai megathrust earthquakes are major concern for the country. Additionally, since torrential rain hit Kanto and Tohoku region in September 2015, concern over various disasters as well as earthquakes has been increasing.

Under these circumstances, MSI, ADI, and InterRisk Research Institute & Consulting have actively been engaged in mitigating earthquake, tsunami damage, and water disaster, and advisory services for formulating Business Continuity Plans (BCPs). They also support operational drills with disaster scenarios, in an effort to "contribute to the creation of a flexible and robust society from the prevention and mitigation of disasters to business continuity". In fiscal 2015, we also built new BCP models for overseas business offices.

#### Participation in UN World Conference on Disaster Risk Reduction

In March 2015, the Third UN World Conference on Disaster Risk Reduction (WCDRR) (\*) was held in Sendai, Miyagi Prefecture, to discuss international disaster response strategies. As a representative of the Japan Business Federation (Nippon Keidanren), MS&AD Holdings president Yasuyoshi Karasawa participated in a panel discussion focused on the theme – "disaster countermeasures based on consideration of the disasters that Japan has experienced" – within a comprehensive forum event organized by the Japanese government's Cabinet Office in connection with WCDRR.

In addition, MS&AD holdings cooperated with Miyagi Prefecture in jointly organizing an interactive event – "Corporate Disaster Prevention Physical Experience Corner – Let's Experience the BCP (Miyagi Model)" – within a public forum. The exhibit allowed visitors to experience a wide variety of activities related to disaster prevention. Visitors from approximately 150 companies experienced the line-up, which was one of the few out of more than 350 seminar exhibits that focused on "experience." These "experiences" included formulating BCP using various formats (Miyagi Model), as well as the BCP training experience session where participants could go through a simulation of the various responses initiated by a company within half a day after an earthquake strikes.

A two-day seminar that combined BCP development and training was well received in a public forum. We held the seminar targeting small- and mid-sized companies in Miyagi Prefecture three times in fiscal 2015 in cooperation with Miyagi Prefecture.

(\*) A conference hosted by the United Nations to discuss international disaster prevention strategies.

Following up from the first conference (1994 in Yokohama City) and the second conference (2005 in Kobe City), the third conference was also held in Japan (Sendai City) in March 2015. During the conference period, in addition to the main conference which consisted of intergovernmental discussions, public forums (relevant businesses) that were open to all members of the public were also held simultaneously.





Panel Discussion

Public forum

#### Consultants Awarded BCI Awards 2015

The consultant of InterRisk Research Institute & Consulting was awarded "Continuity and Resilience Consultant 2015" in "BCI Asia Awards 2015", an award program of the Business Continuity Institute (BCI), an NPO which promotes dissemination and education of business continuity management (BCM). This award was tremendous validation of their knowledge and experience of BCM and resilience as well as of their contribution to the dissemination and education activities in Japan and overseas. InterRisk Research Institute & Consulting will continue offering consulting services with wider and more advanced knowledge.



Awarded "Continuity and Resilience Consultant 2015"

#### "Disaster Navigation" Feature on Smartphone Service

MSI has included "Disaster Navigation" feature on its smartphone service, "SumaHo." The specific functions of this feature includes an evacuation shelter guide, which provides directions to designated shelters of local governments across Japan using GPS or camera, a safety information registration and verification function, a disaster prevention information function that provides real—time notifications of disaster information disseminated by government ministries and municipalities, as well as a collection of know—how for disasters that provides free tips that can be useful during a disaster. This "Disaster Navigation" is a service that is available not only to insurance policyholders, but to everyone. It represents part of our efforts to support safe and secure actions during a large—scale natural disaster. We released foreign language versions (English, Chinese, and Korean) in July 2015 so that foreign visitors to Japan and exchange students can use the application as well.



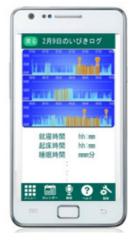
Disaster Navigation

#### Service for Checking Indication of Sleep Apnea Syndrome (SAS) for Employees

In May 2016, MSI started service for checking indication of SAS(sleep apnea syndrome) for employees. Smartphone application records and analyzes snoring, a symptom of SAS, and the results of the screened employees are reported to managers of the company. SAS is said to be a cause of progression of atherosclerosis, myocardial infarction and brain infarction, and the typical sleepiness caused by SAS may result in a fatal traffic accident. Through this service to support countermeasures against SAS of company employees, we contribute to the safety and health of employees and support the safety of local communities.







Application screen

#### Measures for Accident Prevention and Risk Mitigation in the Field of Logistics

The world is using international logistics services more and more along as companies become more globalized. Combining ground transport (trucks, rail) and sea transport (container ships), international logistics services face unique risks related to supply chains, such as risks associated with the port facilities where containers are transferred.

MSI provides accident prevention posters on the risks associated with transporting goods and work at port facilities. At the request of customers, MSI is also carrying out individual investigations and offering advice on the prevention of accidents at ports and logistics centers inside and outside of Japan.



Product Accident Prevention Posters
(Forklift Version, Pallet Version)

Furthermore, MSI is hosting seminars related to logistics risks at ports, on roads,

and at industrial areas and other locations, mainly in Asian countries. MSI is also working to provide further information through efforts such as the creation of DVDs explaining the logistics situation in each country.

Through measures like these, we are working to support our customers in achieving the safe and swift transport of products.

#### Activities Taken Place in Thailand (Thailand)

The Thai branch of MSI promotes efforts for transportation risk reduction. In fiscal 2015, it held seminars for transportation risk reduction for about 67 companies.

In addition, through investigation of risks of transportation to Vietnam, Laos, Myanmar and Cambodia, analyzes of the current status of the transportation and updating hazard maps, we reduce the risk of accidents of freight transport in Thailand.



A scene of seminar

#### Starting a Consulting Service that Uses a New Tsunami Model

Based on experiences from the Great East Japan Earthquake and possible damages from a massive Nankai Trough earthquake, risks related to tsunami receive significant interest. In these circumstances, MSI and InterRisk Research Institute & Consulting developed a "new tsunami model" to estimate damages from tsunami in cooperation with a major U.S. company specialized in natural disaster risk assessment. This "new tsunami model" enables a consulting service that can take into account "damages from tsunami" in addition to the conventional "earthquake risk analysis". By using the results of damage estimates based on "probability analysis(\*1)" of tsunami risk, it became possible for the first time among

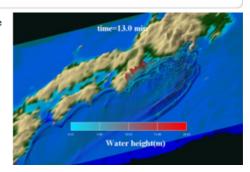


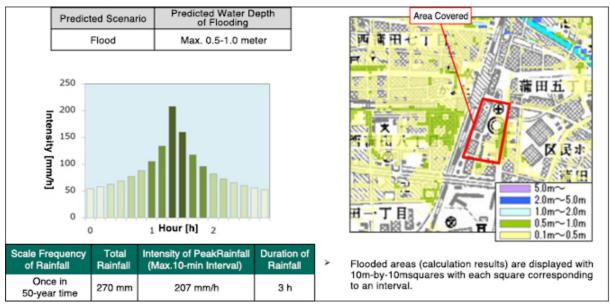
Image of New Tsunami Model

domestic insurance companies to offer "an estimated amount of damages for a return period (the amount to be incurred once in 200 years, etc.)" according to the requests of each customer and to make a proposal on "priority order of measures at multiple bases", which was difficult with conventional "scenario analysis(\*2).

- (\*1) Estimated amounts of damages on covered properties in respect to all expected earthquakes are calculated. The results are then integrated and processed in a stochastic method. With an amount of constructive loss for each return period (excess of loss curve: EP curve), it is possible to visualize the amount of risk based on probability.
- (\*2) Based on the forecast of earthquakes that have occurred on specific active faults and troughs, an estimated amount of damages on covered properties is calculated. It is possible to visualize "how bad the damage would be if a specific earthquake occurs." For example, the Nankai Trough consolidated type earthquake and the Great Kanto Earthquake during the Taisho era.

# Launch of Consulting Services for Water Disaster Countermeasures.

InterRisk Research Institute & Consulting of the MS&AD Insurance Group provides support services for water disaster countermeasures. Targeting river floods, inside water inundation and high tide, it supports the development of Business Continuity Management (BCM) by companies by providing risk analysis based on publicly available materials such as hazard maps and flood inundation simulations, and proposing measures for risk mitigation based on field research. The risk analysis can assess inundation risks of multiple locations simultaneously. Through proposals of damage risk mitigation in case of disaster, it backs up to minimize damage caused by disasters.



Sample of analysis result

# **Spreading Earthquake Insurance**

Based on the "Act for Earthquake Insurance", earthquake insurance is managed by both government and the non-life insurance companies, and aims to contribute to rebuilding the stability of disaster victims' lives. The needs of earthquake insurance have been increasing since the Great East Japan Earthquake and the 2016 Kumamoto Earthquake. MSI and ADI rediscovered the importance of customers understanding the necessity and the contents of earthquake insurance correctly. For many people to get earthquake insurance, we are offering advice about earthquake risks to our customers.



Earthquake insurance leaflet

In fiscal 2015, five years have passed since the Great East Japan Earthquake occured, ADI, in a bid to preserve the experience and memories of the disaster, put a collective effort into a campaign to disseminate earthquake insurance that once again noted the importance of earthquake insurance. Depending on the number of fire insurance policies with earthquake insurance, it donated five yen per policy in each prefecture. In prefectures that are designated as priority areas by General Insurance Association of Japan<sup>(\*)</sup>, 10 yen per policy is donated for disaster measure expenses.

(\*) Eleven prefectures consisting of Hokkaido, Gunma, Toyama, Ishikawa, Nagano, Kyoto, Hyogo, Okayama, Saga, Nagasaki and Okinawa.

#### **Supporting Early Recovery from Disasters**

InterRisk Research Institute & Consulting has developed "System for Supporting Restructuring of the Livelihood of Disaster Victims" in industrial and academic collaboration with Kyoto University, Niigata University, and others, and supported local governments to introduce the system. This system provides comprehensive support to local governments to help disaster victims restructure their lives, including issuance of Disaster Victim Certificates, and thus contributes to putting their lives back in order as soon as possible. In the wake of the Kumamoto Earthquake in April 2016, we supported the development of a system for issuance of disaster victim certificates.



"System for Supporting Restructuring of the Livelihood of Disaster Victims"

#### Supporting Risk Management by Distribution of Earthquake Handbook (Malaysia)

MSI, as part of BCP, distributed earthquake handbooks developed by InterRisk Research Institute & Consulting of the MS&AD Insurance Group to employees in Malaysia to ensure the safety of employees in case of an earthquake. We also work on reducing damage in the wake of an earthquake by distributing the handbooks online to agencies, etc.



Earthquake handbook

# Preventing the Occurrence and Spread of Loss by Providing Risk Management Services to Customers (UK)

Mitsui Sumitomo Insurance Underwriting at Lloyd's Limited, MSI's Lloyd's subsidiary in UK, has a risk engineering team armed with professional knowledge and experience, which provides risk management services to customers. By doing so, it is engaged in activities to prevent the occurrence and spread of loss. In particular, the risk management seminars that the company organizes for customers, and the "Loss Incident" report that analyzes the causes of frequent accidents and unusual accidents, and presents countermeasures, has been well received by customers. In these ways, the company is contributing to enhancing risk management for customers, and to preventing the occurrence of accidents.

#### Safety Campaign in Schools (Taiwan)

MSIG Mingtai Insurance Co., Ltd., MSI's local subsidiary in Taiwan, has been organizing events with the aim of improving safety and preventing risks on the campuses of elementary schools. It was the fifth year of the musical created to deepen the understanding of safety knowledge. By fiscal 2015, the musical had been played in about 100 elementary schools and watched by 8,665 pupils. Furthermore, in fiscal 2015, we made a DVD of the musical and 1,000 board games for children to enjoy learning safety information to promote the safe school life of children.



Board games for children to enjoy learning safety information

#### Risk Management Seminar against Disasters (Indonesia)

MSI's local subsidiary in Indonesia has been holding seminars at notable Indonesian universities since 2007 in order to spread knowledge about non-life insurance and risk management. In fiscal 2015, we provided information regarding effective posting on insurance business. These activities have the synergistic effect of promoting the penetration of the MSIG brand (MSI's overseas business brand) and attracting elite recent school graduates to our company. It is one of our strategic CSR activities.

PT. Asuransi MSIG Indonesia(link to website)



A scene of seminar

### **Approaches Related to Traffic Safety**

In order to resolve issues, we develop and provide tools, raise awareness and other activities.

#### Launch of Automobile Insurance for 1 Day

MSI and ADI launched One-day Insurance (MSI) and One-day Supporter (ADI) in October 2015. People who do not own a car can buy the insurance for one day when they drive a borrowed car. We will continue developing products and services that contribute to safety and security by reducing accidents caused by uninsured cars.



"One-day Insurance" logo

### Provision of Automobile Risk Management Services to Corporate Customers

In addition to preventing economic loss and cost cutting, it is a pressing issue for companies to prevent and decrease traffic accidents from the viewpoint of CSR. MSI, ADI, and InterRisk Research Institute & Consulting provide to corporate customers various effective programs and solutions to prevent and decrease accidents. We invite automobile transportation business operators to "Transport Safety Management Seminar" (certification seminar) for which InterRisk Research Institute & Consulting was certified by the Ministry of Land, Infrastructure and Transport as an implementing agency in September 2013. Until March 2016, the seminar was held 108 times with 5,035 participants.

Automobile Risk Management Services (Japanese only)

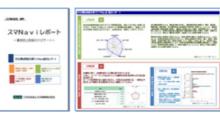
#### **Automobile Insurance Utilizing Telematics Technology**

#### "Suma Navi"

MSI has been offering "Suma Navi," a service supporting safe driving initiatives, since May 2015. "Suma Navi" is a service to support companies in safe driving using telematics technology. The service provides employees of a company with driving ability tests through a smartphone application and provides managers of the company with a summary and analysis of the test results on a dedicated website.

In October 2015, we started our "Education Movie Development Service," which enables a company to easily make a safe driving education movie on the web using movie clips of dangerous driving that employees have actually encountered. We also launched a GPS Service for





"Suma Navi" logo and report

Company-owned Vehicles, which enables a company to locate company-owned cars.

In addition, we have developed a service to discount insurance premium in accordance with the result of companies' efforts through these services, which nurtures safe driving in companies as well as realizes cost reduction.

#### "Tsunagaru Automobile Insurance"

ADI launched a new product "Tsunagaru Automobile Insurance" in April 2015, with the aim of contributing to the development of a safe and secure driving culture. This product works together with the telematics (\*1) service "T-Connect" developed by Toyota Motor Corporation, which is installed in car navigation systems. By connecting the customer's vehicle



"Tsunagaru Automobile Insurance" logo

with ADI, this automobile insurance offers customers safety, security, and a good deal on a "one to one" basis.

To assure customers who have not been involved in any accidents that it would still be a good idea to sign up for this policy, in addition to delivering peace of mind in the event that an accident does occur, efforts have also been put into preventive safety through the utilization of vehicle operation information.

(\*1): Telematics is a word created by combining "telecommunication" and "informatics." By using vehicle-mounted devices such as car navigation and GPS systems, as well as mobile communications systems, it provides various information and services.

(\*2): T-Connect Navigation is a Toyota connection service that provides safe, secure, and comfortable services by connecting to communication services.

#### "Sasaeru NAVI," a Telematics Service for Enterprise

In April 2016, ADI launched "Sasaeru Navi" for fleet insurance policyholders to provide better safety and security to companies. This is a program that combines the Safe Driving Assistant Service that utilizes a driving recorder and our company's unique Safe Driving Consulting Service based on data on dangerous driving control. We provide robust support for companies' driving control system and their efforts for accident reduction with the program.



"Sasaeru Navi" logo

#### Establishment of TIMS (Telematics Auto Insurance Service Company)

In 2004, ADI became the first domestic insurance company to release an automobile insurance product that only requires customers to pay for the distance they have driven each month, "Pay As You Drive (PAYD)." In March 2015, ADI acquired Box Innovation Group Limited (BIG), which is based in Gibraltar, United Kingdom, via its 100% subsidiary ADI of Europe Limited (ADE). Furthermore, in order to utilize BIG's expertise in telematics, we established Toyota Insurance Management Solutions USA, LLC (TIMS) in the U.S. in April 2016 jointly with Toyota Financial Services USA and Toyota Connected, Inc., TIMS will contribute to "provide safety and security and the development of a vibrant society" as stated in its management principle, while aiming to build business models that respond to the US automobile insurance market, leveraging its telematics technology.



- Launched Japan's first mileage-based or pay as you drive auto insurance, "PAYD"
- Covered Toyota's G-Book -installed cars

2004.4





insure

- Launched a new product "Tsunagaru Automobile Insurance" the advanced version of PAYD
- Cover Toyota's T-Connect
   installed cars
- Acquired a major British telematics auto insurance company, Insure The Box Limited (LTB)
- Gained comprehensive advanced telematics technologies

2016.4

- Established Toyota Insurance Management Solutions USA LLC (TIMS) in U.S. in partnership with Toyota
- Expand business in the U.S. market, the mega market for auto sales and related insurances

#### Campaign for Education in Safe Driving

#### Provision of an Application for Safety and Security (Suma-Ho)

MSI is providing free smartphone applications – "Suma-Ho 'Driving Ability' Diagnosis". "Suma-Ho 'Driving Ability' Diagnosis" offer driving diagnosis functions that analyze and diagnose driving skill characteristics based on the vehicle "shaking" patterns and drive recorder functions that can record videos of driving habits and point out dangerous driving characteristics. It also offer the function of delivering the key points of safety driving based on weather information. Since October 2013, we have newly provided corporate customers "Suma-Ho's driving capability diagnostic services for corporations" for safer driving of company cars using "Suma-Ho".

"Animal Alert Function" of Suma-Ho



Suma-Ho

#### Provision of an Application for Safety and Security (Sapo (Support) NAVI)

ADI is providing free smartphone applications – "Sapo NAVI". "Sapo NAVI" offers the driving diagnostic function to analyze and diagnose individual driving abilities, and provides advice. It also has the function that provide audio warnings when drivers are approaching locations where numerous accidents have occurred and allows users to directly verify the status of the person coming to assist them when using roadside assistance. Furthermore, in December 2014, we began an Accident Emergency Information Service by which specialized operators make requests for police or fire departments in lieu of drivers. We are working to offer our customers an even greater sense of security and bolster support. To prevent traffic accidents, two kinds of application for tablet PC "Naruhodo Advice" and "Hiyari Hatto Anime" were developed.



Sapo (support) NAVI

#### My Safe Drive (Asian Region)

MSIG Holdings (Asia) provides a safe driving application for smartphones named "My Safe Drive," the application can be used by anyone regardless of whether they are policyholders or not. Through the application, the company aims to promote accident prevention activities in Southeast Asia, where have the general trend of increase in numbers of accidents accompanying the growing use of automobiles in those countries. This application comes with various functions to support safe driving, such as "vehicle distance alert function" and "safe driving score function," and is the first in the industry to be equipped with multilingual display functions in eight languages, so that everyone can use the application. In the future, the company aims to promote accident prevention activities in various countries and regions in its role as a leading company in Southeast Asia, and to contribute to the development of the non-life insurance industry.



Icon of "My Safe Drive"



Screen image of "My Safe Drive"

#### Efforts to Prevent and Reduce Traffic Accidents by Utilizing "Accident Map"

MSI, in cooperation with InterRisk Research Institute & Consulting makes use of accident data held by the company through automobile insurance policies as well as data from external institutions (\*) to analyze and identify locations where accidents frequently occur, and summarizes the information as a "Map of Locations with Frequent Accidents" for all cities and wards across Japan. This map is provided to customers. Going forward, MSI aims to improve the map, and put in place other initiatives to contribute to accident prevention as well as disaster prevention and mitigation through means such as the active utilization of the "Suma-Ho Driving Ability Diagnosis" application, which is an accident prevention service that makes use of smartphone devices.



accident map

(\*) Fiscal 2012 data on locations where accidents frequently occur (nationwide) from the Institute for Traffic Accident Research and Data Analysis is used.

#### MUJICOLOGY! Project Aiming for Accident-free Auto Society

Mitsui Direct General implemented MUJICOLOGY! Project in May 2011 that aims for a society in which there are zero auto accidents. On the MUJICOLOGY! Laboratory's website, the information broadcasting base of the project, we welcomed Mr. Nishinari, professor of the University of Tokyo and expert in Jamalogy (science of traffic congestion) as Director. The site provides videos of Jamalogy lectures and content that helps to improve driving manners.



MUJICOLOGY! Laboratory's website

We continue actively participating in traffic safety events, introduce Mujikoro and Mujikorin, our mascots, to disseminate the word, MUJICOLOGY! and promote the importance of traffic safety.

In July 2014, we established MUJICOLOGY Smile Fund, a donation system in which donation amounts to organizations playing active roles in traffic accident prevention, environment protection, education and reconstruction support are decided by customers' voting points. Voting points are in proportion to the number of accident–free years in a customer's insured period. If a customer has no accidents for one year, the voting points increase tenfold. Safe driving used to be a given, but now it can contribute to support for others. This is a structure of the contribution based on a new concept. A total of 53,096 customers voted in fiscal 2015 (April 2015 – March 2016)

#### MUJICOLOGY Smile Fund

#### **Developing Safety Driving Educational Tools for the Elderly**

In October 2015, MSI started distribution of Magokoro Drive (brochure), a safe driving education tool, and provision of KurumaTorikku (web-based content) online in a bid to support car safety and security for senior drivers.

One of the causes of traffic accident by senior drivers is weakening eyesight. Among various visual abilities, we focused on visual depth perception in particular and developed this tool. This is the visual ability to perceive the world in three dimensions (3D). We support prevention and mitigation of damage in case of a traffic accident by enhancing senior drivers' understanding of visual depth perception.



Magokoro Drive (brochure)

#### Making a Picture Book about Prevention/Decrease of Traffic Accidents

ADI planned the publication of a picture book for children with the white bear main characters "Toughy & Happy" who are a father and his child. They are mascot characters of our product brand "TOUGH." From September 2013, the book is on sale at large book stores nationwide and online. As a message to children for preventing/decreasing traffic accidents, the picture book depicts the happy everyday life of "Toughy & Happy" with the theme of the importance of observing traffic rules. From planning and considering through completion, female employees took initiative. In particular, opinions of female employees who have small children were reflected to the story. As part of our community-based social action programs, we donated books to orphanages nationwide, read picture books at nursery schools, and other activities.



Picture book for children

#### **Educational Activities for Accident Prevention (Thailand)**

The Thai branch of MSI implements initiatives every year that help to prevent traffic accidents and contribute to the community. We held a traffic safety image contest for high school and college students nationwide in Thailand. More than 100 infographics were submitted on the theme of traffic safety from students in 30 high schools and colleges, and these were used in a campaign of the "Don't Drive Drunk Foundation."

The Thai Branch of MSI (link to website)





Awarded infographic in traffic safety image contest

#### Implementing a Traffic Safety Campaign (Malaysia)

MSI supported a traffic safety campaign organized by the General Insurance Association of Malaysia on Insurance Day. The purpose of this campaign was to raise the awareness of traffic safety and reduce fatal accidents by having drivers make a pledge for safe driving. On the day of the campaign, many pledges for safe driving were posted on all over the boards prepared in the office, which was opened to the public. Local people, customers and employees of the company shared the importance of safe driving with each other. MSI will continue supporting efforts for safe driving in Malaysia.



Board of pledges for safe driving

Contributing to Resolution of Social Issues through the Business > Accident Prevention, Disaster Prevention and Mitigation

### Traffic Safety Family Essay Contest

The Mitsui Sumitomo Insurance Welfare Foundation (\*) provides grants, including research grants, for the two fields of traffic safety and elderly welfare through open recruitment. It has also established the "Mitsui Sumitomo Insurance Welfare Foundation Award" to commend outstanding works and papers. It also sponsors the spring and autumn nationwide traffic safety campaigns organized by the Cabinet Office, donating posters for the campaign every year and distributing them across Japan through the MSI network. In addition, it also provides grants for the Traffic Safety Forum and Traffic Safety Family Essay Contest.

Since its founding, the accumulated number and value of grants provided by the Foundation in the field of traffic safety in Japan and overseas totals 1,113 cases at a value of 1.391 billion yen as of the end of fiscal 2015.

- (\*) Founded in 1975, and became a public interest incorporated foundation in December 2009.
- Mitsui Sumitomo Insurance Welfare Foundation (Japanese only)



Traffic Safety Family Essay Contest

## Safety Education Activities for Bicycle Riders

#### **Insurance for Bicycles**

In recent years, while the total number of traffic accidents decreased year by year, the ratio of bicycle accidents out of the total number of traffic accidents increased. With an increase in serious accidents caused by bicycles, the court decision to call for heavy reparations, and the trend of local governments enacting an ordinance to encourage insurance policies, social needs for buying insurance policies appear to be rapidly increasing. In response to such needs, MSI sells the insurance for bicycles since April 2014. The procedures for this can be completed online so customers can easily buy insurance policies.



Screen image

In addition, the content of coverage and insurance premiums were revised for insurance policies whose insurance periods commenced on or after April 1, 2016. The amount insured was raised to 300 million yen from 100 million yen, and we achieved a more affordable level of insurance premium than previously. Taking into account recent trends of court rulings on damages for bicycle accidents, we prepare for expensive damages. In addition, as more and more local governments are expected to require bicycle riders to have insurance, we aim to provide high coverage that provides peace of mind to customers at affordable insurance premiums. We will continue providing products and services that satisfy customer needs to realize the safe and secure bicycle society.

Contributing to Resolution of Social Issues through the Business > Accident Prevention, Disaster Prevention and Mitigation

#### Considering Adding Bycle and Bycle Best of au Insurance

au Insurance has been keeping abreast of the expanding bicycle boom and marked the fifth anniversary this year since the business launch. In the early days of the business, the society was not yet at the stage where bicycle riders actively buy insurance. Subsequently, consecutive bicycle accidents caused by minor riders resulted in expensive damages, and consumer demand for bicycle insurance rapidly soared. au Insurance has been providing bicycle insurance since its business launch, and the products have been evolving every year. Currently, au Insurance has two mainstay products: Bycle and Bycle Best.

Both products pay twice as much insurance money for injury due to bicycle accident, the maximum coverage of personal liability insurance is 200 million yen, and they come with settlement negotiation service and roadside assistance. Roadside assistance for bicycle in particular comes in handy when a heavy electric bicycle is broken and appreciated especially by many female customers. In addition, Bycle Best expands the coverage to injuries in everyday life.





Logo of bicyle insurance product

## Distribution of Bicycle Accident Prevention Tools at Autumn Nationwide Traffic Safety Campaign Event

During the Autumn Nationwide Traffic Safety Week, MSI sponsored a traffic safety event in September 2015 that was organized by Kanda Police Station, which controls the area where our company's head office is located. At the event, we distributed Glimmis<sup>(\*)</sup>, an accident prevention tool, an accident–prone area map indicating locations that had had many traffic accidents, and flyers for Anshin Cycle, a smartphone application for bicycle riders for prevention of bicycle accidents that are becoming a social issue. We believe making efforts toward traffic safety is the responsibility of non–life insurance companies and will continue implementing various traffic safety educational activities.

ADI works on the dissemination of awareness for traffic safety by the distribution of flyers and reflective stickers that contribute to the prevention of traffic accidents as well as traffic safety activities such as yellow flag (pedestrian crossing flag) activities on the street. These activities were recognized and we were named as an "Extraordinary Excellent Organization" at "2015 Autumn Traffic Safety Contributor Award Ceremony."

We believe making efforts for traffic safety is the responsibility of non-life insurance companies and will continue implementing various traffic safety educational activities.



Accident-prone area map and Glimmis



"2015 Autumn Traffic Safety Contributor Award Ceremony."

(\*) Glimmis is a reflector that is effective for accident prevention and is manufactured in compliance with European standards. It reflects car headlights at dusk and at night. It is a Swedish traffic safety tool that anyone can enjoy wearing like an accessory.

Contributing to Resolution of Social Issues through the Business > Accident Prevention, Disaster Prevention and Mitigation

#### Suma-Ho Anshin(Safety) Cycle

MSI provides Suma-Ho Anshin Cycle, a smartphone application that anyone can use at no charge. When the cyclist's speed exceeds the preset speed, the application notifies the rider with a sound or vibration. It also assists with locating bicycle shops with a bicycle safety mechanic, inspection and maintenance, navigation for appropriate actions to take in case of an accident or theft. Through these functions, it supports bicycle safety. In addition, at the end of a trip, it shows on a graph the travel distance, number of times the preset speed was exceeded, and calories burned, thus supporting the health of cyclists.







Suma-Ho Anshin(Safety) Cycle

#### **Donation of Helmets (Thailand)**

The Thai branch of MSI engages in an activity every year to donate helmets to children with the aim of preventing accidents through education. In fiscal 2014, it donated a total of 5,000 helmets for children to the Head Awareness Club, as well as elementary schools and the police in Samut Prakan. On the day of the event held in Samut Prakan, A.P. Honda, which co-sponsors the event every year, conducted a driving course for local elementary school children.



Donation of helmets to children

## Contributing to Resolution of Social Issues through the Business

## Response to Climate Change

The situation of global warming and biodiversity indicate that the sustainability of the world is on the verge of a crisis. The MS&AD Insurance Group works on those issues by providing products and services to secure "a sound future for the earth" with our stakeholders.

## Support to Establish Disaster Preparation Systems

Climate change is already a reality, with some regions being widely damaged by its serious impacts. As a business that provides risk solutions, we started various activities to assess and control risks to help create a society that can adapt to climate change.

## Participation in Pacific Disaster Risk Financing Pilot Program

MSI has been appointed as a risk underwriting insurance company for natural disasters on the "Pacific Disaster Risk Financing Pilot Program," which was in contract renewal dated 1 November 2015, same as former contract. This program, set up jointly by the Japanese government and the World Bank in January 2013, is designed to finance quick reconstruction funds to nations and regions in the Pacific Islands (Samoa, Tonga, Marshall Islands, Vanuatu, and Cook Islands), where insurance markets have not matured sufficiently, that are afflicted by natural disasters (cyclones and earthquakes) of a certain scale.

By participating in this system, MSI intend to support measures against natural disasters in the Pacific area, and fulfill social responsibilities for the area.

### [The System Scheme]

Through derivative trading with the International Development Association of the World Bank, we are providing financial support for reconstruction in the event of natural disasters of a certain magnitude in Pacific Island countries.



Derivative trading

Derivative trading

## Support on Thailand's Natural-disaster Insurance Scheme

With natural disasters taking place repeatedly around the world and the damage growing ruinously, the insurance industry in Thailand has been troubled with insufficient reinsurance financing. Learning form the lessons of the flood damage that occurred in 2011, the Thai government has instituted "Thai Natural Disaster Insurance System" to ensure compensations for damage caused by recent flooding in Thailand, a similar system to earthquake insurance in Japan.

In the establishment of this system, the Thai branch of MSI provided support as a top member of the Property Insurance Committee of the Thai Non-Life Insurance Association. MSI's contribution to the Thai insurance



Award ceremony 2014

industry was highly commended, and became the first foreign insurance company to be awarded the top place for the Thailand Prime Minister's Award in 2012. In addition, MSI was awarded the second place for the Award in 2014. Currently, the Group is putting its collective effort into providing support for recovery from the floods, and continues to contribute to supporting this system and developing Thailand's insurance technology.

## Business Tasks with Concern for Climate Change as ClimateWise Members (UK)

Mitsui Sumitomo Insurance (London Management) Ltd., the UK local corporation run by MSI, is participating in the ClimateWise initiative through Lloyd's out of a belief in its responsibility as an insurance company to work on climate change issues from the perspective of risk management. ClimateWise is an organization set up through a collaboration by the insurance industry, the University of Cambridge, and research institutions. It makes use of the specialized knowledge and experiences of the insurance industry related to natural disasters for work on the climate change issue.

The MS&AD Insurance Group has participated in workshops which discuss climate change patterns and damages in each country and region based on the natural disaster risk analysis by risk management specialists. We are supporting the activities of ClimateWise by sending panelists to participate in international conferences and the submission of recommendations.

## Providing Products and Services to Support Measures against Climate Change

Extreme weather caused by climate change has various impacts on business activities. By providing measures to mitigate such impacts, we can support the development of sustainable business in a society with climate change. The advancement of global warming is unavoidable, and therefore, appropriate adaptation measures are now crucial to success in business.

## **Weather Derivatives**

MSI offers weather derivatives that enable customers to mitigate loss arising from bad weather. When sales decrease due to rainfall, overly hot or cold summer, extremely cold or warm winter and other weather—related phenomena, and solar power is insufficient, we support our customers through weather derivatives and provide measures to cope with climate change.

Overseas as well, we underwrite various weather derivatives through subsidiary companies. The weather derivatives business has come to be positively assessed globally, and MSI Guaranteed Weather, our U.S. subsidiary has received the "Best Dealer in Asia" award in the weather derivative division four times from the U.K. monthly magazine Environmental Finance.

## **Alerting Service of Weather Information**

On June 1, 2015, MSI, in cooperation with Weathernews Inc., started providing the Alerting Service of Weather Information for the first time in the industry to policyholders of construction insurance (Building All-in, Civil Engineering All-in) and fire insurance (Property Master) for corporations.

This service sends alert mails to customers when a forecast for precipitation amount, wind speed and amount of snowfall exceeds standards<sup>(\*)</sup> at up to five locations that customers preset on the



Screen of Alerting Service of Weather Information

dedicated website, or when lightning is observed at locations within the standard values<sup>(\*)</sup> from the observation point.

(\*) Customers preset two levels: Alert and Warning. Regarding lightning, the distance is between the observation point and the point struck by lightning. In April 2016, we included Business Keeper, the mainstay fire insurance product for small–and mid–sized companies in the target products of the service, and the service became available to a wider group of customers.

In recent years, damage caused by typhoons, heavy rain, sudden and localized thunderstorm and lightning (so-called "guerrilla" thunderstorm and lightning) occur nationwide. These weather risks significantly affect companies' business management. Through provision of weather information, we will help prevent and mitigate damage caused by natural disasters and support business activities of our customers.

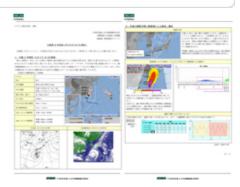
## Comprehensive Food and Agribusiness Compensation Plan

For the agricultural and the livestock industries, unfavorable weather risks exist. These include examples such as the lack of sunlight, abnormally low and high temperatures, and lack of rainfall, which can result in a poor harvest for agricultural raw materials and a decline in the output of animal products. As a result of these affects, market prices would surge. The "Comprehensive Food and Agribusiness Compensation Plan" released by MSI in May 2013 offers climate derivative products for unfavorable weather risks, based on a climate index which influences the yield and output of target agricultural crops and animal products.

## Support to Reduce Water-related Disaster Damage at Ports

Due to climate change, flood disasters caused by incidents such as typhoons or high tides are causing more damage than could have ever be imagined up until now. For instance, direct impacts by large-scale typhoons coupled with high tides can lead to major losses if they impact finished vehicles being stored in port areas just prior to their export. On the other hand, through the execution of appropriate countermeasures in advance, the damage caused by such disasters can be lessened.

MSI offers customers detailed guidance on expected typhoon routes and high tide times ahead of their occurrence and proposes countermeasures such as the transfer of vehicles and use of waterproof covers. We are working to support efforts to lessen the damage caused to our customers.



Sample of Guidance materials

## **Provision of Risk Management Services in Overseas**

From the onslaught of super typhoons and heavy floods brought about by torrential rains, to low rainfall and drought, extreme weather conditions that can be attributed to climate change are increasing on a global scale, and corporations face the increasing importance of putting in place disaster prevention and mitigation measures against natural disasters. The 2011 Thailand floods increased understanding of not only flood damage in factories but also issues of suspension of production due to disruption of supply chains associated with the flood damage. Many companies developed and reviewed measures against natural disasters and BCPs. The MS&AD Insurance Group provides high-quality risk management services worldwide that meet customer needs through our risk management service bases in Singapore, Thailand, Shanghai and India in addition to Japan.

- Detailed Information of the Inter-Risk Asia
- Detailed Information of the Inter-Risk Thailand (Japanese only)
- Detailed Information of the Inter-Risk Shanghai (Japanese only)

## **Providing Products and Services that Leads to Climate Change Mitigation**

New businesses have emerged that address the worsening issue of global warming. Through providing insurance and consulting services, we contribute to stimulating the economy and mitigating climate change by proactively supporting the growth of such businesses. In addition, we are working to develop and offer products that lead to a reduction in the burdens placed on the environment.

## **Support of Renewable Energy Projects**

Following the Japanese government initiatives for promoting development of renewable energy, the "feed-in tariff" system was put into place in July 2012. With this as an opportunity, an increasing number of large-scale construction projects of photovoltaic stations (hereafter called "mega-solar") are now underway across the nation. With the improved prospect of recovering investments due to the introduction of the feed-in tariff system, the number of private business operators considering entry into the small-scale water power generation business has increased. In addition, research and development on storage batteries to store and stably provide electricity has become actively conducted. MSI released the "Comprehensive Mega Solar Compensation Plan" for mega solar power



Small- and midium-sized hydro power plant

producers in June 2012, and "Comprehensive Coverage Plan Small- and Midium-sized Hydro Power Generation Compensation Plan" for small- and medium-sized producers of hydropower in July 2013. These plans comprehensively cover various risks surrounding power producers, (property risk, profit risk, indemnity liability risk, bad weather risk, etc.) making underwriting by risk possible according to the needs of power producers. In addition, MSI released the "Handbook for Assessing Risks of Accidents at Wind Power Generation Facilities" in June 2014. In response to the needs of renewable energy producers for compensation and risk assessment, we indirectly support the spread of renewable energy by providing insurance products and services.

## Launch of Comprehensive Small Wind Power Gneneration Compensation Plan

MSI developed the "Comprehensive Small Wind Power Gneneration Compensation Plan" to comprehensively cover risks surrounding small-sized wind power generation facilities; and launched it in February 2016. Moreover, MSI published the "Handbook for Small-sized Wind Power Generation Facilities" to support stable operation of small-sized wind power generation facilities, jointly with InterRisk Research Institute & Consulting. Wind power generation has relatively low power generation cost compared to other renewable energies, and small-sized wind power generation in particular is easy to introduce because it takes up a little space due to its small area required for installment. In order to support its introduction, MSI has published a handbook to provide information on business promotion and risk management, with the insurance to widely cover damages related to small-sized wind power generation.

## Launch of Services for Developing Risk Research Report for Wind Power Generation Facility

MSI and InterRisk Research Institute & Consulting launched the "Service to Prepare Risk Survey Report on Wind Power Generation Facilities" in October 2015. With this service, MSI comprehensively assesses risks related to the business as a whole based on various conditions, including locations and facilities, for wind power generation customers, and provides a report. Wind power generation has a possibility of having lower operation rates and incurring accidents depending on locations, facility designs, and maintenance conditions, etc., while it is an energy source which has a lower power generation cost than other renewable energies to secure economic performance. Accordingly, MSI aims to encourage customers to take counter-measures for these risks, and at the same time support their stable business operation.

#### Issuance of Handbook for Photovoltaic Power Generation Business Accident Risks

MSI, ADI and InterRisk Research Institute & Consulting issued the "Handbook for Photovoltaic Power Generation Business Accident Risks," a co-development tool by the three companies, to support the stable operation of photovoltaic power generation business in November 2015.

While the photovoltaic power generation business has rapidly expanded in the last several years, accident risks arising from natural disasters, etc. have also become obvious along with it. This handbook has been prepared with the aim of providing information to assess these accident risks appropriately.

## **Environmentally Friendly Automobile Insurance**

The MS&AD Insurance Group makes efforts to achieve a sustainable global environment by developing and providing products in its core product area of automobile insurance that helps reduce environmental burdens.

## "Tsunagaru(Connected) Automobile Insurance" - Auto Insurance Linked to Driving Distance

"Tsunagaru(Connected) Automobile Insurance" is auto insurance that provides customers with security, safety, and discounts by connecting our customer's vehicles with ADI. By supporting the safe driving habits of our customers and contributing to the development of a secure and safe auto society on "One-to-One", we hope to both cut costs for our customers and contribute to environmental protection.



"T-Connect Navi" screen

This reasonable automobile insurance plan asks customers to only pay for

the distance they drive each month, in 1 kilometer increments. For customers driving cars with eco-driving settings, this product contributes to environmental protection by reducing CO2 emissions, and also lowers insurance premiums.

#### Automobile Insurance with Eco-Mark

MSI and ADI have obtained Eco-Mark<sup>(\*)</sup> certification through the promotion of eco-insurance certificates and web policy clauses, provision of information for safe driving and approaches to reduce environmental burden such as encouraging the use of recycled automobile parts.

(\*) Eco-Mark: Eco-label program which is governed by Japan Environment Association and it certifies the products which contribute protection of the environment or reduction of the environmental burden. Certification criteria for Automobile Insurance was newly established in November 2010.



Eco-Mark

#### **Insurance Premium Discounts for Environment Friendly Automobiles**

To encourage the spread of automobiles making a higher environmental contribution, MSI, ADI and Mitsui Direct General offer insurance discounts for environment-friendly automobiles such as hybrid vehicles, electric vehicles, fuel cell vehicles, CNG (Compressed Natural Gas) vehicles.

#### "Dohn! to Omakase"

ADI offers discounts on environment-friendly automobiles. Automobiles that reflect improvements to make them less liable to breakdown and easier to repair not only lower repair costs in the event of accidents but also contribute to reduction of the parts to be replaced (= decrease in parts scrapped) because of limitation of the scope of damage. As such, they are also environment-friendly, as they save resources, reduce the burden of work in repair shops, and decrease emissions of paints, solvents, and other environment-burdening substances.

## Comprehensive Hydrogen Station System Compensation Plan

MSI and ADI jointly developed the "Comprehensive Hydrogen Station System Compensation Plan" to comprehensively cover risks surrounding the operation of hydrogen stations, and started offering in earnest in February 2016. Recently, more intensified efforts have been seen for full-fledged utilization of hydrogen energy. In the field of automobiles, the fuel-cell vehicle (hereafter called the "FCV") has started being sold to the general public. Since hydrogen stations, which are essential for the spread of the FCV, are being installed in advance in many areas, we have developed insurance to widely cover damage related to hydrogen stations. We will contribute to the realization of a hydrogen energy society through sales of this plan.

## Risk Management for Conservation and Utilization of Natural Capital

Natural bounty provided by biodiversity (ecosystem services) is the basis of our lives and economic activities. A business model in consideration of biodiversity supports the sustainability of the entire society, which includes companies. The World Summit on Sustainable Development held at the UN in September 2015 adopted the "Sustainable Development Goals (SDGs)," 12 goals of which out of 17 are related to environment including natural capital and climate change. Regarding environmental problems as important management issues, our group will aim to develop a sustainable relationship between global environment and business activities and strive for its conservation and utilization.

## **Assessment Services for Impact of Natural Capital**

Centered on Japanese companies which are active globally in particular, proactive disclosure of information about impacts of business activities on natural capital, etc. is now required socially. If the planned business activity has a possibility of causing substantial damage to natural capital, such a business will entail a substantial risk. For such companies, InterRisk Research Institute & Consulting is providing services to quantitatively assess impacts on natural capital.

### **Provision of Brief Assessment Services for Water Risks**

An increasing number of areas globally are witnessing the drying up of water resources due to global warming, and population increase and development of developing countries, etc. Operations of companies are threatened in some cases. Against such a background, companies are under increased social pressure to ascertain water risks independently and disclose them. We are also seeing an increase in major manufacturers requesting their suppliers to ascertain and disclose water risks, as well as investors requesting disclosure of water risk information. InterRisk Research Institute & Consulting is providing services to assess water risks (water depletion, water disasters, etc.) for companies' bases in Japan and overseas.

### **Comprehensive Consulting Services on Biodiversity**

Biodiversity is an environmental topic that has begun to draw much attention in recent years. For example, there have been cases where specific companies have come under criticism from society due to the adverse impact that raw material procurement activities have on biodiversity, developing to become management problems. Hence, there has been a rise in the number of companies that are beginning to implement risk management measures, in particular large companies. InterRisk Research Institute & Consulting provides comprehensive consulting services on biodiversity in business activities. Moreover, it is supporting the expansion of greenery in cities taking biodiversity into consideration through consultation of companies on greenery.

### Preservation of Biodiversity

## "Animal Alert Function" of Suma-Ho

In cooperation with InterRisk Research Institute & Consulting, MSI launched services in Okinawa prefecture to give an audio warning when someone approaches areas of frequent traffic accidents involving rare animals in April 2016. We developed it because traffic accidents, the so-called "road kill," became one of the causes of the decrease of Okinawa Rails with local people and the Ministry of the Environment having difficulties in finding effective countermeasures. In June 2016, we launched the same service for Iriomote Wild Cats (Okinawa prefecture), deer in Nara (Nara Park, Nara City), and Yezo Deer (some areas in Hokkaido prefecture). Going forward, we will expand the service



Image of Alart

around Japan by gradually increasing the areas and animals to be covered. This service also contributes to the safety of drivers because damage tends to increase not only for conservation of biodiversity but also for automobiles if accidental contacts occur with large mammals such as deer.

Provision of Applications for Safety and Security (Suma-Ho)

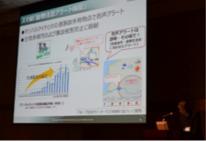
## **Support the ABINC Certification Business**

Based on the "Guideline for Promotion of Business Innovation in harmony with Nature and Community" formulated by the Japan Business Initiative for Biodiversity (JBIB), which is chaired by MSI, we established ABINC in 2013 as an organization that evaluates and provides accreditation for biodiversity initiatives, such as the quantity and quality of greenery at the offices and production plants of companies, management, and environmental activities. Under its accreditation business, 35 facilities had been accredited by fiscal 2015. As its secretariat, InterRisk Research Institute & Consulting has been contributing to the spread of the accreditation business.

## Participation in Symposiums Concerning Utilization of Natural Capital

As a member of the "Association for Resilience Japan," MSI participates in the resilience working group. "Green Resilience" means to utilize appropriate placement and management of natural capital for disaster prevention and mitigation as well as regional revitalization. Included in the government's "Action Plan for National Resilience 2016" as a keyword, it is an idea which is increasingly attracting attention. The "Green Resilience Symposium" was held on May 12, in which Senior Advisor Egashira took the podium. About 500 people attended, substantially exceeding the seating capacity, as the Minister of the Environment, the Minister in charge of Building National Resilience, and the Minister for Regional Revitalization also took the podium.





Green Resilience Symposium



## Supporting the Enhancement of Environmental Efficiency and Use of Sustainable Resources

The increased use of sustainable resources and enhancement of environmental efficiency across various businesses not only increases the sustainability of the global environment, it also makes sustainable corporate growth possible. Through support for corporate efforts to increase environmental efficiency and use sustainable resources, the MS&AD Insurance Group is contributing to the global environment and the growth of our customers.

## C

#### **Consulting Services Related to Energy**

After the Great East Japan Earthquake, energy problems such as insufficient electricity for maintaining stable economic activities have become a management issue that cannot be overlooked. InterRisk Research Institute & Consulting provides support for initiatives such as electricity and energy conservation, improving comfort in the working environment, and reducing energy costs. It also provides services such as risk analysis in the field of renewable energy, including photovoltaic power generation and wind power generation.

### Consulting Services Related to Environmental CSR

The ISO14001 revised in September, 2015 calls for initiatives toward threats and opportunities, value chain, and biodiversity in environmental CSR management. InterRisk Research Institute & Consulting takes into consideration the latest trends in providing consulting services related to environmental CSR. These include acquiring accreditation for, and improving, environmental management systems (ISO14001, Eco Action 21), environmental risk analysis, and support for formulating environmental CSR reports.



## **Support for Certification under Eco Action 21**

The MS&AD Insurance Group supports to obtain certification under Eco Action 21 for environmental management systems of the kind recommended by the Ministry of the Environment. MSI participates in the Partner companies greening program in which auditors in each areas hold seminars and provide follow-up for the members of Advance Club, an organization of service and repair shop agents who engage in Eco-maintenance. By the end of March, 2016, 93 members have acquired accreditation or updated their accreditation, and are continuing to engage in environmental management. Upon the 10th anniversary of the establishment of the Eco Action 21 System, we published the "Cases of Eco Action 21 Utilizations" compiling good practices of AC members, made a press release to the media, and released menus for study groups.

ADI is focusing on the prevention of global warming together with local communities by promoting proposal activities to local small- and medium-sized enterprises as well as to the agents.

## Awareness Raising Activities for Stakeholders

Contributing to a sustainable global environment is an issue to be addressed with people in society. The MS&AD Insurance Group has worked and will work on the issue together with stakeholders.

## Spread of Eco-maintenance and Eco-inspection

Through the Advance Club, an organization of service and repair shop agents, MSI is promoting the spread of eco-maintenance and eco-inspection. Eco-maintenance and eco-inspection consist mainly of engine washing; the interiors of combustion chambers in automobile engines are washed by a special procedure. Besides curtailing emissions of toxic gas, the removal of residue of carbon and other substances in the chambers helps to reduce CO2 emissions because it improves fuel efficiency and thereby decreases fuel use. As of March 31, 2016, the number of repair shops performing engine washing reached 392.

■ Green Power Supporter / Eco-maintenance and Eco-inspection (Japanese only)

## **Promotion of Eco Safety Driving**

In the non-life insurance industry, approaches to building environment-friendly, accident-free society have been pursued by practicing "Eco Safety Driving". The MS&AD Insurance Group has prepared tools to assist promotion of eco safe driving, a term referring to practices that are gentle to the environment, help to reduce fuel costs, and also decrease accidents. We are actively advocating these practices to corporate customers.

## Eco-Safety Driving (Indonesia)

Since 2011, PT. Asuransi MSIG Indonesia, MSI's local subsidiary in Indonesia, has worked on "Eco Safety Driving" in reference to activities in Japan, for the purpose of conserving the global environment through CO2 reductions, as well as preventing traffic accidents with safe driving. The company is promoting "Eco Safety Driving" by enclosing a pamphlet with the automobile policy, which contains ten recommendations in English and Indonesian, for example, "driving at a constant speed," "idling stop," and "checking air pressure."

## Reducing the Environmental Burdens of Business Processes

We have been able to largely reduce environmental burdens generated during insurance policy and payment procedures by facilitating digitalization. We can also contribute to the environment by saving resources during automobile repair. We share the results of our environmental burden reduction efforts with stakeholders, and work to give back to society through environmental conservation.

## Approach to the "Eco-insurance Certificate" and the "Web Policy Clause"

MSI and ADI are working to cut down on the usage of paper resources by introducing "Eco-Insurance Certificate" and "Web Policy Clause," which allow policy holders to confirm their insurance contract details or view policy clauses on the company website as opposed to receiving paper-based insurance (or renewal) certificates and policy (agreement) clauses. The companies also contribute to environmental preservation activities and Great East Japan Earthquake reconstruction support activities together with clients who give their consent to these causes.

At ADI, customers who selected "Eco-Insurance Certificate" and "Web Policy Clause" can receive extra Bell Mark points. Through these activities we are proactively involved in social contribution activities.

- MSI Green Power Supporter and Eco-insurance Certificates / Web Policy Clauses (Japanese only)
- ADI Donations through Web Policy Clauses (Japanese only)

## **Use of Recycled Automobile Components**

The MS&AD Insurance Group proposes repair rather than scrapping of malfunctioning automobile parts with a lower burden on the environment, as well as car repair using recycled components for customers who had car accidents, in an effort to reduce environmental burdens and promote a circular society.

MSI is working to educate customers and automobile repair shops about the use of recycled parts. Taking customers' requirements and desires into careful consideration, the companies recommend resource-friendly repair methods. With a view to reducing the burden on the environment, they also actively promote efforts to repair rather than scrap malfunctioning auto parts with the help of their partner repair shops.

At ADI, the non-life insurance industry's first "total loss vehicle online auction system" was developed in collaboration with NGP<sup>(\*)</sup> group. For the purpose of the appropriate disposal of waste cars, and the commercialization of recycling parts, the system was implemented by promoting the use of recycled parts and proposing its use at the time of repair. The auction implementation status of fiscal year 2015, was about 28,000 units, and approximately 1,700 companies participated.

(\*) NGP Group: National network of dismantling companies

## Green Power Supporter

MSI promotes the "Green Power Supporter program", which engages in the global environment protection with customers through insurance. According to the level of achievement of the 4 approaches below, MSI donates to environment protection and other activities,: 1) "web policy clauses/eco-insurance certificate," 2) "Electronic contracting procedures," which helps reduce paper consumption, 3) "Use of recycled automobile parts," which facilitates eco-friendly car repair, and 4) "Eco-maintenance/Eco-inspection," which helps reduce CO2 emissions and emissions of hazardous substances. In fiscal 2015, we donated to the Indonesia tropical rainforest recovery project and Tohoku reconstruction aid. From 2009, which is when we started our involvement, through March 2015, the total number of cases amounted to 34 million, leading to approximately198 million yen worth of donations.



Green Power Supporter

Green Power Supporter (Japanese only)

### **Electronic Contracting Procedure**

MSI and ADI are promoting electronic procedures in which a customer can apply for a car insurance and fire insurance contract on a computer screen brought in by staff of an agent. Electronic contracting procedures eliminate the need for a submission of a physical application and reduces the burden we place on the environment by enabling paper—less work.

Electronic Contracting Procedure

## Contributing to Resolution of Social Issues through the Business

## Response to Aging Society

The MS&AD Insurance Group is striving to enhance our line-up of various services and to provide insurance products for new medical industries, in order to deliver greater peace of mind to elderly customers as we confront an increasingly aging society.

## For a Healthy and Enriched Life

We conduct various activities, considering it our social mission to support many people so they can lead healthy and enriched lives, in addition to providing insurance products which can meet customer needs.

## Collaboration between Industries and Universities for Innovation in Health and Medical Fields

MSI is participating in the "Osaka University Cross-Innovation Initiative," which aims to realize innovations in the health and medical fields through the industry-academia cooperation.

We will contribute to further development of the health and medical industries and the realization of healthy long-living society by supporting the realization of safe and stable innovations in this initiative, which endeavors to commercialize future medical services beyond organizations and fields.

#### **Provision of Insurance for Medical Institutions**

Advancements and increasing specialization in the field of medicine, diversification in medical services, advancement in information disclosure, and the introduction of robotic nursing equipment have increased the complexity of risks faced by medical institutions. The growth strategy drawn up by the Japanese government also lays out the creation of innovative pharmaceutical products and medical equipment, as well as research and development of new medical technologies. Going forward, risks are expected to become even more complex.

MSI has developed a new product, the "Comprehensive Medical Institute Compensation Plan," targeted at medical institutes, with the aim of covering the various risks confronting organizations such as hospitals



(risks of property loss, liability, information leakage, etc.). In order to distribute the necessary compensation to customers in a reasonable manner, this product comes in a package that comprises both insurance and risk consulting services. Sale of the product commenced in April 2014.

By offering this plan, MSI seeks to provide support to customers that are entering new medical fields, and to contribute to the safe and stable operation of businesses.

## First in the Industry to Launch Fire Insurance Products for Society with Aging Population with Declining Birth Rate

MSI and ADI jointly developed the first fire insurance product in the non-life insurance industry in response to the aging of society, and launched it in October 2015. The graying of society in recent years means that needs are increasing for support services to counteract solitary deaths of aged persons in rented houses, as well as the daily living of aged persons. In order to deal with these changes in conditions, we have developed new riders for fire insurance (establishment of homeowner expense rider and expansion of fiduciary compensation) and ancillary services (services for moving furniture and changing electric bulbs). Taking into account the further aging of society, we will continue to actively develop products and services which contribute to the "development of an easy-to-live aging society" going forward.





Pamphlet of fire insurance

## Support Development of Regenerative Medicine Technology

MSI is a managing insurance company for the "Liability Insurance for Clinical Research, Including Regenerative Medicine," a system established by the Japanese Society for Regenerative Medicine. Since November 2014, we commenced sale of a dedicated insurance product in line with this role. The "Liability Insurance for Clinical Research, Including Regenerative Medicine" system provides compensation for the health damages of those who receive regenerative medicine and those who provide cells in clinical research on regenerative medicine, in line with the Act to Ensure Safety in Regenerative Medicine. At the same time, it also provides compensation for the legal liability that medical institutes should bear in such clinical research.

The introduction of this system has enabled medical institutes to engage in clinical research with peace of mind. At the same time, it has also made it possible for patients to participate in clinical research that makes use of regenerative medicine with peace of mind. MSI aims to contribute to the smooth advancements of medical science and the development of medical technology by enhancing insurance products and various services for the medical industry in the future.

### **Activities to Communicate Medical Information to Customers**

### Activities to Communicate Cutting-edge Medical Information

In November 2006, MSI Aioi Life became the first company in the industry to offer a special medical rider that offers coverage for the actual costs of technical fees related to advanced medical treatment and transportation to medical institutions.

Since this policy was introduced, we have been active in providing information and conducting educational activities related to advanced



medical treatment that advances on a daily basis. These activities have included holding seminars such as the "Seminar on Particle Beam Cancer Therapy Aids" and "Seminar by person with cancer experience," and preparation and distribution of a pamphlet entitled, Guidebook to Advanced Medical Therapy, which e clearly explains advanced therapy systems. We also offer a Website, "Advanced Medical Care .net," that makes available information on advanced medical treatment. In addition, our "Advanced Treatment Navigator" Website searches for basic knowledge on advanced treatment, medical institutions offering these treatments.

"Advanced Medical Care.net" (Japanese only)

### Cerebral Stroke Project

MSI Aioi Life organizes the "Cerebral Stroke Seminar" in collaboration with the Japan Stroke Association. This seminar is conducted by specialist stroke physicians from across Japan. As of the end of March 2016, over 14,500 customers in total participated in the "Cerebral Stroke Seminar". We also operate the "Cerebral Stroke Report", a website containing various information on cerebral stroke, such as what kind of disease cerebral stroke is, its prevention, and ways to handle it in the case of its onset.



"Cerebral Stroke Seminar"

## Provision of Insurance Corresponding to the Super-aged Society

In view of the advancement of a super-aged society, MSI Primary Life has prepared a varied line-up of fixed/variable annuity whole life insurance/pension insurance as a means of enabling customers to build up their own assets to complement their public pensions, and as a means of ensuring that assets are inherited in an appropriate way by the next generation.

In addition to the popular foreign currency-denominated fixed amount whole life insurance "Shiawase Zutto" and "Tanoshimi Zutto," MSI Primary Life also launched the sale of "Egao Hirogaru" in May 2015. This is a foreign currency-denominated variable annuity whole life insurance with steadily increasing annuity to provide greater peace of mind. In August 2015, MSI Primary Life has enhanced the line-up of foreign currency-denominated products, including the launch of NZ dollar-denominated fixed amount whole life insurance "Shiawase Zutto NZ." Moreover, we revised an existing product in October 2015 to commence the sale of a yen-denominated variable annuity whole life insurance "Kagayaki Tsuzuku 2" which enabled a longer-term management.



Egao Hirogaru



Kagayaki Tsuzuku 2

## **Approaches Related to Welfare Fields**

The MS&AD Insurance Group is making preparations for the advent of the approaching super-aging society through aiming to allow the elderly to live in local communities that are strong in the face of disasters, where they can live with peace of mind.

## Provision of Products and Services for Welfare and Nursing Care Businesses

Diversification of services, advancement in information disclosure, and the introduction of robotic nursing equipment have increased the complexity of risks faced by welfare and nursing care businesses. The growth strategy drawn up by the Japanese government also lays out the development of industries aimed at extending lifespans. Going forward, the welfare and nursing sectors are expected to grow even further.

MSI has developed a new product, the "Comprehensive Welfare/Long-term Care Business Operators Compensation Plan," targeted at welfare and nursing care businesses, with the aim of covering the various risks confronting such businesses (risks of property loss, liability, information leakage, etc.).

In addition, MSI and ADI developed an "earthquake/flood BCP creation support tool" for welfare facilities, and a "risk prediction training tool" for welfare and nursing care facilities, and began to provide these tools for free.

Furthermore, ADI holds BCP Creation Workshops in the communities using the tool.

Through the provision of these insurance products and services, we hope to provide comprehensive coverage for the various risks that could potentially hinder the expansion of the welfare and nursing care sectors. At the same time, we seek to provide support for new customers entering the welfare and nursing care sectors and contribute to the safe and stable operation of businesses, by providing information and tools that provide support for initiatives to prevent accidents and disasters, and for business continuity when disasters strike.

## **Provision of Nursing-Care Services**

Mitsui Sumitomo Insurance Care Network Co., Ltd. is a subsidiary of MSI that provides a wide range of services for the advent of a super-aged society such as nursing homes, "Yu Life Yokohama" (established in 1995) and "Yu Life Setagaya" (established in 2006), as well as in-house nursing care services (Yokohama, Nagoya). We are highly appreciated from various quarters as a business operator selected and trusted by customers by providing high quality nursing care services. For our nursing homes, we bring in animal volunteers and collaborate with citizens in local communities. For example, we hold nursing care seminars for local residents, and coordinate with nearby nursery schools.

ADI, through the operation of ambulatory nursing—care facilities (four day—service centers) its affiliate Fureai Do—Life Service Co., Ltd. manages, is actively pursuing interchanges with the neighboring elementary and junior high schools, accepting volunteers for on—site welfare experiences. At each facility, community—rooted activities are continually conducted such as open—house of welfare training center to volunteer bodies in the community (142 times in fiscal 2015) and holding public lectures. We provide information by making "First nursing, Easy nursing" videos on nursing care training available on our website. Themes such as "basic nursing care edition", the "wheel chair edition", and the "care bed edition" are selected to deepen understanding about bathing assistance, dementia, and preventative care.



Yu Life Setagaya



Do Life Shinagawa

#### Mitsui Sumitomo Insurance Welfare Foundation

The Mitsui Sumitomo Insurance Welfare Foundation<sup>(\*)</sup> funds to provide assistance for research and other activities in the two fields of traffic safety and welfare services for the aged. It also presents the "MSI Welfare Foundation Prize" to the authors of excellent publications and papers. It also engages in activities to provide partial grants for the purchase of welfare vehicles used by welfare facilities for the elderly.

We started to offer overseas aid to South East Asia in fiscal 2007. We subsidized studies in Singapore and Thailand, investigated and considered appropriate subsidy methods to expand subsidization coverage to include more countries. By the end of fiscal 2015, it has furnished 865 million yen in aid for 816 projects in the elderly welfare (cumulative totals since its establishment).



Presentation ceremony in Singapore

Mitsui Sumitomo Insurance Welfare Foundation (Japanese only)

(\*) Mitsui Sumitomo Insurance Welfare Foundation: Established in 1975; change of status to a public welfare corporation in December 2009

## Contributing to Resolution of Social Issues through the Business

## **Development of Local Communities**

We are engaged in various initiatives in Japan and abroad, with the aim of contributing to the development of local and international communities.

## **Development of Products and Services Responding to New Risks**

The MS&AD Insurance Group is focusing on fields emphasized by the Japanese government's growth strategy and developing new products designed to offer optimal coverage of the new kinds of risks and needs we expect to be generated by the growth strategy's implementation.

MSI and ADI have been actively engaged in the joint development of products. We have launched products to support overseas expansion of small— and medium—sized enterprises, those to boost the utilization of renewable energy, and those to cover risks of the extending healthy lifespans industry including medicine, nursing care, and welfare. In addition, we will develop and spread in a timely manner progressive products and services in response to new risks, including products responding to the needs for measures against information leaking risks.

## Entrance into an Industry-academia Collaboration Agreement with Tokyo Denki University for Development and Commercialization of Robots

In October 2015, MSI concluded with Tokyo Denki University the "Agreement on Industry-Academia Collaboration for Development and Promotion of Education and Research on Robot Development, etc." for the first time in the insurance industry. As a trump card to resolve social issues and to create new growth industries in the era of the aging society with fewer children, the development and practical application of robots are strongly expected in various fields, including medicine, nursing care, agriculture and forestry, and transportation. In the process, appropriate risk management measures are essential. Tokyo Denki University collaborates with small- and medium-sized enterprises, regional



Signing ceremony

governments, and other universities, etc. to proceed with research on the development of work supporting robots, medical equipment, and welfare equipment. It will facilitate robust and safe development and promotion of robot-related businesses by concluding this agreement with MSI, which has a track record of abundant risk management and matching support in the field of robots. MSI will engage in support and initiatives for development and practical application of advanced technologies including robots.

## Launch of New Products to Cover Cyber Risks

MSI and ADI jointly developed an insurance to comprehensively cover risks arising from cyber—attacks and launched it in September 2015. In recent years, cyber—attacks, such as targeted mails to companies and groups, have been increasing with more sophisticated methods, causing more serious damage. Since it has become an important issue for corporate management to take measures against such risks, we have developed insurance to widely cover damages related to cyber risks. In addition to compensating for damage such as information leakage and obstruction of others' businesses caused by cyber—attacks, we will cover expenses for various measures required to deal with accidents. In addition, we will optionally cover the loss of profit if a suspension or halt of networks occurs. Furthermore, if damages are caused by cyber—attacks, etc., we will introduce experienced specialist companies upon the request from customers for investigation of causes which requires expertise and technology, and dealing with accidents including preservation of evidence.

## Development of a Comprehensive Coverage Plan for Operation Test of Automated Driving

MSI and ADI jointly developed the "Comprehensive Coverage Plan for Autonomous Cruising Demonstration Experiments" to cover risks surrounding demonstration experiments of autonomous cars, and launched it in December 2015.

With the progress in advanced automobile technology and the acceleration of research due to the government's growth strategy, etc., we are seeing more actions by the public and private sectors for the development and growth of autonomous cars. It is expected to reduce traffic accidents, solve traffic jams, and support mobility of the elderly. On the other hand, since the development of autonomous cars needs repeated practical experiments which entail various risks, we have developed this plan to comprehensively cover risks surrounding companies engaged in the experiments. Through this plan, we will contribute to the realization of a secure, safe and comfortable society with autonomous cars.

## First in the Industry to Cover Liability Risks in International Maritime Transport of Hazardous Items

MSI developed the "Hazardous Material Transportation Liability Insurance" to comprehensively cover reparation risks of shippers in international maritime transportation of hazardous materials, and, jointly with ADI, launched it in March 2016. After the explosion accident at the port of Tianjin, China, which occurred in August 2015, there is a heightened interest in risks for transportation and storage of flammable and explosive hazardous materials. In addition, it is expected to be clarified by the scheduled amendment of the Commercial Code in the future that shippers will be obliged to notify transporters that "Transported cargoes are hazardous materials," and if an appropriate notification is not made, costly damages may be claimed. Accordingly, we have developed a new product to widely cover shippers' risks for repatriation, targeting customers such as chemical manufacturers and trading companies. We will contribute to the creation of a secure and safe society by providing in a timely manner products and services based on various risks.

## Launch of a Comprehensive Drone Compensation Plan

In June 2015, MSI and ADI launched the "Comprehensive Drone Compensation Plan" to comprehensively cover various risks accompanied by business use of drones. Drones are being used for various operations, such as spraying pesticides, taking aerial photographs, surveying disasters, and inspecting and measuring security facilities and construction sites. They are expected to be used for wider purposes and spreading, along with their use for industry and the general public. On the other hand, since the use of drones entails the risk of damaging the airframe itself and liabilities for third parties due to a fall or crash, we will support the realization of the "Industrial Revolution in the Air" by providing products to prepare for such risks.

## Supporting Companies' Export Expansion by Leveraging Domestic Reinsurance Policy

MSI concluded a domestic reinsurance agreement with the Nippon Export and Investment Insurance (Chairman and CEO: Kazuhiko Bando, hereafter referred to as "NEXI"), and started underwriting export trade credit insurances in September 2015, utilizing this agreement.

Our company has provided products corresponding to "bankruptcy risk of overseas counterparties" and "risks of uncollectible accounts receivable due to delays in payment by counterparties" for companies engaged in exporting transactions. In order to respond to the needs of customers for more enhanced coverage, we will improve the convenience of customers by introducing a new scheme in collaboration with the NEXI, while substantially expanding the covered countries for export and the amount of compensation. We will contribute to the revitalization of trade in Japan and overseas as well as support global economic development by assisting the reduction of risks in export transactions, etc.

## Support for Sustainable Development of Small and Middle-sized Companies

For many companies, overseas expansion is a critical business strategy issue. For example, shrinking domestic markets are triggering expansions into overseas markets, and increasing overseas operations is requiring special measures as a supplier, and requiring diversifying risk factors such as considering natural disasters when locating production sites. The MS&AD Insurance Group provides products and services in preparation for various risks arising from expanding operations overseas.

## Supporting Small and Medium-sized Companies to Expand Overseas Operations

MSI has been certified as a supporting organization for "New Exporting Power Consortium" that is the later system of "SME's Overseas Development Fastpass." Through this system, we provide appropriate advice regarding local risk management and general matters about insurance using our overseas network, which includes 42 countries.

### Comprehensive Global Business Compensation Plan

MSI and ADI jointly developed the "Comprehensive Global Business Compensation Plan," a new product targeted at small— and medium—sized enterprises that are expanding overseas, and launched it in July 2014. Focusing on the three types of risks that are shared by many companies expanding overseas and export companies—risks related to products for export, risks related to business travelers and expatriates, and risks related to transport cargo and export transactions, this product packages the five insurance products that widely cover these risks into a single plan. In addition, it offers enhanced compensation in the event of an accident, as well as services and systems that provide support from everyday tasks to emergency response. Through these means, it facilitates the smooth operation of business activities overseas.

[Five products included in the plan]

- (1) Overseas product liability insurance (MSI: "Business Protector (for overseas export)," ADI: "Tough Biz Global PL")
- (2) Overseas Crisis Management Expense Insurance
- (3) Overseas travel insurance (comprehensive contact for corporations)
- (4) Export trade credit insurance
- (5) Ocean-going marine cargo insurance (pet name "Global Support One")

## Regional Revitalization Support Model

MSI has developed its "Regional Revitalization Support Model" to develop and support small business owners and entrepreneurs with the aim of revitalizing the regional economies and began implementation of this model across Japan. This model was developed by the MSI Management Support Center and combines its "business matching," "entrepreneur development," "business successor development," "inbound marketing support," and other know-how together for application at the regional level. Working with regional governments and others, we are working to offer seminars and individual assistance with the objective of enabling small business owners and entrepreneurs to grow independently.

## Launch of Fire Insurance for Middle-ranking/Small- and Mid-sized Companies

MSI and ADI jointly developed a fire insurance targeted at small—and medium—sized enterprises, and commenced sale of the product which started the insurance period from 1 October 2015. In addition to the introduction of the insurance premiums discount system according to actual risks, it is made possible to flexibly customize in accordance with the needs of customers, such as setting the amount of deductibles by types of accidents, and adding coverage for damages from business suspension and indemnity liabilities.

## **Comprehensive Support for Inbound Businesses**

MSI and ADI launched the "Supporting Menu for Inbound Businesses" in December 2015, targeted at businesses receiving visiting foreigners such as hotels and restaurants. Since the needs of support for receiving businesses to make preparations with a rapid increase of visiting foreigners, we have developed this menu consisting of insurance targeted to visiting foreigners and risk consulting on inbound businesses. We will provide security and safety to visiting foreigners by supporting the reception of visiting foreigners by companies through the provision of this menu.

## ı

### Cooperation with Local Governments: Comprehensive Agreement, etc.

Entrance into a Cooperation Agreement with the Osaka Prefectural Government upon Enforcement of "Ordinance for the Promotion of Safe and Appropriate Use of Bicycles in Osaka Prefecture" (hereinafter "Bicycle Ordinance")

MSI, ADI and au Insurance concluded a business collaboration agreement with Osaka Prefecture after the implementation of the "Ordinance for the Promotion of Safe and Appropriate Use of Bicycles in Osaka Prefecture" (hereafter referred to as the "Bicycle Ordinance"). In recent years, claims for significant repairs have been being filed due to bicycle accidents, increasing the need for insurance to cover bicycle accidents. Supporting the purpose of this agreement to protect traffic safety in Osaka Prefecture as well as responding to the need for buying insurance policies, each company started providing plans with low insurance premiums and those to cover all the family members comfortably so that a large number



Leaflet of the bicycle insurance

of people in Osaka Prefecture can buy insurance. Moreover, au Insurance will donate part of insurance premium revenue<sup>(\*)</sup> for safety education activities and promoting the use of helmets in Osaka Prefecture, according to the insurance policies people in Osaka Prefecture buy for the original bicycle insurance "Cycle Partner," which was jointly developed with "Cycle Base Asahi (ASAHI CO., LTD.)." Going forward, we will continue to promote the prevention of bicycle accidents and protection of victims through traffic safety education, etc. and by disseminating the Bicycle Ordinance and promoting the purchase of non-life insurance related to utilization of bicycles.

(\*) It is not a donation from customers but from au Insurance.

## Support for the Reconstruction after the Great East Japan Earthquake

Toward a quick recovery of the areas hit by the Great East Japan Earthquake, the MS&AD Insurance Group has conducted activities, such as quick payments of earthquake insurance claims, donation of relief money, and volunteer activities.

In addition to these initiatives, MSI co-hosted the "Charity Concert to Support Reconstruction" with ADI in Sendai, an affected area, in March 2016, five years have passed since the Great East Japan Earthquake occured. The event was held to maintain disaster-prevention awareness among staff, agencies, and young people in the affected areas and to prevent the earthquake disaster from becoming a forgotten piece of the past.

In addition, we have donated to three affected prefectures – Iwate, Miyagi, and Fukushima – through the Green Power Supporter initiatives.

### Yui no Ba

From March, five years after the earthquake disaster, we will enter a new stage of the "Reconstruction and the Creation Period" from the previous "Concentrated Reconstruction Period."

In order to help affected businesses tackle various management issues, MSI has joined with other partner entities in participating 14 times consecutively since its inception in 2012 in the "Regional Recovery Matching Yui-no-Ba Activities," sponsored by the Reconstruction Agency. We have been engaged in management seminars and support for individual companies, etc. in many areas.

As part of the "Yui-no-Ba" initiative to contribute to the expansion of sales channels of companies located in the three affected prefectures, the "Marche (in-house sale)" was held at Surugadai headquarters again this year to sell products dealt by affected companies. We are conducting unified supporting activities with all employees being highly conscious about support for reconstruction, having sold about 7.5 million yen far exceeding the previous year (up by about 150% year on year).

#### Sanriku Challenge

In 2014, MSI launched "Sanriku Challenge" in cooperation with the Sanriku Mirai Suishin Center. We are implementing initiatives to strongly support the creation of businesses for living and the starting of businesses by enhancing the attractiveness of products of start-ups and small-sized businesses along the coast of Sanriku. We are also supporting the development of sales channels through the intermediation of companies and businesses nationwide. In fiscal 2015, we supported the holding of in-house sale at MSI Surugadai headquarters and operations of Marche in Tokyo, among others.



Presentation and business meeting

## The Regional AD Club

The Regional AD Club has been instituted at ADI. The club is engaged in the activities with three pillars, provision of information, interchange among participating companies, and activities of community contribution. Through these activities, it hopes to be of service to all in the community. In fiscal 2015, in our efforts for collection and donation of bell-marks, we donated to schools in the devastated areas as one of the continuous measures to assist reconstruction in the areas hit by the Great East Japan Earthquake. In addition, we started promoting donations to schools in local areas.

Moreover, as the venues for providing information, we offer various seminars, such as seminars for business owners and training for workers.



A scene of event

As of the end of March 2016, the number of member companies had reached about 26,000.

In fiscal 2016, community-based help programs and social action programs for local communities will be being carried out continuously, soliciting participation of a range of corporations and bodies in wider geographical areas.

The Regional AD Club (Japanese only)

# Supporting a Marathon Event Held in Kawauchi Village, Fukushima Prefecture, Japan ("Kawauchi no Sato Kaeru Half Marathon – From Reconstruction to Creation")

From the "Unison Smile Club," which is a system for donations from officers and employees, ADI co-sponsored as a main sponsor the "First Kawauchi-sato Kaeru Marathon" held in Kawauchi village, Fukushima prefecture. Part of the village was designated as the evacuation area due to the nuclear accident. While the "Back to the Village Declaration" was issued in 2012, one-third of the population still continues to be evacuated. This competition was realized from a proposal by pupils in Kawauchi village as an event to be a foothold for "From Reconstruction to Revitalization" at a special class to consider the future of the village.

Nearly 2,000 runners, exceeding the number of villagers having returned from their place of evacuation, gathered from all over Japan. Our  $\,$ 



"First Kawauchi-sato Kaeru Marathon"

employees also participated as runners and volunteers, boosting the atmosphere of the competition.

## Investment in the Regional Economy Vitalization Corporation of Japan

MSI contributes to a fund established by the Regional Economy Vitalization Corporation of Japan, with the dual aims of providing support for early improvements in the management of companies that play a core role in the local community, and providing support for core companies that hold great responsibility in the local community. Through this fund, we support the vitalization of regional economies, which contributes to the revival of Japan.

## **Support Developing Countries to Resolve Issues**

### **Insurance Penetration (India)**

As India's insurance market penetration has been limited to certain sections of population only, providing social security services to the majority of the population without access to such services has been recognized as a social issue.

Under these circumstances, in 2007 the Indian government launched a medical insurance scheme for low income households, called Rashtriya Swasthya Bima Yojana (RSBY), to further promote the enhancement of social security. Cholamandalam MS General Insurance Company Limited (Chola MS), which is Mitsui Sumitomo Insurance's affiliated company in India, was commended by the Indian government for three consecutive years (from 2011 to 2013) for its work to promote the penetration of this government scheme and its claim payment services.

At present, Chola MS sells a wide variety of unique insurance products, such as accident insurance for self-help groups<sup>(\*)</sup> (SHG Bima Yojana), medical insurance for rural areas (Chola Aarogya Bima), and medical insurance combined with accident coverage (Chola Swasth Parivar). In addition, the company also offers index-based agricultural insurance under



Smart office



Sticker written in local language

the weather-based crop insurance scheme (WBCIS) and indemnity-based agricultural insurance under the modified national agricultural insurance scheme (MNAIS). WBCIS and MNAIS are both government-led agricultural insurance schemes. Agricultural insurance covers the loss of farmers' income due to bad weather and other unforeseeable events. In particular, this product indemnifies farmers who purchase fertilizer, farming equipment, and machinery with loans for a loss of income, thereby supporting the sustainable livelihood of farmers,(no. of farmers insured in fiscal 2015: approximately 700,000; premium income: 1.4 billion rupees). In fiscal 2016–17, Government has replaced the MNAIS scheme with "Prime Ministers Fasal Bima Yojana" and Chola MS is actively participating in this programme also. Further, Chola MS sells animal insurance for livestock farmers in rural areas (no. of animal insurance policies issued in fiscal 2015: approximately 20,000 policies; premium income: approximately 100 million rupees). Animal insurance helps livestock farmers, who are also low-income, stabilizing their income by providing coverage for the death of livestock, etc.

Because of its vast land, another issue faced by India is how to promote insurance penetration in rural areas. In October 2015, Chola MS began rolling out small offices equipped with a policy-issuing machine (Smart Offices) which enables consumers to buy insurance policies on the spot in rural towns and villages with fewer than 100,000 residents. By doing so, the company is committed to improving access to insurance products in rural areas. There have been only a small number of insurance company branches in these areas, and this fact has been one of the obstacles to insurance penetration. The roll-out of Smart Offices at many locations is contributing to resolving this issue. At this point, Smart Offices sell standard individual insurance products, such as automobile, medical, and accident insurance policies. To further promote insurance penetration in rural areas, Chola MS is considering the expansion of the product line-up available at Smart Offices going forward.

(\*) A self-help group means a group consisting of approximately 10 to 20 people who share a socio-economic background, such as income, occupation, and area of residence.

## Creating Employment Opportunities (India)

Cholamandalam MS General Insurance Company Limited, a local subsidiary of MSI in India, planned three years ago to entrust the issuance of insurance policies in rural areas to a NGO, to create employment opportunities for residents in rural areas where there are no job opportunities other than agriculture.

As the agricultural industry in India mainly involves manual work, there are few employment opportunities for women in rural areas. By contracting work to an organization, Cholamandalam MS General Insurance Company Limited focuses on enabling these women to contribute to the household income while living with their families. As a result of providing them with training in insurance products and specialized terminology, approximately 90 staff engaged in work related to the issuance of automobile and personal medical insurance policies last fiscal year. Throughout the year, they issued as many as about 770,000 insurance policies.

Cholamandalam MS General Insurance website



Appearance of the work place



Women at work

## Providing Vaccines for the Children of the World

Many children around the world die of infectious diseases that could be prevented with vaccines. MSI Aioi Life, with the aim of saving precious lives and giving life to future generations, makes donations for purchasing vaccines to the Japan Committee Vaccines for the World's Children in proportion to the number of new contracts for its "&LIFE" brand policy series. In fiscal 2015, in proportion to new contracts for these policies, we donated funds that provided polio vaccines for 138,000 persons.

Website of Japan Committee Vaccines for the World's Children (Japanese only)



Providing Vaccines for the Children of the World

## **Providing Products that Considers Diverse Environments and Cultures**

## Investment in the Takaful Project, and Promotion of Reassurance and Security by Dispatched Employees (Malaysia)

In Malaysia where Muslims account for about 60% of its population, MSI has conducted activities to broadly provide services related to life security and compensation for losses to Muslims and the general public by taking stake in Takaful corporations<sup>(\*)</sup> and dispatching employees. Takaful corporations contribute to social welfare programs by, for example, providing funds to charitable organizations through Zakat (donations to public welfare as stipulated by Islam).

(\*) In Islamic finance, Takaful is a transaction corresponding to insurance excluding an element of interest. The Takaful corporation is engaged in solicitation, underwriting, maintenance, and payment to subscribers at time of accidents. In management of funds paid by subscribers corresponding to premium, the corporation does not use bank deposits or invest in alcohol manufacturers, which are prohibited in Islamic belief.





Takaful corporations



CEO and staffs

## Korea-Japan Cultural Exchange Event (Korea)

At the Mitsui Sumitomo Insurance Co., Ltd. / Korea Branch, 42 staff members participated in the "Korea-Japan Culture Festival in Seoul," and danced "Yosakoi Arirang," which mixes the Japanese Yosakoi and Korean Arirang folk songs, in an effort for cultural exchange between the two countries.

The event, which started in the "Korea-Japan Friendship Year" of fiscal 2005, is a festival organized jointly by men and women of all ages in both countries. Most Japanese companies in Korea participate in the festival. In fiscal 2015, MSI donated 10 million Korean won. The purpose of the festival is to help people understand the cultural differences between the two countries, and contribute to the development of Korean society.



A scene of Korea-Japan Culture Festival in Seoul

#### Publish Mail Magazine (China)

ADI's Chinese local subsidiary ADI Insurance (China) has been issuing mail magazines twice a year for the purpose of supporting management of Japanese affiliated companies and their resident staffs' daily living. Information on insurance circumstances in China, legal and tax matters, local community tidbits, etc. are widely covered in the publication, providing close—to community assistance, which is included in the Corporate Philosophy, not only in Japan but also in overseas operation.

Aioi Nissay Dowa Insurance (China) Co., Ltd. (link to website) (Japanese & Chinese only)

# The Most Remarkable and Successful Non-life Insurance Company in Asia Awarded "General Insurance Company of the Year"

At the 19th Asia Insurance Industry Awards, MSIG Insurance (Malaysia) Bhd., MSI's Malaysian local subsidiary, received the "General Insurance Company of the Year," an award given to the non-life insurance company which showed the most prominent services in the Asian insurance market in fiscal 2014. This award was given to us because our various initiatives to improve customer satisfaction, promotion of ERM, and leadership in the insurance industry in Malaysia, etc. were highly rated. We will continue our efforts to improve products and services from the global perspective.

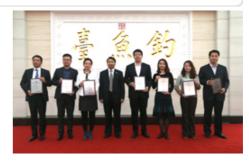


Members of MSIG Insurance(Malaysia) Bhd.



## Now Listed as the Only Japanese Insurance Company in the CSR 500 Companies in China and Ranked in the Fifth Place

MSI's Chinese local subsidiary MSI Insurance (China) ranked 71st in the "2015 China CSR Top 500." Among 20 Japanese companies which were ranked, it was the fifth and the only insurance company. This ranking was conducted jointly by the CSR Evaluation Committee of the China Enterprise Evaluation Association and the School of Social Sciences at Tsinghua University. Enterprises ranked are those which have received high evaluations for legality, safety, innovation, sincerity and credibility, consumer benefits, shareholders' benefits, energy and the environment, local communities, and responsible management. Going forward, we will



Members of MSI Insurance (China)

continue our efforts to contribute to resolving social issues through our business, utilizing its expertise.

Contributing to Resolution of Social Issues through the Business > Undertaking Responsible Investment to Contribute to Resolving Social Issues

## Contributing to Resolution of Social Issues through the Business

## Undertaking Responsible Investment to Contribute to Resolving Social Issues

The MS&AD Insurance Group is engaged in initiatives in the areas of insurance underwriting and investment analysis, which take the environment, society, and governance (ESG) into consideration.

## Signing to the Principles for Responsible Investment

In June 2015, the Group became a signatory to the Principles for Responsible Investment (PRI) Initiative, which seeks to incorporate environmental, social, and corporate governance (ESG) issues into the investment decision-making process. We will contribute to resolving social issues through business investment and the provision of financial products and services. We will strive to





develop the process for investment taking into account ESG elements, aiming to expand investment opportunities in new fields.

## Practice the Japanese Version of the Stewardship Code

From the perspective of fulfilling their social responsibility as institutional investors, MSI and ADI announced in May 2014 their agreement with, and acceptance of, the Japanese version of the Stewardship Code, a code of behavior laid out for institutional investors. We are moving forward on constructive dialogue with an ESG insight with investee companies in line with this code. The total number of dialogues held by both companies in fiscal 2015 reached 521 from 353 in fiscal 2014.

- MSI Our Policies According to the Japanese Version of the Stewardship Code
- ADI Our Policies According to the Japanese Version of the Stewardship Code

## Environmental, Society, Governance Friendly Investment and Loan

At the MS&AD Insurance Group, we are promoting approaches to diffusion of natural energy generation and corporate tasks (ESG) for environment, society and governance by providing financial investments.

At MSI, as consistent part of our asset management business, investments are made in funds deeply associated with environment. Through the funds of our investment, our capital is being fully utilized in natural energy (wind, solar, etc.) generation in the US and Italy and in clean energy projects in Asia. Through the capital contribution to Mirai Creation Fund established by the SPARX Group, we will contribute to the acceleration of innovation by supporting companies with technology to drive growth towards the future society including artificial intelligence, robotics, and technologies to help realize a hydrogen-based society.

Furthermore, investments in equity funds are also made, upon evaluating investment opportunities for individual enterprise's response to environment and society issues.

Mitsui Sumitomo Insurance Venture Capital Co.,Ltd. specializing in investments in venture enterprises is investing in natural energy companies contributing to the environment and manufacturer of water treatment system, recycled materials and other eco-friendly products.

At Sumitomo Mitsui Asset Management Co.,Ltd., we signed UN Principles for Responsible Investment (PRI) an Affiliated Company, has taken in not only financial elements but also non-financial elements such as environment/society /governance (ESG) factors into the corporate analysis/evaluation scheme, thereby improving high-quality research and operation performance.

Contributing to Resolution of Social Issues through the Business > Undertaking Responsible Investment to Contribute to Resolving Social Issues



## **Participation in Initiatives**

MS&AD Insurance Group takes its social responsibilities and roles as a global financial institution seriously. With a view to strengthening its efforts to ensure environmental and social sustainability as well as spreading these efforts to society at large, it participates in a variety of domestic and international initiatives.

Participation in Initiatives

## Enhancing the Quality of Products and Services

We will gain the confidence of stakeholders by constantly enhancing the quality of products and services as well as improving operations.



# Leveraging Stakeholders' Voices to Improve Quality

We will develop various systems to ascertain the expectations and needs of stakeholders and utilize them to improve the quality of products and services.

Leveraging Stakeholders' Voices to Improve Quality

# Develop and Improve Products and Services from Stakeholders' Perspective

We will understand various issues and risks of stakeholders to develop and improve products and services.

 Develop and Improve Products and Services from Stakeholders' Perspective

# Upgrading Customers' Ease of Understanding and Convenience

In order to deliver information on insurance and services to various customers, we are trying to improve convenience for the elderly and persons with disabilities, while offering procedures using PCs and smartphones.

Upgrading Customers' Ease of Understanding and Convenience

# Payment of Insurance Claim Service Preferable to Customers

We provide reliable claim services to customers by responding with high levels of accuracy, speed, and integrity

Payment of Insurance Claim Service Preferable to Customers

## Growth with Our Agents

Communicating with agents, we will continue delivering high-quality products and services to customers in order to achieve growth together.

Growth with Our Agents

## Enhancing the Quality of Products and Services

## Leveraging Stakeholders' Voices to Improve Quality

To remain a corporate group that is truly needed by society, we consider it important to know what our stakeholder voices are to improve the quality of products and services. The MS&AD Insurance Group has constructed various schemes to absorb stakeholder opinions, and are reflecting them in efforts to improve our products and services. In addition, stakeholder views are being reflected not only in business processes, but also in discussions at the management level.

### **Schemes for Receiving Feedback from Customers**

The MS&AD Insurance Group has formulated a "Basic Policy for Responding to Customer Communications" and receives a wide range of feedback from customers including through consultations, requests, and complaints. This feedback is used to make quality improvements. In line with the policy, Domestic Group insurance companies utilize customers' views to improve their business processes so they can provide products and services that satisfy customers.

#### MS&AD Insurance Group Basic Policy for Responding to Customer Communications

The MS&AD Insurance Group shall respond to all customer communications quickly, appropriately and in good faith based on the Group's management ideology. The following principles for conduct are hereby promulgated to contribute toward greater customer satisfaction.

#### 1. Definitions

(1) Definition of Customer

As used herein, "customer" shall refer to "a customer having a relationship with the activities of the MS&AD Insurance Group" with respect to both individuals and companies.

(2) Definition of Customer Communication

As used herein, "customer communication" shall refer to "any and all expressions from customers (inquiries, consultations, requests, complaints, disputes, praise, expressions of gratitude, etc.)." Here, "complaint" shall mean "an expression of dissatisfaction from a customer."

## 2. Principles for Conduct

- (1) Basic Stance
  - (i) All officers and employees shall respond to all customer communications quickly, appropriately and in good faith.
  - (ii) All officers and employees shall be conscious of the fact that customer communications constitute "important information for assuring trust from customers, realizing corporate growth and further improving quality."
  - (iii) All officers and employees shall compile and analyze information relating to customer communications, and while making effort to reduce complaints, shall also use this information to create measures that improve quality and raise the level of customer satisfaction.
- (2) Management of Responses to Customer Communications
  - (i) Domestic Group insurance companies shall prescribe policies for responding to customer communications that factor in the business conditions present at their respective companies consistent with the "MS&AD Insurance Group's Mission Statement" and the "MS&AD Insurance Group Basic Policy for Responding to Customer Communications."
  - (ii) Domestic Group insurance companies shall prepare rules, manuals and the like regarding the procedures and specific individual actions for responding to customer communications.
  - (iii) When necessary, the other Group companies shall prepare measures for responding to customer communications and put these into practice as appropriate.

We disclose the substance and results of these activities for improvement on our website so that the customers can see the actual improvement. Enhanving the Quality of Products and Services > Leveraging Stakeholders' Voices to Improve Quality

#### Domestic Group insurance companies: Approaches related to customer views

- Mitsui Sumitomo insurance Co., Ltd. (Japanese only)
- Aioi Nissay Dowa Insurance Co., Ltd. (Japanese only)
- Mitsui Direct General Insurance Co., Ltd. (Japanese only)
- Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (Japanese only)
- Mitsui Sumitomo Primary Life Insurance Company, Limited. (Japanese only)

#### **Customer Questionnaires**

In our effort to improve quality by actively understanding expectations and needs from customers and society, MSI, ADI, Mitsui Direct General, and MSI Aioi Life conduct a questionnaire survey for customers who have bought policies or received insurance claim payments. The questionnaire asks about customers' "degree of satisfaction" with the services at the time of contract, as well as their "degree of satisfaction" with accident response provided by our company/agents and the "advisability" of the products and services to others.

MSI Primary Life also conducts a survey on customers who have signed new contracts with the company and customers who have made changes to their contracts, to find out their "degree of satisfaction" in areas such as how easy to understand the procedures were.

Each company reflects the answers and feedback from customers into the improvement of our services and development of new products, in order to further enhance quality.

For MSI and ADI, major items of the questionnaire ("degree of satisfaction," "advisability") are designated as Key Performance Indicators (KPIs) to promote efforts for CSR, and we are working on efforts to gain trust through the improvement of the quality of our products and services.

## Implementation of Customer Questionnaire Survey Aiming to Improve the Quality (Philippines)

MSI's Philippine local subsidiary BPI/MS Insurance Corporation conducts a questionnaire survey on customer satisfaction, to research and analyze the extent to which customers feel satisfied in various processes of services in an effort to improve customer satisfaction. The results for fiscal 2015 show that 73% of customers are satisfied. We will continue to strive to improve quality going forward.

■ BPI/MS Insurance Corporation

## **Customer Feedback Structure**

At the MS&AD Insurance Group, all officers and employees are conscious of the fact that customer communications constitute "important information for assuring trust from customers, realizing corporate growth and further improving quality."

Also we actively compile and analyze information relating to customer communications and use this information for efforts to improve quality and raise the level of customer satisfaction. In addition, domestic Group insurance companies have formulated response policies respectively in accordance with the "Basic Policy for Responding to Customer Communications," sincerely responded to customers' voices including complaints and managed measures for improvement. The personnel assigned to customers' voices response at each of these companies regularly hold meetings to share information on awareness of and measures for common issues and work to improve the effectiveness of each company's system to respond to customer communications.

MS&AD Holdings confirms the status of accepting complaints at each company, checks whether issues regarding responses to customer communications and the handling of each company's system is properly managed and reports this during MS&AD Holdings management meetings on a quarterly basis.

Situation of customers' voices (complaint) receipt at each company

- Mitsui Sumitomo insurance Co., Ltd. (Japanese only)
- Aioi Nissay Dowa Insurance Co., Ltd. (Japanese only)
- Mitsui Direct General Insurance Co., Ltd. (Japanese only)
- Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (Japanese only)
- Mitsui Sumitomo Primary Life Insurance Company, Ltd. (Japanese only)

Enhanving the Quality of Products and Services > Leveraging Stakeholders' Voices to Improve Quality

#### Conformance of the Complaint Response Management System with the International Standard ISO 10002

MSI, ADI, Mitsui Direct General, MSI Aioi Life, and MSI Primary Life operate a complaint response system in conformance with the international standard, "ISO10002" (Quality management – Customer satisfaction – Guidelines for complaints handling in organizations).

We will promote initiatives to improve customer satisfaction by establishing voluntary improvement activities (PDCA cycle) in response to customer opinions.

- Mitsui Sumitomo insurance Co., Ltd. (Japanese only)
- Aioi Nissay Dowa Insurance Co., Ltd. (Japanese only)
- Mitsui Direct General Insurance Co., Ltd. (Japanese only)
- Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (Japanese only)
- Mitsui Sumitomo Primary Life Insurance Company, Ltd. (Japanese only)

## **Schemes to Absorb External Experts Opinions**

At MSI, in order to solicit customer opinions, a periodic exchange of ideas is conducted with outside experts to receive advice on customer protection and improved convenience. Expert opinions are also reported to management and utilized to improve the quality of products and services.

We also use outside experts to verify, from consumers' perspective, the ease of understanding of brochures, leaflets, application forms, and notices regarding sales procedures of insurance policies.

At ADI, external professionals are called in on a monthly basis to address and review business quality improvement related issues. At this periodic meeting, "Customer's Voices" are used as a basis for identifying tasks for business quality improvement to be enhanced customer contact and validifying the effectiveness of measures proposed by relevant departments. In addition, we verify each measure from the consumer's viewpoint, so that satisfactory products and services are provided to our customers. Agenda deliberated at the periodic meetings are reported to the management.

## **Examination of Insurance Payment**

MSI, ADI, and Mitsui Direct General examine cases that are determined to be ineligible for insurance claims, payments and cases where a customer filed a complaint. For cases meeting certain conditions, the examinations are conducted by a board of review consisting of outside lawyers and experts.

At MSI and ADI, state of examination is disclosed at the company's website.

Moreover, both companies put efforts into sharing information about the results of the examination through means such as internal news, contributing to further improving the quality of loss support work.

- Mitsui Sumitomo insurance Co., Ltd. (Japanese only)
- Aioi Nissay Dowa Insurance Co., Ltd. (Japanese only)

Enhanving the Quality of Products and Services > Leveraging Stakeholders' Voices to Improve Quality

## **Schemes to Absorb Opinions of Agents**

As one of its measures for closer communication with agents, MSI has "Product Monitor Program" and "Proposal Box" intended for the MSA (Mitsui Sumitomo Insurance Agent Association). The Product Monitor Program was instituted in July 2002 as a means of utilizing the opinions and information of agents for the development and revision of easily understandable products from the customer's perspective. In addition, we set up the "Proposal Box" as a contact point to broadly receive opinions from agencies. Relevant divisions respond to the proposals.

At the "ADI Nation-wide Professional Group," opinions and proposals from members are submitted to the company as " products and services improvement proposal reports", and considered by relevant departments. By incorporating the opinions of agencies which have direct contact with customers, we are developing better products and services.

In addition, MSI, ADI, and MSI Aioi Life runs system which receives the request of improvement from our agents and canvassers (\*) through our offices. Those requests to the system are being fully utilized for product development and revision, making forms simpler and improvement of agent system.

(\*) Permanently-hired employees and trainees engaged in solicitation

## **Schemes to Absorb Employee Opinions**

At the MS&AD Insurance Group, to reflect employees' ideas in improving quality, employee's voices are assembled for review by the headquarter departments and they put in place a system to feed back the review results.

At MSI, there is the bulletin board on the in-house intranet (entitled Everybody's Circle of Wisdom) which is a tool for the posting of issues that employees cannot resolve at each workplace. And the assigned corporate executives from the head office divisions have made visits to sites across Japan since fiscal 2006 to hold the Management Meetings for exchange of views with employees in order to utilize the views of employees engaging in sales and claim service. In fiscal 2015, they held 20 meetings.

ADI is conducting a program on the "Door to Achieving No.1 Customer Satisfaction" of its internal company system to receive posts employees regarding the quality improvement requests from the customers viewpoint. Under this program the proposed issues are studied in the head office divisions, the consultations are disclosed on the bulletin board. In addition, post situation and improving trend are reported to management on a regular basis.

At MSI Aioi Life, we have implemented the "Stage Up Program" as one of our efforts to practice the PDCA cycles at each workplace so that each employee improves "quality" at every aspect of operations by seeing things from the vantage point of customers. Moreover, for tasks that are not resolved at workplace, "Posting Box for No.1 Customer Quality" is set up for employees to turn in various tips and proposals, which are systematically reviewed by the headquarter departments and feedback is provided.

Enhanving the Quality of Products and Services > Develop and Improve Products and Services from Stakeholders' Perspective

## Enhancing the Quality of Products and Services

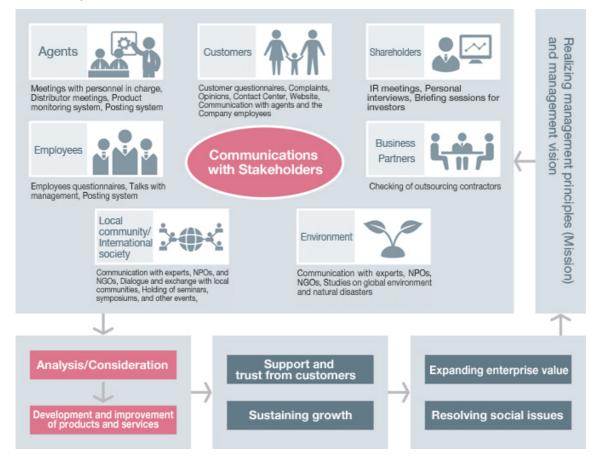
## Develop and Improve Products and Services from Stakeholders' Perspective

The mission of the MS&AD Insurance Group is to provide the best solution to social anxiety and risks, reflecting its basic focus on the public nature of the insurance and financial service business. Our aim is to deliver security and peace of mind and facilitate people's efforts to lead active, healthy, and enriched lives, and we are seeking to accomplish this developing and improving products that respond to social issues and risks while always listening to the opinions of our customers and other stakeholders, and taking into account the various changing circumstances of our environment.

## ı

#### Mechanism of Development and Improvement of Products and Services

The MS&AD Insurance Group analyzes and considers information obtained at any point of contact with customers and other stakeholders, so as to improve the quality of our products and services, as well as our operations. Through efforts for increasing corporate value and resolving social problems, it aims to fulfill its responsibilities to its stakeholders, and meet their expectations.



Enhanving the Quality of Products and Services > Develop and Improve Products and Services from Stakeholders' Perspective



The environment surrounding the insurance industry is quickly and drastically changing due to the advancement of climate change and global warming, the emergence of growing industries and advanced technologies, the increase in companies expanding operations overseas, the decline in birth rates and rise of aging populations, and the diversification of customer needs with changing lifestyles. In order to support the "reinvigorated social development and sound future of the earth," the MS&AD Insurance Group will provide products and services to detect various risks arising from social issues which obstruct them; prevent occurrence of risks; and when risks come into reality, mitigate their impact and compensate for economic effects.

Line-up of MS&AD Groups' Products and Services to Contribute to a Sustainable Society

| Products and Service   | Outline  | Environmental Social Governance |
|--|--|---------------------------------|
| <products for="" individuals=""></products>                        |  |                                 |
| Earthquake insurance   | Support the restructuring of the livelihood of earthquake victims and the early recovery of areas hit by earthquakes.  | Social                          |
| Automobile insurance for 1 day,                                    | Promote the reduction of accidents caused by uninsured vehicles through the sales of automobile insurance for borrowed vehicles that is available from one day.  | Social                          |
| Automobile insurance related the actual mileage                    | Promote lower gasoline consumption by insurance premium setting based on the actual mileage driven to help reduce environmental burdens.   | Environmental                   |
| Automobile insurance with eco-mark                                 | Have obtained Eco-Mark certification through promotion of eco-insurance certificates and web policy clauses, provision of information for safe driving, and initiatives to reduce environmental burdens such as encouraging the use of recycled automobile parts.  | Environmental                   |
| Fire insurance correspondent to aged society with a low birth rate | Provide a package of coverage including the landlord expense rider and ancillary services (for moving furniture and changing light bulbs). In addition to supporting the lives of the elderly, help the elderly move in rental homes by offering coverage for the loss of rent income and cleaning and other expenses incurred by landlords from solitary deaths of the elderly. | Social                          |
| Products for persons with disabilities (Malaysia)                  | Provide coverage for injuries, health care, and automobile accidents to support the lives of persons with disabilities in Malaysia.  | Social                          |
| Index type Agricultural Insurance (India)                          | Contribute to income stability for the low income earning farmers, who have financed purchases of fertilizers and farm equipment through loans, by compensating possible decreases of income caused by bad weather.  | Environmental Social            |

| ,   | and dervices > Develop and improve i roducts and der  |                      |
|---|---|----------------------|
| Indemnity type Agricultural Insurance (India)   | Contribute to income stability for the low income earning farmers, who have financed purchases of fertilizers and farm equipment through loans, by compensating possible decreases of income caused by bad weather.   | Environmental Social |
| Low cost medical insurance (health insurance) (India)   | Low cost medical insurance (health insurance) through the Indian government's medical insurance intended for the low income earners.  | Social               |
| Animal insurance for cattle breeders (India)  | Compensation for the death of cows and so on which provides income stability for the low income earning cattle breeders.  | Social               |
| <products business="" for=""></products>  | •   |                      |
| Pilot program for the Pacific Ocean Natural disaster risk   | Under this program, which was set up jointly by the Japanese government and the World Bank, Mitsui Sumitomo Insurance as a risk underwriting insurance company provides reconstruction funds to the nations in the Pacific Islands that are afflicted by natural disasters to promote the restructuring of the livelihood of disaster victims and the early recovery of areas hit by disasters. | Environmental Social |
| Weather derivatives   | Derivatives that cover losses caused by extreme weather.  | Environmental Social |
| Comprehensive food & agribusiness compensation plan   | Support the development of agriculture by offering weather derivatives based on a climate index which influences the yield and output of agricultural crops and animal products.  | Environmental Social |
| Comprehensive mega solar compensation plan, Insurance for market of solar photovoltaic generation entrepreneurs | Comprehensively cover risks faced by renewable energy producers. Promote lower CO2 emissions (reducing environmental burdens) with alternative energy.  | [Environmental]      |
| Comprehensive small and medium hydro power generation compensation plan   | Comprehensively cover risks faced by renewable energy producers. Promote lower CO2 emissions (reducing environmental burdens) with alternative energy.  | [Environmental]      |
| Comprehensive small wind power generation compensation plan   | Comprehensively cover risks faced by renewable energy producers. Promote lower CO2 emissions (reducing environmental burdens) with alternative energy.  | Environmental        |
| Comprehensive geothermal power generation facility compensation plan  | Comprehensively cover risks faced by renewable energy producers. Promote lower CO2 emissions (reducing environmental burdens) with alternative  | [Environmental]      |

|  | energy.   |                      |
|--|---|----------------------|
| Comprehensive off-shore wind power system compensation                         | Comprehensively cover risks faced by renewable energy producers. Promote lower CO2 emissions (reducing environmental burdens) with alternative energy.  | Environmental        |
| Comprehensive hydrogen station system compensation plan                        | Contribute to realizing a hydrogen energy society to curb global warming.   | Environmental        |
| Comprehensive medical institute compensation plan                              | Provide a package that comprises various types of insurance and risk consulting services for medical institutions. Contribute to the stable business development of medical institutions, thereby supporting the aging society.   | Social               |
| Comprehensive welfare/long-term care business operators compensation plan      | Comprehensively cover risks faced by welfare and nursing care business operators. Contribute to the stable business development of welfare and nursing care business operators, thereby supporting the aging society.   | Social               |
| Comprehensive cyber security compensation plan, Cyber security insurance       | Comprehensively cover risks of cyberattacks. Contribute to stable management of companies, thereby supporting the development of society.   | Social               |
| Comprehensive demonstration experiment of autonomous driving compensation plan | Comprehensively cover risks related to demonstration experiment of autonomous driving vehicles. Facilitate the innovation of autonomous driving technology to support the realization of a safe, secure, and comfortable automobile society.  | Social               |
| Liability insurance for hazardous material transportation                      | Comprehensively cover the liability risk of shippers in international maritime transportation of hazardous materials, thereby supporting the realization of a safe and secure society.  | Environmental Social |
| Comprehensive drone compensation plan  | Comprehensively cover risks associated with the commercial use of drones.  Contribute to sophisticating operations using drones such as pesticide spraying and aerial photographing, thereby supporting the development of society.   | Social               |
| Comprehensive global business compensation plan                                | Comprehensively cover risks related to overseas business expansion for small and medium-sized enterprises (SMEs).  Facilitate the smooth operation of business activities overseas to support the stabilization of SMEs' business operations overseas and the development of local communities. | Social Governance    |

| manying the quality of Freducts  | and Services > Develop and improve Froducts and Ser  | vides from startenedars i dispessive |
|--|--|--------------------------------------|
| Supporting menu for inbound entrepreneurs  | Provide risk consulting, etc. related to the insurance and inbound businesses targeted at foreign visitors to Japan. Support the development of areas that take in foreign visitors to Japan.  | Social                               |
| Comprehensive clinical research like regeneration medicine compensation plan                             | Cover risks related to clinical research of regenerative medicine. Contribute to the development of medical technology, thereby supporting the aging society.  | Social                               |
| Service for insurance p  | olicyholders>  |                                      |
| Free smartphone application "Suma-Ho", "Disaster Navigation" feature on smartphone service               | Support safe and secure evacuation activities such as through the provision of directions to evacuation shelters, notifications of disaster information disseminated by local governments, know-how on disasters, and life line information. | Social                               |
| Free smartphone application "Suma-Ho", Providing Apps that Promote Safety                                | Provide analysis of driving skill characteristics, drive recorder, advice before driving, audio warnings when drivers are approaching locations where accidents frequently occur, wild weather forecast delivery, and other services.        | Social                               |
| Free smartphone application "Support NAVI"   | Provide driving ability diagnosis, drive recorder, warnings about locations where accidents frequently occur, accident emergency information service, etc.   | Social                               |
| Free smartphone application "My Safe Drive"  | Provide a car accident prevention application available in eight languages, which can be used by anyone regardless of whether they are policyholders or not, in Southeast Asia.  | Social                               |
| Free smartphone application "Suma-Ho", "Animal Alert Function"   | Provide service which gives alert sound upon reaching accident-prone area.  Service starts from Okinawa Prefecture (Okinawa Rail).   | Environmental Social                 |
| Efforts to prevent and reduce traffic accidents by utilizing "Accident Map"                              | Provide "accident maps" created by analyzing and identifying locations where accidents frequently occur based on accident data held by the Company and data from external institutions.  | Environmental Social                 |
| Free smartphone application "Suma-Ho", "Safety cycle" (providing diagnosis tool of safe bicycle driving) | Support the safe use of bicycles by providing warnings about excessive speed, check lists for inspection and maintenance, etc.   | Environmental Social                 |
| Service for checking indication of sleep apnea   | A service targeted at corporate employees that enables the checking of bedtime   | Social                               |

| syndrome for employees   | snoring, a symptom of sleep apnea syndrome (SAS), with a smartphone placed by the bedside.  |                      |
|--|---|----------------------|
| "Suma Navi", a service supporting safe driving initiatives                   | A telematics service that supports companies in their safe driving initiatives.   | Environmental Social |
| "Sasaeru Navi", a telematics service for enterprise                          | A telematics service targeted at fleet policyholders that supports corporate customers in their vehicle operation management and accident reduction initiatives.  | Environmental Social |
| Eco-Safety Driving (Indonesia)   | For the purpose of reducing CO2 emissions and promoting safe driving, enclose a pamphlet that encourages eco-safety driving when delivering automobile insurance policies.  | Environmental Social |
| Alerting service of weather information                                      | Send out alert e-mails when rainfall, wind speed, or snowfall is forecasted to exceed the standard values at a monitored location, or when lightening is observed at a location within the standard distance from the monitored location, to contribute to preventing and mitigating damage from natural disasters. | Environmental Social |
| Eco insurance certificate/web policy clause                                  | A system that enables policyholders to view their policy certificates and policy clauses on the website of each company.  Promote the reduction of environmental burdens through paperless operation.   | [Environmental]      |
| Electronic contract<br>method  | Complete the contracting procedure on the screen of a PC brought in by an agent.  Promote the reduction of environmental burdens through paperless operation.   | [Environmental]      |
| Use of recycled parts for repairs in the case of automobile accidents        | Propose car repair using recycled parts to promote the reduction of environment burdens and contribute to building a recycling society.   | [Environmental]      |
| Supporting companies to expand overseas operations                           | Provide SMEs with advice regarding local risk management and general matters about insurance, and facilitate their overseas expansion to support the stabilization of their business operations overseas and the development of local communities.  | Social Governance    |
| Repair service for damaged equipment under the corporate fire insurance plan | Reduce recovery costs and ensure early recovery by enabling the repair of damaged devices and equipment, which previously had to be replaced with new ones, with emergent corrosion inhibition measures and full-scale recovery work.   | Environmental Social |

| Abbreviation service of claims documents                            | Omit the submission of claim documents, etc. for car accidents that meet certain conditions. Promote the reduction of environmental burdens through paperless operation.   | Environmental                   |  |  |
|---|--|---------------------------------|--|--|
| <pre><nursing-care services=""></nursing-care></pre>                | <nursing-care services=""></nursing-care>  |                                 |  |  |
| Pay home for the aged with a nursing                                | Operate You Life Yokohama and You Life Setagaya.   | Social                          |  |  |
| In-home nursing care business                                       | Operate in-home nursing care support business and home-visit nursing care business offices at a total of three locations in Yokohama and Nagoya.   | Social                          |  |  |
| Visit nursing business  | Operate four day-service centers in Shinagawa, Mizuho, Omiya, and Ibaraki.   | Social                          |  |  |
| <risk consulting="" service<="" td=""><td>&gt;</td><td></td></risk> | >  |                                 |  |  |
| Supporting for Business continuity management system (BCMS)         | Support the establishment of a system that ensures the resumption of operations within a target time frame in the event that business activities are suspended due to a large earthquake, infectious disease, or other reasons, and the formulation of business continuity plans (BCPs). | Social Governance               |  |  |
| Consulting by Tsunami   | Consulting services that incorporate damage from tsunami in earthquake risk analysis   | Social Governance               |  |  |
| Consulting service for water disaster prevention                    | Support companies in developing their business continuity management (BCM) plans through consulting focusing on river flooding, inundation inside a levee, and high tides.   | Environmental Social Governance |  |  |
| Supporting system for victims of natural disasters to relief        | A system that provides comprehensive support to local governments to help disaster victims restructure their lives, including issuance of Disaster Victim Certificates   | Social                          |  |  |
| Service for risk management of automobile insurance                 | Various effective programs and solutions to prevent and decrease accidents   | Environmental Social            |  |  |
| Seminar for safety drive  | Accident prevention and reduction seminar, conducted by a group company certified by the Ministry of Land, Infrastructure and Transport and Tourism as an implementing agency, targeting automobile transportation business operators  | Environmental Social            |  |  |

| Risk consulting service abroad                  | Assume possible material risks overseas, such as terrorist attacks and large-scale disasters, and support measures against these risks.              | Social Governance        |
|---|--|--------------------------|
| Consulting service against environmental risk   | Service for quantitative assessment of impacts on natural capital and service for assessment of water risks (water depletion, water disasters, etc.) | Environmental Governance |
| Supporting service for energy business          | Support initiatives such as electricity and energy conservation, improving comfort in the working environment, and reducing energy costs.            | Environmental Governance |
| Environmental CSR management consulting service | Support the acquisition of accreditation for and improvement of environmental management systems and the formulation of environmental CSR reports.   | Environmental Governance |
| Consulting services on biodiversity             | Make proposals to companies for biodiversity preservation initiatives and their improvement.   | Environmental Governance |
| Water Risk Assessment Service                   | Simple assessment of exposure to water risk on individual manufacture point (domestic/ overseas) bases.  | Environmental Social     |

- \* Products in < Products for individuals > and < Products for business > are categorized based on their main scope.
- \* See "Contributing to Resolution of Social Issues through the Business (Piller II)" for more details on our products and services.

#### Enhancing the Quality of Products and Services

## Upgrading Customers' Ease of Understanding and Convenience

In order to deliver information on insurance and services to various customers, the MS&AD Insurance Group is developing and providing simpler and more convenient business procedures. We are trying to provide business procedures and information which pay due consideration to the elderly and persons with disabilities, while utilizing PCs and smartphones.

#### Provision of Easy-to-understand Explanatory Materials

MSI and ADI have laid down in-house rules concerning terms to be used in policy clauses and items for notation in pamphlets, we began using policies and pamphlets with plain terms and figures.

When soliciting insurance with policies effective, we have adopted a fonts type that are easy to read and identify (UD font) in pamphlets and disclosure statements for explaining to customers about important areas in their documentation such as the "policy summary" and the "information calling for attention." In response to customers' opinion that there are too many pages and letters in the disclosure statement, we have undertaken "explanatory material streamlining" efforts, beginning with materials for fire insurance products. Besides simplifying, clarifying, and condensing the materials, we have also worked to present the materials in easier—to—understand formats, such as formats that explain processes in chronological order.



Disclosure statement

We are striving to make documents for customers easier to understand by simplifying the contents, reducing the volume of letters to improve readability. In addition, we provide the "eco insurance certificate" and the "web policy clause" to customers with any online environment, for example, PC, smartphone, and no risk of loss. The system also have zoom function as well as search function to support for ease of access.

#### Easy-to-understand Pamphlet

At MSI, a pamphlet called "Book to Answer Your Questions on Automobile Insurance" is available for children to aged readers, which easily explains what automobile insurance is. With larger prints and full of illustrations, the pamphlet answers customers' doubts in a question-and-answer session to provide an "easy" image to automobile insurance which is considered to be hard to understand.



"Book to answer your question automobile insurance" pamphlet

In the pamphlets of its core "TOUGH Automobile Insurance," and other products, ADI has made efforts for helping customers get an easy-to-understand general idea about automobile insurance, which is often considered difficult. They do this by providing pages that shows the entire coverage for bodily injury and property damage liabilities. A double-page spread is also provided in a simple pamphlet, which includes summaries of products offered.



"TOUGH Automobile Insurance" pamphlet

For "&LIFE New Medical Insurance A Plus," MSI Aioi Life has prepared pamphlets which lay out the main contract and each special contract in different colors by category. They provide this pamphlet, which was made to be easily understood by customers and to allow us to communicate easily with our customers as they turn the pages.



"&LIFE New Medical Insurance
A Plus" pamphlet

## ١

#### **Improve the Convenience for Customers in Contracts**

#### Internet Services

MSI sells overseas travel insurance, insurance for bicycle users, golfer insurance, and motor bike liability insurance on the website of agencies. In addition, driver's insurance that is sold on a 24-hour basis, called "1 Day Insurance" was launched in fiscal 2015. Approximately 2.4 million customers or more have registered with the "Customer Web Service" provided to private customers on the website. Online, customers can confirm the content of policies with the "eco insurance certificate" and "insurance clause on the web," change the address, and take procedures to replace vehicles covered by "GK Automobile Insurance." It is also possible to confirm the contents of policies and take procedures to change your address through the free smartphone application, "Suma-Ho."

ADI provides "My Page" to customers with any online environment, for example, PC, smartphone, tablet PC, or cell phone. ADI supports customers with various services, such as the "eco insurance certificate" and the "insurance clause on the web" to confirm policy contents, the "accident progress report" to confirm the status of accident responses, prizes for customers to apply with accumulated points to receive gifts, and donate bell marks. More than 7 million customers have used these services as of April 2016.

In addition, customers who do not make use of the "My Page" service can also make changes to their address for all contracts, as well as make changes in the "vehicle replacement," "age criteria," and "driver limited" sections for automobile insurance, through the website 24 hours a day, 365 days a year.



MSI website



Contract confirmation screen on customer web service (MSI)



ADI website

#### **Electronic Contracting Procedure**

MSI and ADI are promoting electronic procedures in which a customer can apply for a car and fire insurance contract on a computer screen brought in by staff of an agent.

It is possible to indicate the contents of insurance contract in an easy-to-understand manner on the screen, change the contents of coverage, and re-estimate the premium on the spot. The contracting process is completed by pressing the application button on the screen. As a result, it is not necessary for a customer to sign or submit an application form. The function in which the registration site of credit card information can be



easily called from a mobile phone was added for customers who want credit card payment, which contributes for paperless and improve the convenience. We hope to expand the usage of electronic procedures by making the functions strengthened and improved.

#### Began to Provide "Seiho Kantan Mode."

Continuing from the deferred payment scheme for first insurance premiums, MSI Aioi Life began to provide paperless (electronic) procedures for applications starting May 2015. This system is known as the "Seiho Kantan Mode."

Through the "Seiho Kantan Mode" system, it is now possible to complete the entire contracting process simply through application procedures carried out by the customer on his or her mobile device. Furthermore, by converting the various forms of paper media, such as the product pamphlets that are required when proposing life insurance products, to the electronic format, it has become possible for customers to obtain and refer to various information on their mobile devices. This brings about significant improvements in convenience and ease from product proposal through to various procedures.

#### Dissemination of Information on Insurance Products, etc. on "LINE"

ADI opened an official LINE account in March 2016. It is trying to make contract procedures more convenient, while providing information on "One-day Supporter," automobile insurance whose contract procedure can be easily completed through smartphones, and on insurance products according to the season. In addition to information on insurance products, it is delivering useful contents, such as quizzes for safety driving and healthy recipes.



"TOUGH" brand character,
"Toughy & Happy"

#### Provision of Services Using "LINE"

MSI started new services for customers in July 2016, utilizing "LINE," a communication application operated by LINE Corporation Ltd. LINE is widely used in daily life, with the number of registered users exceeding 68 million. For customers registered with the Customer Web Service, this service offers functions which are useful during unexpected accidents or disasters, such as confirming the contents of insurance contracts and informing accidents through the use of LINE's talk and personal identification functions. It is the first initiative in the insurance industry to provide services such as inquiry about handling agencies and notification of accidents from LINE. MSI will continue providing products and services to meet the needs of customers going forward.



Screen image

#### **CD-ROM Policy Conditions**

MSI Aioi Life has introduced the "CD-ROM Policy Conditions," which stores the contents of "Policy leaflet/Policy conditions" in one CD-ROM. Compared to a "brochure", the CD-ROM is eco-friendly as paper usage can be reduced. It is also lighter, compact, and easy to store, This option is selected and used by many customers who newly buy insurance policies.



CD-ROM Policy Conditions

#### Receive UCDA Award 2015 (Non-life Insurance Direct Sale Type)

Mitsui Direct General was presented with the highest award, UCDA Award 2015 (for non-life insurance direct-sale type) at the 2015 UCDA Awards organized by the Universal Communication Design Association (UCDA). The award was presented because estimating documents had realized a simple and easy-to-understand design by substantially reducing and sorting out information while the layout utilizing space and the design with a sense of unity were highly rated. Motivated by this award, we will provide advanced high-quality insurance services, with the provision of services from the customer perspective as our mission.



Announcement of maturity date



Quotes for continuing contract

and the elderly.

#### Consideration for the Elderly and Persons with Disabilities

MSI and ADI are promoting appropriate insurance sales to the elderly and persons with disabilities by instituting the fundamental rules that salespeople must strive to "gain an accurate grasp of customer' intentions," "explain things in an easily understood and polite manner," and "arrange for customers' relatives to sit down together with customers to assist in decision making.

"Aiming to market insurance products with still greater politeness and appropriateness, the companies have instituted detailed rules for conscientiously catering to customer needs when necessary through such methods as "arranging for customers to be served by multiple salespeople," "arranging for multiple meetings when requested," and "arranging for another salesperson to confirm and follow up on transactions." Additional "making a memorable impression" rules for interacting with elderly and disabled customers include "speak in a steady voice, slowly, clearly, with clear enunciation," "seek to present explanations while replacing foreign loan words and insurance jargon with ordinary words,"

Furthermore, we are working to make reference material easier to understand by using fonts with lettering that is easily distinguishable and that can be easily read by even the elderly, such as "Universal Design Fonts," enlarging text sizes, and adopting colors and designs that consider individual differences in the ability to see color among persons with disabilities

In addition, taking into account the implementation of the "Act on the Elimination of Disability Discrimination" on 1 April 2016, we will further strive to avoid discriminatory treatment and to give reasonable consideration for handicapped customers. In order to ensure the appropriateness of these initiatives, we will continue to improve products and services even further by analyzing opinions from elderly customers as well as customers with disabilities and considering appropriate improvement measures.

#### First in Non-life Insurance Industry! Launch of the "Relatives Notification System"

In January 2016, MSI and ADI started providing the "Family Eye (Relatives Notification System)," a service responding to the needs of an aging society. This system is the first service in the non-life insurance industry which makes sure to deliver important notifications regarding insurance policies to the registered relatives of the policyholders from us or agents/canvassers during emergencies when we cannot contact elderly policyholders. We will support security and safety of the aging society by establishing this system as a "bridge to provide the link between parents and children" in order to deal with recent changes in the environment



where elderly people are increasingly living apart from relatives with the further aging of society and fewer children.

The "Family Registration Service" (a service for pre-registered family members of customers to inquire about insurance policies) started to be offered on 25 January 2016. MSI Primary Life has further improved the security of payment procedures in the future by enhancing the coverage of support to be provided by family members when direct contact with policyholders is difficult.

## 1

#### Improve the Services Aimed at Meeting the Specific Needs of Elderly Customers

MSI Primary Life carries a rich line—up of products, including asset—building products that complements public pension through the customer's own efforts, and products that can be used as inheritance measures to ensure that assets are passed on appropriately to the next generation. MSI Primary Life has many policies outstanding to senior citizens. After giving consideration to improve services to senior citizens and tailor them specifically to the needs of older persons, we took various initiatives in fiscal 2015, including the "custom—made ledger sheet" according to the contents of changes requested by customers and the "Family Registration Service" to enable family members to inquire about and provide the contents of insurance policies. In fiscal 2016, we will continue promoting our initiatives, upholding the "Fiscal 2016 Corporate Quality Improvement Plan," a whole company plan on initiatives for quality improvement.

#### **Adoption of SP Codes**

MSI has adopted SP codes, which were developed for older people or those with visual impairment, on the pamphlets for its GK Automobile Insurance, GK Fire Insurance and GK Personal Accident Insurance products. When the codes are read with a special reading unit, the recorded information is reproduced by voice.

SP Codes (Japanese only)
(Website of Kosaido Publishing Co., Itd.)



"GK Automobile Insurance"
pamphlet

#### Development of Insurance Products and Services for the Persons with Physical Disabilities

With insurance products, MSI's Malaysian local subsidiary is playing an important role providing security and safety to people. We deem it our social mission to deliver basic insurance products to handicapped persons as well. Based on such thinking, we have revised four automobile insurance products since October 2015 so that they can be offered to persons with disabilities.

- 1. Individual Personal Accident Plan 1 (Accident Insurance)
- 2. Bodyguard Personal Accident Silver Plan (Accident Insurance)
- 3. Individual Healthcare International Executive Plan (Healthcare Insurance)
- 4. Insurance for Private Automobile (Automobile Insurance; Comprehensive Cover)

Going forward, we will continue conducting research and collecting information on products to provide insurance for more people.

#### Printed Material in Using Color Universal Design

MSI and MSI Primary Life prepare pamphlets certified by the Color Universal Design Organization, an NPO entity that presents easy-to-read information to all people regardless of personal differences in color vision.

At MSI, for pamphlets of its "GK Automobile Insurance," "GK Fire Insurance," "GK Personal Accident Insurance" products, and major products for small and medium-sized companies, users' points of view are taken into consideration for colors and designs.

ADI adopted colors and designs that considers differences in color vision due to disability, aging, and other factors in the pamphlets for "Tough Automobile Insurance" and "Tough Biz Comprehensive Insurance for Automobiles for Business Use" etc. and important areas in the document .This was to appropriately convey information in a reader—friendly manner to many people.

MSI Aioi Life made efforts to enable customers to completely and readily fill in a life insurance declaration form. For example, they used a font style (Minnanomoji) which is easy to read for the elderly.

MSI Primary Life includes with the pension payment invoices that it delivers to its customers a ledger sheet for insurance protection procedures that are much neater and more legible. The design combines "different shapes," "patterns distinguished by line and colors" and other features.

For the "Insurance Claims Support Guide," which we provide at the time of insurance claim, we have obtained from the Universal Communication Design Association the "Certificate for Viral Design" guaranteeing easy-to-understand quality.

#### Internet-based Roadside Services for People with Hearing Impairments

MSI and ADI offer an Internet-based roadside service system for people with hearing impairments. Customers can use the e-mail and Internet functions of mobile phones and smartphones (iPhone and Android) and follow on-screen guidance to transmit the required information, rather than using oral communication. Customers can also use this service through their smartphones (iPhone, Android devices).

#### **Quality Improvement of the Contact Centers**

The Contact Centers of Domestic Group insurance companies' personnel play a vital role as the "face" of their company. Also, the integration of Group companies' telephone system infrastructure has resulted in group synergies such as the reduction of system maintenance costs.

#### Quality Improvement in the Group

MSI and ADI has analyzed, from various angles, inquiries received from customers via the call centers through a system that makes use of text-mining. The companies aim to strengthen telephone response and information dissemination capabilities in order to respond more quickly and accurately to customer inquiries, thereby further enhancing customer satisfaction.

#### Contact Center Strategy Meeting and Quality Improvement Committee

The Group's contact center directors hold strategy meetings and education and training meetings on a regular basis. These comprise a joint effort to share information as well as rationalize and improve the quality of work at contact centers. In ratings by HDI (Help Desk Institute), the world's largest membership association for the service and support industry, MSI and ADI received three stars, which is the highest score for inquiry counters. In addition, MSI and Mitsui Direct General received three stars for its support portal site. In addition to being evaluated as three



Received three stars the highest rating

stars, ADI has obtained the "Five Star Certification" for the first time in the non-life insurance industry in Japan, having been assessed as "meeting certain criteria in comparison to international best practices for operation and management of support centers with business value added as well as leadership in the company and center management."

#### Personnel Exchange System

The personal exchange system between contact centers within the Group was established, and staffs of contact centers actively interact with each other through "Group Contact Center (CC) seminer," "CC discussion meeting."

#### **Telephone Support Contest**

Aiming to improve the customer service quality and mutual training of customer service representatives, the Group holds the "MS&AD Group Contact Center Telephone Support Contest" every year. The contest provides an opportunity for exchange among contact centers, and creates a climate of friendly rivalry conducive to learning new things above and beyond the framework of each contact center's operating style. In fiscal 2015, from around 4,000 staff members at contact centers, 16 were chosen to participate in the contest and competed to show off their telephone support skills.



Telephone support contest

#### Enhancing the Quality of Products and Services

## Payment of Insurance Claim Service Preferable to Customers

The MS&AD Insurance Group is taking various steps with high levels of accuracy, speed, and integrity in order to provide customers with reliable claim services.

## ı

#### Reliable Receipt System for Accident Report and Provision of the Course of Accident Response

The Group's domestic non-life insurance companies have established "accident reception centers" that are open for receiving information on accidents in Japan 24 hours a day, 365 days a year. On weekday nights and holidays, the centers will provide various kinds of initial support, such as contacting the other parties in automobile accidents on behalf of customers, and in cases when customers have been injured and hospitalized, the centers offer such special services as visits to the hospital by specialized staff. Moreover, the post-accident response measures include staff members telephoning customers to provide detailed explanations of the progress of claims adjustment situations, aiming to put themselves in customers' shoes, alleviate their worries, and respond to whatever questions they may have.

MSI receives information on accidents on the internet through the MSI's website or own "Suma-Ho" smartphone application. In order to ensure the accident response reliable to our customers, MSI installed a "one-accident, one-team" system for reinforcement of coordination when two or more personnel are assigned to a single case. In this and other ways, the work processes constructed in response to customer views are in operation at Service Centers nationwide.

ADI, holding up a 3-point "Full Support Declaration" for accident response: "Speedy," "Kind" and "Reliable," aims to provide better services. As one, we aim for staff in charge to get in touch with customers who call the "Accident Reception Center" within an hour. In addition, the staff regularly gives the customer "Reassuring Calls (progress report)" to provide an empathetic response to customer's problems and other issues in an effort to make the customers feel at

Mitsui Direct General provides "My home page" on the Internet for contracted customers. It enables customers to make change in "personal data," "vehicle replacement" and "insurance coverage", and to access information regarding response to accident 24 hours a day, 365 days a year.



#### Improving Customer's Satisfaction by Responding to Incidents

Aiming to realize non-life insurance services which satisfy customers, the MS&AD Insurance Group is taking various steps to improve the work quality of claim service staff.

MSI is engaged in the "Best Action Campaign" to deal with customers appropriately and quickly with high quality and expertise. For those who need support such as the elderly and persons with disabilities, we explain empathetically until they understand the contents of insurance products and the flow of accident response. Moreover, we have strengthened our accident response system. For instance, when responding by telephone to foreign customers who cannot speak Japanese, we have introduced the system of trilateral telephone conversation with a translator operator providing simultaneous translation (in English, Chinese, or Korean). In addition, we have introduced a system in which customers can send video at the time of an accident or photographs of a damaged property through the "Suma-Ho" smartphone application or our official home page when filing insurance claims. By omitting the exchange of documents with customers, we have achieved quicker insurance payment.

At ADI, under the three points and nine promises of the "Full Support Declaration," ADI aims to be an insurance company chosen by customers, by becoming a presence that customers can always rely on and by being committed to working hard so that customers can be happy with us in charge. In particular, we work to improve our skills to respond to customers, by providing regular training to boost the quality of customer response, and holding a national competition of call handling skills. Prize winners of the national competition of call handling skills, who are certified as "Masters", work to enhance the department—wide quality of these skills in each region as a representative.

#### **Quality Improvement Campaign**

MSI has three pillars in the core of its activities: "speed (prompt response)," "skills (provision of sophisticated operational knowledge and know-how)," and "hospitality (customer support with empathy)" with the aim of exceeding customers' expectations and providing satisfactory services.

A variety of approaches to raise the service quality are in place, for instance, practical training centered on role-playing, programs to study heartful incident response services to each customer, and daily telephone response checks.



"National Role-Playing Contest for Telephone Response by Loss Support Departments"

#### **Lady Improvement Projects**

ADI is promoting improvement of quality of operations to become an insurance company chosen by customers by holding up the "Full Support Declaration" and providing "Speedy," "Kind" and "Reliable" accident handling services. One of these activities is LIPS (Lady Improvement Projects). Members of LIPS confirm, improve and review the progress of their approaches at each workplace while presenting and sharing results of various activities at the annual national meeting and enhancing performance and quality of the entire claim service department.



LIPS National Congress

#### Work of Claims Adjusters

Claims adjusters of insurance companies investigate damages of a car accident when such accident occurs, such as the confirmation of damages of a vehicle and the finalization of repair cost.

In addition to deepening the cooperation between claims adjusters and case managers, MSI has established claims study teams at 21 locations across Japan to further promote the appropriate certification of repair costs. Moreover, we are always performing quicker and more appropriate handling of accidents from the perspective of customers; for example, when vehicles and buildings are damaged at the same time by wide-area water disasters, we investigate their damages together.

At ADI, its affiliate, Aioi Nissay Dowa Claims Adjusting Company, Limited holds a national claims adjuster skill contest and a national good practice championship, where adjusters show results of daily self-improvement and good practices and share them nationwide to further improve the skills and capabilities of damage investigations.

#### Quality Improvement by Reviews on the Insurance Claims Payment Processes

Mitsui Sumitomo Insurance Underwriting at Lloyd's<sup>(\*)</sup> Limited (MSIUL), which is MSI's Lloyd's subsidiary in the UK, has established an internal working group with the aim of building an insurance claims payment system that customers can rely on. In addition to conducting analysis and reviews on the insurance claims payment processes, it has also introduced important management indicators to improve insurance claims payment services by providing initial support to accident response and payment of insurance claims. Through these efforts, we have achieved greater efficiency, speed, and transparency in our insurance claims payment processes.

We are also putting efforts into developing employees who are equipped with the professional knowledge and skills necessary for providing support in the event of unusual accidents, and into improving the quality of services provided by partners that are providing accident support services in cooperation with us. These are part of our efforts to provide services of consistently high quality, accuracy, and speed.

Our work has been highly appraised by customers and brokers in the London market. In 2014, the insurance claims payment department received the "Claims Team of the Year" award in the London Market Awards 2014 organized by Insurance Day, an influential industry paper in the UK. This serves as a good example, and is anticipated to have a ripple effect on the local subsidiaries in other countries.

Furthermore, the insurance claims payment department of MSIUL, in cooperation with its risk engineering department, analyzes the causes of frequent accidents and unusual accidents, and presents the countermeasures in a report published periodically, titled "Loss Incident". This report contributes to improving risk management and accident prevention among customers.

(\*) Lloyd's is an international insurance trading market located in London, UK. MSI was the first Japanese insurance company to enter the Lloyd's market in 2000, when it commenced underwriting work.

#### Improve Customer Satisfaction in Accident Response (Australia)

Aioi Nissay Dowa Insurance Company Australia Pty (ADICA), which is the subsidiary of ADI, Toyota Finance Australia Ltd., and Toyota Motor Corporation Australia Ltd. verify customer satisfaction survey results done by a third party company that are conducted every quarter of a year at the "Australia Toyota Committee." Based on these results, the ADICA created a business quality improvement team in the company, and is pushing ahead with solution plans, which identifies the problematic points on the basis of feedback from customers. To be more specific, the ADICA has conducted activities always from a viewpoint of customers in an effort to improve business quality and customer satisfaction. For example, they



Business Quality Improvement Team

pursue readability by reviewing the renewal notification and contents of insurance clauses, send out a leaflet indicating the procedures after accidents and Q&As to make customers feel at ease and understand.

#### **Provision of Recovery Services of Afflicted Facilities**

At Mitsui Direct General, "Information on Accident Response" contents have been provided on our Website about accident—response services to remove customer's anxieties and provide assurance. In order to convey our messages of our quality improvement efforts in a literally "visible" manner and carry our customers' voices who have actually experienced our accident services, our employees assigned to accident services with their photos in place. Adding new contents such as guidance of own "designated repair shop" service and information dissemination using cartoon, we are also putting our best effort so that many of our customers may share their feelings of assurance.

"Information on Accident Response" (Japanese only)



Screen of "Information on Accident Response"

#### Claim Support Guide

In order to inform the insurance claims procedures in an easy-tounderstand manner, MSI Primary Life is taking the following steps: (i) Placement on the website

MSI Primary Life has produced videos about the insurance claims procedures about which it receives many inquiries, and released them on its website. We provide explanations from the inquiries that we receive when family members of contracted customers first call to the payment of insurance claims, as well as samples of required documents and notification of completed procedures.



Video screen

(ii) Insurance Claims Support Guide

When sending insurance claim forms, we enclose the "Insurance Claim Support Guide," which simply explains the flow of procedures. The "Insurance Claim Support Guide" has obtained from the Universal Communication Design Association the "Viable Design Certification," which is the certification standard not only for design and color design but also for the meaning of sentences and the convenience of use.

Click here for the actual videos: (Japanese only)

#### **Provision of Recovery Services of Afflicted Facilities**

MSI has been providing high-quality recovery services for afflicted facilities since 2011 in 11 Asian countries as well as in Japan<sup>(\*1)</sup> in collaboration with Belfor Asia and Recovery Pro, the world's top class disaster recovery specialty companies. In 2013, ADI has also provided similar services in Japan<sup>(\*2)</sup>. The recovery services of afflicted facilities provide "emergency treatment for corrosion inhibition", which inhibits progressive corrosion and rusting, and "full-scale recovery work", which is conducted by using specialty technologies of dismantling, precision cleaning, drying, reassembly and inspection, to "recover" the afflicted facilities to such status hitherto possible only with "replacement by new facilities", thereby shortening the recovery period dramatically and making "early" and "economical" recovery possible for restarting business. While corporate awareness of BCP (Business Continuity Plan) is rising in the wake of such natural calamities as Great East Japan Earthquakes and typhoons, we intend to support our afflicted customers for early recovery by providing these afflicted facilities recovery services in support of BCP.

(\*1) In addition to customers of the Comprehensive Corporate Property Insurance (called "Property Master"), MSI provides this service to customers of the Business Activity Comprehensive Insurance (called "Business Keeper"), the Normal Fire Insurance, the Store Comprehensive Insurance and the Corporate Expenses and the Profits Comprehensive Insurance from October 2015.

(\*2) From October 2015, ADI provides this service to all customers of the Comprehensive Corporate Property Insurance as well as the customers who requested this service. In addition, ADI provides this service to customers of the Business Activity Comprehensive Insurance (called "Tough Biz").

- Affiliation with Belfor Asia (Japanese only)
- Affiliation with Recovery Pro (Japanese only)

## ı

#### **Examination for Payments of Insurance Claims**

MSI, ADI, and Mitsui Direct General examine cases that are determined to be ineligible for insurance claim, payments and cases where a customer filed complaints. As for the other cases that meet the certain criteria, the examinations are conducted by a board of review consisting of outside lawyers and experts.

At MSI and ADI, state of examination is disclosed at the company's website.

MSI and ADI share information via internal newsletters and take advantage of the access to extra infromation in enhancing service quality of damage support.

- Mitsui Sumitomo insurance Co., Ltd. (Japanese only)
- Aioi Nissay Dowa Insurance Co., Ltd. (Japanese only)

#### Enhancing the Quality of Products and Services

## Growth with Our Agents

We strive to maintain and improve quality through ongoing dialog with agents. By supporting improvement of the work quality of agents, the Group aspires to deliver high-quality products and services to all its customers and grow together with its agents.

#### Improvement of Agent Work Quality

#### Scheme and System for Improvement of Agent Work Quality

At MSI, ADI, and MSI Aioi Life, the headquarters' department in charge of agent education has offered education policies and educational programs for the agents to gain knowledge for insurance sales such as compliance, products, office work/systems and sales skills. The educational programs are offered through Internet and collective trainings, while staffs in charge of education at sales departments promote attendance at sessions and support to raise levels of agent business skills.

#### Support for Improvement of Agent Work Skills

#### Providing an Online Learning Environment

MSI and ADI have a "College" that allows for the integrated management of insurance qualifications, group training attendance, and e-learning progress by participant. The e-learning contents are used by agents and canvassers (\*), delivering preliminary learning for seminars and qualification acquisition on compliance, details of products, and other information, which leads to better solicitation quality. MSI, every month, delivers the "Agent Educational Program", a studying tool to enable an agent to develop and educate solicitation staff independently.

By distributing Good Practice News and quarterly journals on the Internet, ADI introduces information and tools useful for solicitation activities by agents and canvassers.

(\*) Permanently-hired employees and trainees engaged in solicitation

#### Training in Response to the Needs of Agents

To fulfill diversifying customer needs and to improve the consulting capability in response to the changes in the operating environment, MSI Primary Life is enhancing various training programs and supporting sales systems of agents.

Since fiscal 2016, as part of our efforts to support diversity management promoted by agencies, we have developed and provided "Training to Promote the Active Participation of Women" for women not only to learn the knowledge and skills for working proactively and vigorously but also to plan a well-balanced career design and way of work according to one's own environment and situation.



A scene of training

Moreover, while expanding training programs, we introduce the latest learning devices as necessary, including ARS (Audio Response System)<sup>(\*)</sup>, which enables two-way communication between lecturers and trainees.

(\*) A system that consolidates results in a timely manner by responding to questions raised during training using the response cards dedicated for use by the students.

#### Feedback of Customer's Voices (Complaints and Compliments)

MSI proactively uses "questionnaires for customers" in order to understand the expectations and needs of customers and societies (perceive expectations) and conducts practical activities to keep fulfilling the expectations.

Through the "Questionnaires for customers," the company receives feedback and requests pertaining to contract procedures, response of agencies, and response during payment of insurance claims. This is reflected in service improvements and the development of new products as part of our effort to enhance quality.

MSI works on these improvements by developing mechanisms to give agents feedback from customers. The agents also independently review procedures for daily operations, behaviors, and awareness.

ADI provides agents and canvassers customer opinions, which includes both complaints and compliments to improve the quality of agents. They also provide feedback from the results of online questionnaires collected at the time of policy purchases and insurance claim payments. With this feedback, they develop mechanisms for improving quality. Moreover, they are striving to establish the operations from the perspective of customers by utilizing the results of compilation and analysis on their opinions for tools for agents and training sessions, etc.

#### 1

#### Framework to Secure Quality in Agent Work

#### **Basic Perspective**

MSI, ADI and MSI Aioi Life offer support to improve quality of work by agents and have scheme to inspect the state of their business in order to deliver high-quality products and services to customers of all types.

#### **Agent Quality Certification System**

MSI has established a systematic operation process related to the solicitation of clients for agents to follow, and named it the "Fundamental Insurance Cycle". Attempting to raise the quality of operations, the company has also established an agent quality accreditation system based on knowledge related to insurance products and claims handling support. This system is called the Q mark, and serves as an index of quality related to the "Fundamental Insurance Cycle".



Fundamental Insurance Cycle

ADI has established the "AD Quality Standards" as specific action standards required to deliver security and satisfaction to customers; in addition to operations for contracting to unexpected accidents, the company, especially for professional agents, has clarified the quality standards for various operations, aiming to completely support requests from customers related to their cars including accident response expected from insurance professionals and purchase of cars. It is taking various steps to deliver security and satisfaction to customers by way of agents and canvassers conducting operations based on the AD Quality Standards.

Furthermore, in order to establish the initiatives by agents to improve quality, ADI has created the Agent Quality Accreditation System (commonly known as the "AQ Accreditation System") to expand agents which are selected by customers based on their quality and continue growing going forward. This is an accreditation system to emphasize not only the quality of insurance solicitation but also its support from the



AD Quality Standards Guidebook

perspective of customers in order to accurately and appropriately respond to services and needs sought by customers.

#### **Communication with Agents**

#### Regular Training and Seminar

MSI and ADI hold collective training sessions regularly held for agents in order to strengthen mutual communication and help improve their quality effectively and efficiently. The head office division supplies training tools every month based on themes such as the revision of product and administrative systems, and initiatives that harness feedback from customers, while training sessions are conducted by the sales section branch offices.

#### **Cooperation with Organization of Agents**

MSI and ADI are supporting mutually provoked information exchange between the company and its agents through the agent organization, so that communication is activated and services of higher quality are offered to customers.

At MSI, "Mitsui Sumitomo Insurance Agent Association", organized mainly by professional agents, and "Advanced Club (AC)", formed around automobile mechanic businesses, have been active. Taking into account the reorganization by function, AC will start to be operated jointly with ADI from October 2014. Both agent organizations are putting their best effort to upgrade their organizational setups and boost their growth through organizational activities so that agents can offer high quality services and the most optimal insurance product to customers.

At ADI, the Nation-wide Professional Group<sup>(\*)</sup> (AD Professional Group) was set up by professional agents. The AD Professional Group works on committee activities for enhancing growth and improve quality. They also conduct local and social contribution activities, to continue providing assurance and satisfaction to customers through mutual efforts between agents and the company.

(\*) Organization consisting of professional agents of ADI and MSI Aioi Life Persons qualified in non-life and life insurance perform the activities.

#### **Management Support for Agents**

The number of agents has been increasing in size, creating the need for a higher level of managerial skills. In providing support to agents, therefore, greater specialization, objectivity, and medium— to long—term perspectives have become important. The Agent Management Support Offices (12 units nationwide) established as part of the MSI Marketing & Sales Promotion Department have a total of about 90 dedicated staff members who provide management support for agents. The company has established the "Professional Accreditation System for New Special Grade" for aspiring professional agents, and supports the continued growth of agents by organizing monthly meetings aimed at helping them get accredited.

ADI has established Professional Support Centers as part of its professional marketing development department, and offers a variety of support and training to professional agents through its dedicated staff. The company is working to

strengthen the management foundations of professional agents and improve the quality of their operations. It does this through individual support by providing solutions or improvement ideas for management, business operation, and system utilization issues, as well as through practical training related to insurance product and peripheral knowledge and sales techniques for solicitors.

## Approaches to the Environment

The climate system, a vital part of people's lives, has become more unstable due to climate change, while natural capital, which brings benefits to daily living, is also in danger of becoming unsustainable due to climate change, development, and overexploitation. Regarding environmental problems as an important management issue, the MS&AD Insurance Group is engaged in business activities to enhance the sustainability of the environment.



#### Policies and Management Systems Related to Environmental and Social Contribution Activities

Based on Our Mission, we have established the Group's Environmental Basic Policy, constructed a management system, and are working on environmental protection and social contribution activities.

 Policies and Management Systems Related to Environmental and Social Contribution Activities

#### Reduction of Environmental Impact

We offer products and services that are responsive to climate change and working to reduce the burden on the environment created by our business activities.

Reduction of Environmental Impact

#### Preservation of Biodiversity

The preservation of biodiversity supports the sustainability of our society as a whole. Our entire Group is working on this issue out of the belief that biodiversity, along with climate change, are major issues for our societies.

Preservation of Biodiversity

Approaches to the Environment > Policies and Management Systems Related to Environmental and Social Contribution Activities

#### Approaches to the Environment

# Policies and Management Systems Related to Environmental and Social Contribution Activities

The MS&AD Insurance Group positions environmental problems as an important management issue, and aims to build a sustainable relationship between the Earth's environment and our business activities. Based on the MS&AD Insurance Group Environmental Basic Policy, we are actively engaging in environmental conservation activities and activities to protect biodiversity.

## **Environmental Basic Policy**

#### **MS&AD Insurance Group Environmental Basic Policy**

Under its Group Mission Statement, "Through our insurance and financial service businesses, bringing security and safety to people and businesses around the world and making a lasting contribution to the enrichment of society," the MS&AD Insurance Group has made the environment a part of its corporate strategy. The Group has established the following Key Issues and is advancing efforts in these areas in line with the Standards of Conduct listed below.

The Group is committed to ongoing improvement through its environmental management system, and to abiding by environment-related laws and regulations, and the principles and guidelines agreed to by all members of the MS&AD Insurance Group.

#### 1. Key Issues

- (1) Mitigation of and adaptation to climate change
- (2) Sustainable use of resources
- (3) Reduction of environmental burden
- (4) Preservation of biodiversity

#### 2. Standards of Conduct

- (1) Initiatives via our insurance and financial services
  - We will create insurance and financial services that contribute to the Key Issues, and work to resolve social issues and thus enhance corporate value.
- (2) Initiatives as part of the business process
  - Through an innovative reassessment of our business processes, we will work to enhance quality and improve business operations, while making more efficient use of resources and energy.
- (3) Environmental awareness and protection activities
  - By raising environmental awareness among all of our executives and employees, our communities and the next generation, we will work with stakeholders to promote environmental protection activities, gaining their trust and building sympathy for these issues.

Revised April 1, 2016

Approaches to the Environment > Policies and Management Systems Related to Environmental and Social Contribution Activities



#### Policies and Management Systems Related to Environmental and Social Contribution Activities

The MS&AD Insurance Group is putting effort into reducing the environmental burden generated through our business activities, and into social contribution initiatives in our business itself. To that end, all Group companies and employees are driving forward the implementation of the environmental and social contribution management system. All Group companies have been working collectively by combining the external ISO14001 certification with the environmental and social contribution management system that we have developed in-house.



#### Approach for Acquisition and Maintenance of ISO 14001 Certification

For on-going promotion of environmental activities, the MS&AD Insurance Group is promoting the acquisition and maintenance of certification under ISO 14001, the international standard for environmental management systems. The MS&AD Insurance Group has formed the environmental policy management manual. We are promoting environmental activities in our business at the headquarters of 7 Group companies (\*).

(\*) MS&AD Holdings, MSI, ADI, Mitsui Direct General, MSI Aioi Life, MSI Primary Life, InterRisk Research Institute & Consulting



#### **MS&AD Our Earth Project**

The entire MS&AD Insurance Group and its bases are promoting its unique environmental management system "MS&AD Our Earth Project" to promote environmental and social contribution activities.

The Group as a whole is grappling with activities for saving energy and resources to reduce the consumption of electricity, gasoline and paper, conserving biodiversity, and contributing to society.

In fiscal 2015, the original logo was selected by a vote of all group employees. We created this logo in collaboration with an NPO by making a request to a young artist. It expresses the idea that each one of our employees engages in environmental and social contribution activities to create the Earth's future for all of us.



"MS&AD Our Earth Project" logo



#### **Enlightenment of the Employee**



#### **MS&AD Eco Smile Check**

We believe that continuous awareness activities for our employees, the principle actors of our business, are necessary in order to promote the Group's environmental and social contribution activities.

The MS&AD Insurance Group conducts its "MS&AD Eco Smile Check" campaign every year so that every employee can reflect on environmental protection and social contribution activities—such as eco-life practices including energy saving, eco-activities at office, volunteer work, charitable giving-as well as enhancing their consciousness toward them. Employees check and score their own activities. In fiscal 2015, a total of 23,864 employees conducted a self-check.



#### MS&AD Eco Smile Check (Taiwan)

MSI's local subsidiary in Taiwan, MSIG Mingtai Insurance CO., LTD., is making donations every year according to the number of points accumulated through electricity conservation and recycling activities through "MS&AD Eco smile check." In fiscal 2015, 86,830 new Taiwan Dollars, equivalent to 121,660 smiles (the unit of measurement for the program), were donated to an organization selected through an employee vote. Furthermore, the company is working to make it possible for employees to actively participate in environmental measures within their daily work, by holding such events as electricity conservation contests.



Recycle event

Approaches to the Environment > Policies and Management Systems Related to Environmental and Social Contribution Activities

#### **Environmental and Social Contribution Education**

To tackle these environmental problems, the MS&AD Insurance Group is conducting e-learning sessions, etc. for environmental education in order to share that same recognition with all of our employees.

Moreover, ADI has been co-sponsoring since fiscal 2005 the environmental education for children, "Kids ISO 14000 Program," implemented around the world by International Art & Technology Cooperation Organization (ArTech), with over 100 participants having received international accreditation.

## Awarded Excellence Award of 2015 Ministry of the Environment "Human Resources Development Award for the Environment"

The MS&AD Insurance Group received the "Human Resources Development Company Award for the Environment" Excellence Award in fiscal 2015 for the second consecutive year, recognized as a business which is implementing good environmental education for employees.

#### **Awarded Eco Verification Award**

In the Tokyo Chamber of Commerce and Industry's "Certification Test for Environmental Specialists (eco Test) Award 2015," the MS&AD Insurance Group was selected for the Excellence Award, being praised as "eco people" (eco test passers) and an "eco unit" (company/group) that practices environmental activities which can be a model for others.

#### **Creation of CSR Award**

In fiscal 2015, ADI created an in-house award system "CSR Award" giving the award to departments/branches and individual activities which are rooted in local areas, and strive to contribute to local communities. Through this program, we aim to develop activities of departments/branches and individuals contributing to local communities, and establish and continue such activities. In the first year, fiscal 2015, we awarded activities with two grand prizes, three category awards, and three special awards for individuals.

Approaches to the Environment > Reduction of Environmental Impact

#### Approaches to the Environment

## Reduction of Environmental Impact

Alongside our work to contribute to the global environment through our insurance and financial services businesses, effort to reduce the environmental burden created by our own business activities also represent an important social responsibility for the company. All companies and employees of the MS&AD Insurance Group work together to reduce environmental burdens from business activities by enhancing environmental management systems.

#### Medium- and Long-term Reduction Goal of CO2

The MS&AD Insurance Group supported the Paris Agreement adopted at COP21 (21st Conference of the Parties to the United Nations Framework Convention on Climate Change) in December 2015, and signed on to the Paris Pledge for Action dealing with climate change and global warming. Following up on this signing, we have established the CO2 reduction goal of 2050 for the whole group including overseas, in addition to the existing one for fiscal 2020. As an insurance and financial group engaged in business globally, we will proactively pursue reduction of CO2 emissions as an entire group.

| Reduction goal (%): | FY2020        | FY2050        |
|---------------------|---------------|---------------|
| [Base FY]           | <b>A</b> 30%  | <b>▲</b> 70%  |
| FY2009              | <b>2</b> 30/0 | <b>A</b> 70/0 |

#### **Efforts to Reduce Environmental Impact**

#### Reducing the Environmental Burdens of Business Processes

We are promoting paperless procedures by providing services to enable the viewing of insurance certificates and ordinary insurance policy clauses/riders on the website (eco-insurance certificate and the web policy clause) as well as digitizing insurance policy and payment procedures. We are also promoting initiatives to reduce environmental burdens by suggesting to customers who have been involved in automobile accidents that they use recycled components, and by saving resources through the application of special cleaning on machines/facilities damaged in disasters, etc.

- Approach to the "Eco-insurance Certificate" and the "Web Policy Clause"
- Use of Recycled Automobile Components
- Provision of Recovery Services of Afflicted Facilities

#### Environmentally-Friendly Building

The new wing of MSI's Surugadai office, completed in February 2012, is an energy—thrift architecture built with the latest environmentally symbiotic technology. Having the full—fledged double—skin (double window pane construction) exterior system installed, the building is expected to allow for more reduction in thermal load in summer and added insulation effects in winter. Moreover, Natural ventilation system is in place and lightings in the office are controlled by sensors for automatically switching on and off, sensitive to lightness and human presence, thus saving energy. On roof—tops, solar battery panels are installed.



MSI's Surugadai office

Approaches to the Environment > Reduction of Environmental Impact



#### Promotion of Use of Forest Certified Paper (\*)

At the MS&AD Insurance Group, switch over to forest certified paper has been in progress since 2010 for printing material like pamphlets. By using paper stock made from forest lumbers properly managed, we contribute to conserving forests and maintaining biodiversity.

(\*) Paper made of wood pulp from forest lumbers properly managed for the purpose of sustainable use and conservation of forest resources

#### Go Green Program (German)

Aioi Nissay Dowa Insurance Europe (ADE German branch) which is the Europe subsidiary of ADI has been participating in "Go Green Program" held by Deutsche Post DHL since the spring of 2011. In the "Go Green Program," an environmentally friendly delivery service is practiced in which the amount of carbon dioxide (CO2) exhausted when delivering postal mails to customers is calculated and the same amount of CO2 is reinvested to environmentally friendly projects (like hydroelectric power generation and wind power generation plant). ADE German branch made a donation equivalent to total of about 38 tons of CO2 in the end of 2015, and was awarded a certification by Deutsche Post DHL. Many Germany companies including the local subsidiary of MS&AD Insurance Group's business partners are participating in the program.



Certification by Deutsche Post DHL

Approaches to the Environment > Preservation of Biodiversity

#### Approaches to the Environment

## Preservation of Biodiversity

Natural bounty provided by biodiversity (ecosystem services) is the basis of our lives and economic activities. A business model in consideration of biodiversity supports the sustainability of the entire society, which includes companies. At the MS&AD Insurance Group, the action plans in the MS&AD Basic Environmental Policy explicitly include approaches to preservation of biodiversity and we promote our approaches.

#### Signing the Natural Capital Declaration

In July 2016, the MS&AD Insurance Group signed to the Natural Capital Declaration.

Signing the Natural Capital Declaration

#### **Research and Educational Activities**

We are conducting a study on what we should do to protect biodiversity, and disseminating widely the importance of protecting biodiversity.

#### **Japan Business Initiative for Biodiversity (JBIB)**

April 2008 saw the establishment of the Japan Business Initiative for Conservation and Sustainable Use of Biodiversity (JBIB), which serves as a network for joint research by firms concerned about preserving biodiversity and making sustainable use of biological resources. Ever since its establishment, MSI has been supporting the JBIB's activities as the chair company. To help domestic business approaches to the environment, JBIB has formulated guidelines and published research outcome on land utilization with due care for biodiversity. Activities of JBIB were referred to in the "National Biodiversity Strategy of Japan 2012–2020." JBIB is highly regarded as one of the bodies with which the government should pursue further collaboration and cooperation.

At the time of the ASEAN Conference on Biodiversity in Bangkok in February 2016, MSI hosted a side event to disseminate to the world Japanese companies' initiatives for biodiversity.

#### Activities for Preservation of Biodiversity (Japanese only)





ASEAN biodiversity symposium

JBIB side event



Approaches to the Environment > Preservation of Biodiversity

#### The Story of Biology Told by Corporations

Since 2007, MSI has been holding a biodiversity symposium "The Story of Biology Told by Corporations" for corporate staffs as an enlightenment for corporations in approaching biodiversity. In February 2016, with the co-sponsorship of Ministry of Environment and Keidanren Committee on Nature Conservation and the special cooperation of JBIB and InterRisk Research Institute & Consulting, the 9th symposium was held.

We delivered lectures in view of the initiatives for protecting biodiversity in the run-up to 2020—which is the year of the Aichi Targets and when Tokyo Olympics and Paralympics will be held—and its legacy. At the same time, we are focusing on national resilience as well as the cooperation between companies and governments. Three separate working sessions were also held for themes that are relevant to corporations: (1) collaboration of companies in developing urban areas to co-exist with nature; (2) conservation of biodiversity through the use of transportation infrastructure; and (3) ISO14001 revision and companies' initiatives for biodiversity. In addition to presentations of case studies by experts and companies that have implemented advanced initiatives, opinions were exchanged. The event was highly rated by the 200 participants.

Symposium "The Story of Biology Told by Corporations" (Japanese only)

#### **Activities for Preservation of Biodiversity**

Triggered by the establishment of the MS&AD Insurance Group in 2010, we launched our biodiversity conservation activities with a focus on wetlands, positioning this as the Group's representative environmental initiative. Employees across the country are engaged in volunteer activities in this area. We are also engaged in various other activities aimed at protecting biodiversity, such as regenerating Indonesia's tropical forests with their rich biodiversity, and paying attention to biodiversity for the green spaces around our office buildings.

#### "MS&AD Ramsar Supporters"

The Group has been conducting what is called the "MS&AD Ramsar Supporters: Life-Connect-From the Waterfront" initiative, which is a waterside environmental preservation initiative centering around the Ramsar Convention registered wetlands. The initiative, which started in fiscal 2010, has now expanded to activities at 10 wetlands across the country, with about 1,700 group employees and their families participating. Departments and branches are also active. In fiscal 2015, as the initiative to show prudent use advocated by the Convention, we started growing rice in "Fuyumizutanbo," (winter rice-paddies) which is good for living creatures in Oyama City, Tochigi Prefecture. 64 employees and their families participated in activities to experience the fun of growing rice and the joy of interacting with living creatures. Moreover, as part of our awareness activities, we visited 12 schools across the country to deliver lectures on the environment, with the participation of 350 elementary students and others.

#### MS&AD Ramsar Supporters (Japanese only)







Logo of the Japan Committee for the United Nations Decade on Biodiversity

## Supporting the Regeneration the Forests and the Creation of a Sustainable Local Communities (Indonesia)

MSI has promoted the tropical rain forest recovery project in the Special Region of Yogyakarta, on Indonesia's Java Island. Since 2005, in cooperation with the Department of Forestry of Indonesia, we have planted approximately 300,000 trees to restore and rehabilitate wildlife sanctuaries, which deteriorated due to illegal logging by local residents during the economic crisis in the second half of the 1990s. Agricultural technical guidance to help the local residents gain even greater financial independence as well as environmental education for teachers of elementary schools have been implemented, in order to regenerate the forests and build sustainable local communities. During the tour for employees first held in fiscal 2014 and 2015, employees inspected the regenerated forests, and engaged in exchange activities with local elementary schools that our local subsidiary has continued to provide support for. In fiscal 2014, Indonesian parliament members visited and inspected the forest, and highly praised the project, saying it could be a model of reforestation in other regions.

Furthermore, in May 2015, the Sultan of the Special Region of Yogyakarta (sultan: monarch in an Islamic dynasty) visited the site.

#### Indonesia Reforestration Project (Japanese only)





Training of agricultural techniques

Education program

#### Beach Clean-up Activity (Australia)

MSI Australian branch is cleaning up the coasts in Australia, which have many world heritage sites. We will contribute to the protection of the global environment by actively participating in local activities to protect the Earth's environment.

#### The Green Area Favorable to Biodiversity at the Surugadai Building

The green area at the Surugadai Building became the first building green area in downtown Tokyo in 2011 that was certified as Superlative Stage, which is the highest rank in Social and Environmental Green Evaluation System (SEGES) managed by Fund for Greening in Cities. And it has obtained maintenance certification in 2016 as well. Since the green area was firstly certified as Excellent Stage 3 in 2005, the activities such as structuring a project team including outside experts and formulating Green area management system to maintain the green area have been evaluated. The green area in the new wing completed in February 2012, has employed various greenery ideas like green canopy or rain garden. In the selection of trees, special care is given to choose types in addition to the local species that birds and butterflies prefer in consideration for biodiversity. As a result, we now have been able to observe wild birds such as Varied Tits and Black-faced Buntings. The roof garden reopened in the autumn of 2013 on top of the Surugadai Building sets out a zone for autochthonous deciduous broad-leaved trees designed to allure not only birds but also insects and other varieties of creatures. With the integration of Surugadai Building and its new wing, we form an ecological network with the green areas by connecting the Palace ground with Ueno Park, to provide a wide living area for wild birds, etc.

In recognition of these biodiversity-friendly activities, MSI Surugadai Building and Surugadai New Building obtained the "Business Innovation in Harmony with Nature and Community Certification (city/SC)" operated by the "Association for Business Innovation in harmony with Nature and Community" in February 2014.



SEGES
Superlative Stage
Certification label

Approaches to the Environment > Preservation of Biodiversity

Furthermore, for the past two years since fiscal 2014, as a company leading the way in the cultivation of native plants, the MS&AD Insurance Group had been participating in the "Edo Greenery Recovery Plan (a public-private partnership)" run by the Tokyo Metropolitan Government to create a greener Tokyo in such a way that shows concern for native plants and biodiversity. We collaborated with the Tokyo Metropolitan Government for investigations into solutions to plant management issues and the full-on dissemination of native plants.

Green Space aroud Surugadai Building (Japanese only)



ABINC logo

# Approaches to Local and International Communities

Activities by each employee as a citizen of local communities do not just lead to employee growth, they are also important as means of understanding the issues faced by the societies in which our business activities take place and the kind of behavior expected for us. The employees of the MS&AD Insurance Group are undertaking various activities with people in every region, both domestically and internationally.



# Contribution to Local and International Communities

As a member of local and international communities, our employees voluntarily conduct activities to conserve the environment and contribute to local communities in order to support the sustainable development of the communities, in addition to activities benefiting communities through our insurance and financial service business.

Contribution to Local and International Communities

# Social Contribution in the Field of Sports, Culture and Education

We aid Japan's promotion of sports by fostering and supporting players to be successful on the front line in the sports world, and we are working to spread and strengthen sports for the disabled. Furthermore, we also conduct activities to contribute to local communities and the society, for example, we manage concert halls, support local cultural promotion foundations, and endow courses at universities.

 Social Contribution in the Field of Sports, Culture and Education Approaches to Local and International Communities > Social Contribution in the Field of Sports, Culture and Education

#### Approaches to Local and International Communities

## Contribution to Local and International Communities

The MS&AD Insurance Group, as a member of local and international communities, is involved in a sustainable development of societiy by, for example, employees' voluntarily conducting activities to conserve the environment and contribute to local communities, in addition to activities benefiting communities through our insurance and financial service business

#### **Disaster Donation Matching Gift Program**

The MS&AD Insurance Group implement a "Disaster Donation Matching Gift Program." Under this program, companies double all disaster relief donations received from their employees. Under this program, the MS&AD Insurance Group matches the amount of funds collected from employees for victims of disasters. In the approximately 11 years since the start of this system in fiscal 2004, we have donated a total of more than 500 million yen.

In fiscal 2015, a total of 38.5 million yen was donated as relief money for four disasters including Torrential rain disaster caused by typhoon NO.18 in September. The relief money included funds collected from total 20,174 employees and the funds donated by the Company.

For the 2016 Kumamoto Earthquake disaster, we donated 35.5 million yen, from 12,007 employees with additions from the company, to organizations supporting the disaster victims in Kumamoto and Oita Prefectures. In addition, we collected donations of about 4 million yen from our overseas branches, providing support on a global scale.

■ Types of disaster covered Domestic: disasters covered by the Disaster Relief Act, for which

donations are collected

Overseas: large-scale disasters for which the Japan Business

Federation provides information related to Assistance

■ **Amount of donation** As a general rule, the same as the amount of donations collected from

employees.

Past Donations



#### Continued Support for the Areas Hit by the Great East Japan Earthquake

Five years have passed since the Great East Japan Earthquake, and there are still so many people in the afflicted areas that are in need of support and assistance. With this in mind, the MS&AD Insurance Group is committed to providing continued support through a variety of approaches.



#### Reconstruction Support Volunteer through Chinese Angelica Cultivation by Employees

In Minami-Sanriku-cho, Miyagi Prefecture, from fiscal 2011 to 2014, a total of 470 group employees and their families volunteered in activities to restore rice paddies suffering from tsunami damage to rich "Fuyumizutanbo (winter rice-paddies)" inhabited by various creatures. In fiscal 2015, upon request of local communities, we cooperated in cultivating a local specialty, Chinese Angelica. We conduct volunteering support, aiming not only to assist their work but also to visit the affected areas to interact with local people.

Approaches to Local and International Communities > Social Contribution in the Field of Sports, Culture and Education

#### Use of "Fukko Mai<sup>(\*)</sup> (Restored Rice)" at Company Canteens and Provision of Menus

Using our experience and network for the rice paddy restoration activities, MSI is providing menus using "Fukko Mai" at company canteens around Japan. On the 11th day of every month, MSI features "Fukko Mai" and serves menus with this rice at all company canteens.

Some of the proceeds from the sales were saved for donations to restore rice paddies devastated by the tsunami.

(\*) The rice was named by combining the meaning of "happy fortune" and "restoration", with the hope that good fortune will return to the affected areas.





Campany Canteen

Menus offered (one example)

#### Soccer School Organized by J Leaguer in Minamisanriku-cho

Since fiscal 2013, the MS&AD Insurance Group has sponsored a soccer school organized by the Japan Pro-Footballers Association in Minamisanriku-cho. Such as the competition of boys soccer team and J leaguer, it is a fun social events.



Soccer school

#### **Donation through Eco Insurance Certificates and Web Policy Clauses**

ADI is providing support for areas hit by the Great East Japan Earthquake with donations through eco insurance certificates and web policy clauses.

MSI donated a part of the donations collected for the initiative "Green Power Supporter" to Tohoku as reconstruction aid. MSI is also making a donation in order to enhance disaster mitigation functions through wetlands conservation in the Watarase-yusuichi flood control basin, which is a registered wetlands of the Ramsar Convention and one of the places that the MS&AD Insurance Group conducts biodiversity conservation activities.

- Green Power Supporter (Japanese only)
- ADI Donation Activities (Japanese only)

Approaches to Local and International Communities > Social Contribution in the Field of Sports, Culture and Education

#### Supporting Schools in the Devastated Areas by Donating Bell Marks

ADI started an activity to donate collected Bell Marks to local elementary and junior high schools, with Bell Mark collection boxes set up in the Company in January 2011. After the Great East Japan Earthquake, the destination of donations was changed to elementary and junior high schools in the devastated areas, as part of our measures for reconstruction aid. The activity has been advanced together with the local citizens including customers, agents and canvassers. The number of companies and organizations that agree with the activity (Bell Mark supporter) has increased year by year, exceeding 2,800 as of the end of March 2016. As a result, Bell Marks equivalent to approximately 11,700,000 points were collected over four years, and donated to 118 schools in total. The activity will continue in fiscal 2016 to support schools in the devastated areas such as Tohoku and Kumamoto area.



Supporting schools in the devastated areas by donating Bell Marks

#### Support for Affected Businesses through "Yui no Ba" Regional Recovery Matching Activities

From March, 5 years after the earthquake disaster, we will enter a new stage, the "Reconstruction and the Creation Period," from the previous "Concentrated Reconstruction Period."

With the resolve to help eradicate management issues faced by companies that have been hit by the disaster, MSI has participated in the "Regional Recovery Matching Yui-no-Ba Activities" sponsored by the Reconstruction Agency as a partner company.

We have participated 14 consecutive times since its inception in 2012. We have been engaged in management seminars and support for individual companies, etc. in many areas.

As part of the "Yui-no-Ba" initiative to contribute to the expansion of sales channels of companies located in the three affected prefectures, the "Marche (in-house sale)" was held at Surugadai headquarters again this year to sell products dealt with by the affected companies. We are conducting unified support activities with all employees being highly aware of support for reconstruction, having sold about 7.5 million yen (up by about 150% year on year), far exceeding the previous year.

#### Donation of Mineral Waters to Children in Fukushima by Sales of the Reconstruction Support Food Fair

ADI held a food fair at its Ebisu headquarters, its fifth since fiscal 2011. We have supported employment of persons with disabilities by selling cakes and local specialties which were hand-made at welfare workshops, to assist the self-sufficiency of persons with disabilities. Such persons have lost sales channels and are still suffering from reputational damage due to the earthquake disaster. From the sales of that day, we donated 1,500 2-liter bottles of mineral water, which was enough for about 6 months, to two kindergartens in Fukushima Prefecture. Moreover, wishing to introduce more goods in order to expand sales channels, we sold local specialties,



Food fair

such as Spanish tiles of Onagawa and products using Kesen tsubaki camellia, for the first time this year. The fair was received very well, and many employees purchased these products to help increase sales.

#### **Hosting of Reconstruction Support Charity Concerts**

In March 2016, the MS&AD Insurance Group held charity concerts and food fairs in such venues as Sendai City, the grand hall of MSI's Surugadai headquarters, and the Century Hall of ADI's Ebisu headquarters, to support reconstruction after the Great East Japan Earthquake.

A large audience came from inside and outside of the company, making it an occasion to care about and feel empathy with the affected areas and people. Urging the prevention of the earthquake disaster from becoming a forgotten piece of history and maintaining awareness about disaster prevention and mitigation, we had donations made by many visitors to groups engaged in activities in affected areas.

Similarly in March 2016, the East Japan Charity Concert was co-hosted with the Kinki Block of ADI All Japan Professionals Association<sup>(\*)</sup> at ADI Phoenix Hall (Osaka City).

#### **Awareness Activities for Local Communities and the Society**

Approximately 40,000 employees work at the MS&AD Insurance Group. In order for the Group to promote environmental and social contribution activities, we believe that it is necessary to continue implementing educational activities for our employees, who are the main actors in these activities.

#### **Traveling Lectures on Wetland Biodiversity**

In order to promote education about the environment, the MS&AD Insurance Group produced an educational program on the environment in January 2014, which comprises six sets of video materials and Q&A. Using this material, we began conducting visiting classes. We have incorporated some tips for learning to be enjoyable through experience by preparing a celluloid sheet and handbook for distribution to each child, as well as a life-size stuffed migrating bird. In December 2015, we participated in the 7th National Conference of UNESCO Schools to report our track records of visiting classes as an initiative for Education for Sustainable Development (ESD) hosted by the Ministry of Education, Culture, Sports, Science and Technology. Going forward, we will continue engaging in Community Education Public Awareness (CEPA) activities to preserve biodiversity in the wetlands as set out in the Ramsar Convention.



A class taught by the MS&AD Insurance Group employees at Ochanomizu Elementary School in Chiyoda Ward

Let's Study! Ramsar Supporters (Japanese only)

#### Information Transmission from ECOM Surugadai

Opened in May 2012, the "ECOM Surugadai" is a public environmental communication space for the dissemination of information on Surugadai green spaces with consideration for biodiversity.

With an interior design and furniture made of natural materials, it is a space where people can fully enjoy the green space set in front of them. Photo exhibitions and events related to nature and living creatures are organized monthly based on the information transmitted from the venue related to the nearby area and green spaces.

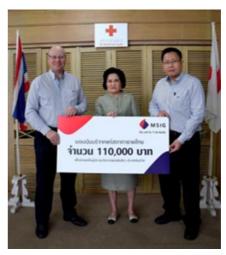
We are actively engaged in collaborating with universities. For instance, Surugadai green spaces act as research areas to support universities looking into biodiversity in urban areas, and the impact of green spaces on the mitigation of the heat island phenomenon.



A scene of event

Response to the Earthquake in Nepal (Thailand)

In April 2015, a 7.8-magnitude earthquake occurred in the mid-western part of Nepal, causing major damage including over 7,600 deaths. In response to this, from the viewpoint of assistance for disaster victims and CSR, the MS&AD Insurance Group made donations of 110,000 Thai Baht (about 320,000 yen) through the Red Cross for disaster relief, combining 55,000 Thai Baht (about 160,000 yen) from employees of MSI Thai branch with a matching gift of 55,000 Thai Baht (about 160,000 yen) from the holding company.



Donation ceremony

# Presentation of Awards to Researches and Studies Contributing to Traffic Safety and Welfare of the Elderly (Singapore and Thailand)

MSIG Holdings (Asia) Pte. Ltd. gives awards for research and studies which contribute to elderly welfare and traffic safety. Through this initiative, safety in the region and the health of elderly people will be promoted.



Award ceremony

#### Soccer School Organized by J Leaguer for Children in Orphanages

Since 2000, the MS&AD Insurance Group has sponsored a soccer school organized by the Japan Pro-Footballers Association for children in orphanages. In fiscal 2015, "JPFA Soccer School" was held in Kanto, Kansai, Hiroshima, and Kyushu, approximately 100 employees helped management.



Soccer school

#### Support Activities of Social Contribution by Employees

In our view, action by each employee as a citizen of the local community is not only linked to his or her growth but also vital for learning about the kinds of issues in the society forming the foundation of our business activities, and what is expected of us in it.

#### System of Volunteer Leave/Temporary Retirement

MSI, ADI and MSI Aioi Life have instituted the system of Volunteer leave/temporary resignation, and supports employees to participate in the social service activities such as welfare activity, disaster-relief activity, bone-marrow donation.

#### **Local Contribution Activities Conducted Nationwide**

In our view, action by each employee as a citizen of the local community is not only linked to his or her growth but also vital for learning about the kinds of issues in the society forming the foundation of our business activities, and what is expected of us in it.

Branches of MSI and ADI all over the nation actively conducted activities to conserve the global environment and contribute to society according to needs of each community.

At MSI, which encourages branches to perform at least one environmental or social contribution activity a year, 170 branches conducted 190 activities with the themes of "Environment", "Safety", "Welfare", or "Support for reconstruction from natural disasters" in fiscal 2015.

At ADI, as a part of activities related to "Appreciation Month (Thank you, local citizens!)", approximately 10,000 employees nationwide conducted 219 activities with the themes of traffic safety, environmental conservation and other topics, to convey their gratitude to each community. In particular, we have proactively worked on activities for traffic safety together with local citizens and police offices, aiming to prevent and reduce accidents.

MSI Aioi Life conducts environmental protection and local contribution activities through employee volunteer activities. For example, they maintain flowerbeds and green spaces at "Zoorasia Yokohama Zoological Gardens" Furthermore, "Heart Point System" has been implemented, where points are granted to employees who conduct voluntary and active social contribution activities, and contributions are made to NPOs, etc. according to the total number of points. We have also carried out various local community contribution activities with a promoter appointed for each workplace, for example, "community cleanup campaign", "volunteer for visiting nursing homes", and "fund-raising/donation."

- Nationwide Efforts Made by MSI (Japanese only)
- Efforts Made by ADI (Japanese only)



Activities in the "MS&AD Forest" in Shimane



Traffic safety activities in Hamamatsu



Maintenance flowerbeds and green spaces at "Zoorasia Yokohama Zoological Gardens"

#### **Activities of Social Contribution by Employees**

In the MS&AD Insurance Group, employees are participating in activities for solving societal issues of each region at the sites not only in Japan but also all over the world.

#### MS&AD Unison Smile Club

At the MS&AD Insurance Group, employees donate 100 yen apiece monthly toward one or more initiatives that they support. The money goes to NPOs or social contribution programs. As of the end of March 2016, there were a total of 16,904 participants from the entire Group. In addition to the activities as the Group, each business company implements their activities such as donating wheelchairs, donating to supporting groups of assistance dogs and donating to constructing an elementary school building in Thailand.

(Main activities of the Group)

- Donation to NPOs matched by the company
- Support program of world's children in troubled area / suffered area of the disasters through charity Christmas cards
- •Let's present knitted goods to children around the world Project
- "MS&AD Unison Smile Club" Activities



"Gift Knitted Items to Children Around the World" Project



Charity Christmas Cards

#### **Overseas Activities**

The employees of the MS&AD Insurance Group are participating in activities to solve local communities' issues both in Japan and overseas.

#### **Donation to American Cancer Society (U.S.A)**

Mitsui Sumitomo Marine Management (U.S.A.) Inc., the U.S. subsidiary of MSI, has made donations to support the activities of the America Cancer Society (ACS), which are engaged in the study and research of diseases that society has a strong interest in, as well as prevention and research methods, and after care.

ACS is engaged in the study and research of breast cancer, which has the highest rate of incidence among women in the United States, as well as efforts to conduct mammography screening aimed at early detection, and to enhance after care. By providing support for such activities, we hope to contribute to healthy living for as many people as possible.

#### Donation through the Hosting of a Charity Marathon (Malaysia)

MSI has been sponsoring a charity marathon event in Malaysia since 2010. We raised 40,000 Malaysian Ringgit in sum, combining contributions from participated marathon runners including 500 employees from MSI and donated to an organization taking initiatives in protecting environmental and improving healthcare.

#### Contribution to Local Community through Gifts of Rain Shoes (Vietnam)

MSIG Insurance (Vietnam) Company Limited, MSI's Vietnamese local subsidiary, donated 312 pairs of rain shoes to children in Hà Giang Province, which is an area with a high poverty rate in Vietnam. It will continue the support so that children do not suffer from cold on rainy days in winter.

#### Participation in Regatta Competition Hosted by Ahoy Centre Charity (U.K.)

From the London headquarters of Aioi Nissay Dowa Insurance Company of Europe Limited, ADI U.K. local subsidiary, six employees participated in a charity regatta competition held in September 2015, aiming to make donations to The AHOY Centre. Including the matching funds from the company, they collected and donated 2,000 pounds (about 320,000 yen) in total, exceeding their target of 1,800 pounds



Employees participated in a charity regatta competition



Flag for the competition

#### Support for Local Areas through Activities to Rebuild Battered School Buildings (Thailand)

MSI's Thai local subsidiary has been participating in activities to repair dilapidated school buildings since 2004. So far, 23 school buildings have been transformed into safe ones. In fiscal 2015, it assisted the school with many children from disadvantaged families supported by the border guard. As an initiative to support the education of children living in developing countries, ADI donated to the construction of elementary school buildings in Thailand through the MS&AD Unison Smile Club, a voluntary donation system for employees. Support has been offered on a continuous basis since 2008. In 2009, the first building was constructed at Ban Nam Kliang School located in Nam Kliang District, Srisaket Province. Five additional buildings and dormitories were constructed by 2015. The local corporation Aioi Bangkok Insurance Co., Ltd. has also donated sport equipment such as soccer balls, along with pillows, blankets, and mattresses.



The completion ceremony for the donated

Ban Namon dormitory

Going forward, it will continue its assistance so that many children can study in safe school buildings.

Aioi Bangkok Insurance Public Company Limited Website (Thai, English and Japanese only)

#### **Donation of School Supplies (Singapore)**

MSIG Holdings (Asia) Pte. Ltd. donated school supplies and expenses for school (910 Singaporean dollars, or about 69,000 yen) to children preparing for school enrollment in a disadvantaged environment. Going forward, it will engage in initiatives which enable as many children as possible to receive an education in an appropriate environment.

#### Donation of Handmade Knitwear to Poor Children (Vietnam)

The MS&AD Insurance Group donates handmade knitwear to elementary schools every year through MSIG Insurance (Vietnam) Company Limited, the Vietnamese subsidiary of MSI. In fiscal 2015, it delivered about 4,314 pieces of handmade knitwear (sweaters, scarves, hats, vests, gloves) collected from people across Japan who support this project, to children in the Tua Chua district and Muong Cha district of Dien Bien Province, located in the northern part of Vietnam and said to be the poorest region in the country. This initiative has been held since 2009, making this the seventh event.



Presentation ceremony

#### Road Cleaning / Beautification Activity (Hawaii)

At the ADI overseas subsidiary, DTRIC in Hawaii, it has been engaging in the cleaning/beautification as part of activities of "Adopt-A-Highway program" (\*) conducted by Ministry of Transport in Hawaii for more than ten years. A large number of employees and their families and friends participate in the activity everytime that is held every other month and contribute for maintaining the safe and beautiful roads and also for the contribution of prevention of natural water in Hawaii.

(\*) Road cleaning activity started in Texas, United States in 1985. It describes the direct translation as "bringing the main roads into the family", which means that citizen volunteers and companies become foster parents and take care their "adopted children" (cleaning the roads and engaging in planting activities).



Participating in road cleaning/ beautification activities

DTRIC Insurance Co., Ltd. (Link to Website)

#### Support for Autistic Children (Philippines)

BPI/MS Insurance Corporation, MSI's local subsidiary in Indonesia, has donated 25708.75 Phillipin pesos (approximately 56,000 yen) to Elsie Gaches Village —an organization for orphans with development impairment. By supporting children who cannot recieve adequate care because they live in poverty, MSI is taking part in contbution towards sustainable society.

#### ■ BPI/MS Insurance Corporation

#### Support for Vulnerable Children

MSIG Insurance Europe AG (HQ: Koln) sent Chritsmas presents to vulnerable children. About sixty employees voluneteered to be sponsors and supported the purchase of the presents the children requested.

MSIG Insurance Europe AG



Christmas presents for children

#### Charity Activities to Support Research on Sudden Infant Death Syndrome (SIDS) and Families (Australia)

In June 2015, MSI's Oceania branch engaged in a charity activity called Red Nose Day, which donates to facilities supporting studies and families of sudden infant death syndrome (SIDS). It donated 427.55 Australian dollars (about 33,000 yen) to the Red Nose Day Fund by ordering goods from SIDS and Kids, the main organization of Red Nose Day, and selling them, as well as collecting donations.



Red Nose Day

#### Approaches to Local and International Communities

# Social Contribution in the Field of Sports, Culture and Education

The MS&AD Insurance Group companies engage in contribution activities to local communities and the society in the field of sport, culture and education.

## **Support for Sport**

#### Women's Judo, Women's Athletics, and Triathlon

Some of the top national and international athletes belong to the MS&AD Group's clubs for women's judo, women's field and track, and triathlon. In the past, the Group has produced a number of Olympic athletes and supported them in various competitive events, helping strengthen Japan's position in the world of sports. The Women's Judo Club is active on the international stage and has achieved much through exchanges with athletes from other countries thus far. Through invitations to joint training sessions offered to national teams from Myanmar, Brazil, and elsewhere, the Club hopes to contribute to the promotion of judo in other countries.

The Club does not just carry out competitive activities, it also works to actively contribute to society through running classes for local residents and initiatives to communicate the fun of judo to younger generations by hosting judo classes for elementary school students.

#### Support for Sport (Japanese only)



Judoka Misato Nakamura

Athlete Yuki Hidaka

Triathlete Junpei Furuya



Joint practice session with the Brazilian



Running class (Photo: AFLO SPORT)

#### **Supporting Corporate Marathon Relay Race**

ADI is supporting "Osaka Corporate Marathon Relay Race" as a special corporate cooperator in an effort to boost sports and to co-develop with local activities. The race started in 1948, was deep rooted in Osaka and evolved into a traditional sports event along with the history of Osaka. For the 69th race held in January 2016, more than 900 teams made entries in total. From the company, 95 teams participated from broad areas centered on the Kinki region, as well as Sapporo, Kanazawa, Nagoya, Kyushu, and Tokyo, bringing excitement to the race.



Participated runners

#### Women's Soccer

The MS&AD Insurance Group is working for the promotion of sports, supporting athletes actively engaged in the forefront sporting events with a view to reinforcing and developing Japan's sporting power and contributing to social activities. Six players belonging to JEF United Ichihara Chiba Ladies who play in the women's soccer Nadeshiko League (Japanese women's soccer league) are employees of the MS&AD Insurance Group companies and have been skillfully balancing work and sports.



JEF United Ichihara Chiba Ladies

©JEF UNITED

#### Support of Sports for Persons with Disabilities

#### Support for Special Olympics

MSI has concluded a premier sponsor contract with Special Olympics Nippon Foundation, aiming to support athletes with intellectual disabilities. We dispatched our employees as volunteers to the Niigata Competition in February 2016, supporting the operation of competitions and athletes. Moreover, Mitsui Sumitomo Marine Management (U.S.A), Inc., MSI's U.S. subsidiary, also supported, through the participation of 20 volunteers, children competing in The 2015 Special Olympics World Summer Games held from July 25 to August 2, 2015, with more than 8,000 athletes participating from 164 countries.

Going forward, we will continue supporting athletes with intellectual disabilities as a sponsor for Special Olympics Nippon Foundation.





Special Olympics in Los Angels

#### Certified as a "Tokyo Sports Promotion Company" for Fiscal 2015

ADI was acknowledged as a "Tokyo Sports Promotion Model Company" in fiscal 2015 and given a certificate of commendation from the Governor of Tokyo.

Among 102 "Tokyo Sports Promotion Companies" (\*) acknowledged in December 2015, the title of "Tokyo Sports Promotion Model Company" is awarded to companies engaged in initiatives which have a particularly large social impact or spillover effects in supporting sports of persons with disabilities or promoting employees' health.

(\*) What is a "Tokyo Sports Promotion Company"?

It recognizes a company which engages in initiatives to promote employees' sports activities or makes social contributions in the sports field, as a "Tokyo Sports Promotion Company." In the current fiscal year, under a system newly established by the Tokyo metropolitan government, recognized companies are provided with a certificate and a sticker of recognition, with their names to be published on the metropolitan government website.







"Tokyo Sports Promotion Model Company"

Ceremony

#### Partnership Agreement with Bodies/Sports Associations for Persons with Disabilities

In order to support athletes pursuing their potential despite their disabilities, ADI cooperates with the following groups to support its activities:

- Japanese Para-Sports Association (Japanese only)
- Japan Wheelchair Basketball Federation (Japanese only)
- Japanese Para-Swimming Federation (Japanese only)



Success in international competitions
PHOTO by JWBF

ADI is an official partner of the Japanese Para-Sports Association., and has been supporting sports for persons with disabilities.

In order to further realize the community-based approach laid out in our guidelines for action, we are engaged in various activities, including cheering on athletes at the matches, setting up a support site for sports for the disabled, and setting up a panel exhibition at the local AD  $Club^{(*)}$  "Gathering of Thanks." The foundation of our activities consists of an awareness of "watching" and "feeling," and we encourage many employees to personally attend sports matches for persons with disabilities.

(\*) Based on the three pillars of providing information, corporate exchange, and contribution to the community, it is engaged in activities that play a useful role in the community.

Specifically, various seminars, exchanges between different industries, as well as environmental conservation events, disaster and crime prevention events, and various charity events are held. In addition, homepages are set up for each area, and local community information as well as business information are provided through the websites and e-mail newsletters.

- ADI Website for Supporting Sports for persons with disabilities 「AD Challenge Support」 (Japanese only)
- The local AD Club (Japanese only)



Employees' watching and cheering at competitions



Opportunities to experience wheelchair rugby

#### **Support for Visually Impaired Judo**

At MSI Aioi Life, we intend to continue to provide useful support for the disabled to reintegrate into society, find life purpose, and improve their quality of life. To do this, we have assented to the activities of Japanese Para-Sports Association, NPO Japan Judo Association for the Visually Handicapped, and Japan Para Athletics and are working to spread and enhance sports for the disabled. Every year our employees participate in the All Japan visually impaired person judo tournament as volunteers and it was covered in a webcast and watched by many of within and outside of the company. In addition, two visually impaired judo athletes employees actively balances their work and sport life.



Support for the All Japan Judo Championships for the visually impaired

#### **Employment of Athletes with Disabilities**

MSI promotes the employment of disabled persons with the aim of providing support for them to lead independent lives. Currently, a disabled track athlete is an employee of the company, and is training hard with the aim of participating in the Paralympics while engaging in everyday work responsibilities.

ADI is actively hiring disabled athletes. Since 2015, we have hired seven athletes such as members of Japan national deaf football team and members of national swimming team for Rio 2016 Paralympic. They are working to balance their work and competitive activities.

Support for Employees with Disabilities



An employee uses a special PC that makes sound to help users operate it



Initiation ceremony

#### **Promotion of Culture**

#### **Introduction of Concert Halls**

#### Mitusi Sumitomo Insurance Shirakawa Hall

MSI Shirakawa Hall was opened in Nagoya in 1994, as the concert hall equipped with the highest level sound system in the world. As a premium hall for the community, it contributes to creation of an enriched society and is admired widely by musicians; from the world's top artists to local amateur musicians. It is playing the positive role as music cultural facility in keeping with its mission of helping music do what it can for a better society.

Mitusi Sumitomo Insurance Shirakawa Hall (Japanese only)

#### Aioi Nissay Dowa Insurance THE PHOENIX HALL

ADI has positioned "The Phoenix Hall" as a site for mecenat activities in support of the arts and culture. The Hall continues to provide quality musical programs with a focus on classical music performed by artists in Japan and overseas through concerts planned by the company. Also, the hall serves as a venue for concerts on over 200 occasions annually, contributing much to the development of musical and cultural activities in the region. To make music more intimate to our customers, we made the hall more accessible and familiar. Further contributions to the local community will be made through a variety of musical activities.

Aioi Nissay Dowa Insurance THE PHOENIX HALL (Japanese only)

#### Mitsui Sumitomo Insurance Cultural Foundation

The Mitsui Sumitomo Insurance Cultural Foundation<sup>(\*)</sup> engages in activities aimed at supporting efforts to promote culture on the local level, and provides assistance in the fields of music and folk arts. Its main activities are "Concerts for local residents" held in civic halls in various areas and "Assistance for programs of international cultural interchange". At the end of fiscal 2015, as for "Concerts for local residents", a total of 746 concerts were held in cities, towns, and villages, around the country. In addition, "Assistance for programs of international cultural interchange", furnished 445 programs (total of 284 million yen).



A scene of concert

- Mitsui Sumitomo Insurance Cultural Foundation (Japanese only)
- (\*) Mitsui Sumitomo Insurance Cultural Foundation: Established in 1988, change of status to a public welfare corporation in December 2009

#### Special Sponsorship for the "Czech Philharmonic Orchestra Tokyo Performance"

MSI Primary Life sponsored the Tokyo performance of the "Czech Philharmonic Orchestra" (organized by Nikkei Inc./Japan Arts) held at Suntory Hall in October 2015.

"Czech Phil," the pride of Czech Republic, a preeminent musical country, is a prestigious orchestra which has been leaving its mark on the history of music. For instance, it had its debut performance under Dvořák in 1896, and performed Mahler's symphony No. 7 for the first time under Mahler himself in 1908. This performance mesmerized a full house by playing a program which showed the essence of the current Czech Phil with its mellow sound, sometimes compared to velvet. Under Jiri Bělohlávek, a maestro born in Czech Republic, it started with its specialty Smetana's "Má Vlast (My Country)," followed by a concerto with the young virtuosos Sayaka Shoji on violin and others who are leading the next generation, and symphony No. 5 of Beethoven and Tchaikovsky.



Czech Philharmonic Orchestra
Tokyo Performance

#### Exhibition of Owned Arts, "Tsubaki"

ADI shows its owned arts, "Tsubaki" in public art and natural history museums all around the country so that many people can observe them. Tsubaki is one flower cherished by the Japanese from olden times, which used to be the corporate symbol for the former the Dai-Tokyo Fire and Marine. A lot of people have appreciated these arts, in which the beauty of Tsubaki are portrayed by Japanese major artists.

In fiscal 2015, it showed about 30 of its artworks at a special exhibition at Oyama Chusaku Art Museum (Nihonmatsu City, Fukushima Prefecture) commemorating the 10th anniversary of the merger of the city.



Kenzan Ogata "Sabie Tsubaki-zu Kakuzara"

## Education Support

#### Participation in the Bell Mark Campaign

In April 2000, ADI became the first financial institution in Japan to participate in the Bell Mark campaign as a supporter, and affixes Bell Mark points to its all "TOUGH" series products which are personal fields products such as automobile insurance, fire insurance, and accident insurance. At present, about 28,000 PTAs across Japan participate in the Bell Mark campaign and are assisting improvement of the education environment through it.

With the arrival of the 55th anniversary of the Bell Mark campaign in 1960, the Bell Mark Education Support Foundation established the "Bell Mark Ambassador" system in 2015 to enhance the campaign. Its president has become a Bell Mark Ambassador because the company is appreciated for being a supporter of the Bell Mark campaign, engaging in company—wide Bell Mark collection efforts.

Led by the Bell Mark Ambassador, ADI engages in Bell Mark collection with company-wide efforts to improve children's educational environment by adding schools in the areas affected by the Kumamoto Earthquake, while striving to enhance the base for the Bell Mark campaign.

Participation in the Bell Mark Campaign (Japanese only)

#### **Endow Courses at Waseda University**

ADI and MS&AD Reserch Institute have held endowed courses at the Waseda University under the title "Insurance Business in the New Age—Facing Global Standards and the Low Birthrate, Aged Society" since 2007. The courses were opened on major subjects of significant changes in the insurance business, expounding on how to respond to the rapidly developing globalization and aging populations as well as on required deployment of customer—oriented business, etc. In fiscal 2015, in order to further enhance the contents of social issues brought about by the ageing society with fewer children, one of the themes of this course, it held a total of 14 lectures by adding to the curriculum a lecture on the "Social security system in Japan," which is currently attracting interest.

The courses were conducted, under coordination of university teaching staff, by experts in respective fields and the MS&AD Insurance Group executives, utilizing their experience, knowhow, and networks.

#### Donation of Scholarships to the International University of Health and Welfare

To address the needs of the aged society, ADI supports its scholarship program for students of the International University of Health and Welfare (in the city of Ohtawara, Tochigi Prefecture), which is producing human resources to support services in the medical and welfare field, in areas such as nursing care and rehabilitation for the aged to bolster its approaches to nursing services and senior business. Students recommended by the University are given scholarship grants by the time of their graduation as a general rule. A total of 145 students have graduated by fiscal 2015, they are active in each specialized field.

#### Conduction a Lecture on Insurance at the University (China)

Mitsui Sumitomo Insurance (China) Ltd. has opened a course on insurance at Peking University. Videos are used to introduce knowledge about insurance and the role of insurance in an enjoyable manner, and detailed explanations were provided about the characteristics and differences of the insurance industries in Japan and China. As there are a large number of female students participating, initiatives to promote the active role of women in our group are also presented. An employee of our group company who serves as a lecturer was appointed by Peking University as a guest lecturer, because it was appreciated that this insurance course was held for three consecutive periods by fiscal 2015, taught social roles and missions of insurance, and contributed to guidance to students. Mitsui



Insurance lecture

Sumitomo Insurance (China) Ltd. will continue striving to increase awareness of insurance by teaching social roles and missions of insurance to students

#### Support for University Students Majoring in Insurance (Thailand)

The Thai branch of MSI implements an internship program for university students in Bangkok, with the aim of providing opportunities for outstanding students to contribute to the development of the insurance industry. It also provides support for scholarships for university students majoring in insurance studies, and engages in social contribution activities by supporting the young people who will be future leaders of Thailand.



A scene of ceremony

# Human Asset Development and Health Management

#### Human Asset Development

We endeavor to develop human assets toward the goals of heightening levels of professionalism among each and every employee, pursuing betterment as opposed to remaining complacent with the status quo, and maximizing the total power on the organizational level as the aggregate of individual capabilities.

Human Asset Development

### Health Management<sup>(\*)</sup>

Placing an emphasis on the perspective of health management, the MS&AD Insurance Group will endeavor to create the workplace environment paying due consideration to health and safety, in order to maintain and promote healthy minds and goodies of each individual employee.

#### Health Management

(\*) "Health management" is a registered trademark of Workshop for the Management of Health on Company and Employee.

#### Employee's Employment

The hiring practices of the MS&AD Insurance Group are transparent, fair, and people-centered.

Employee's Employment

#### Human Asset Development and Health Management

# **Human Asset Development**

We endeavor to develop human assets<sup>(\*)</sup> toward the goals of heightening levels of professionalism among each and every employee, pursuing betterment as opposed to remaining complacent with the status quo, and maximizing the total power on the organizational level as the aggregate of individual capabilities.

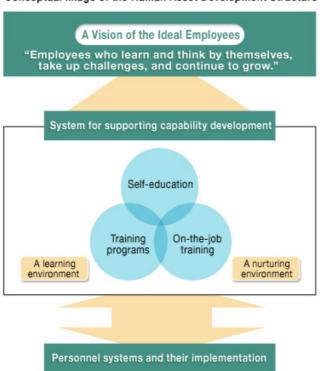
(\*) Human assets: At the MS&AD Insurance Group, in the spirit of valuing the individual, we refer to our employees as "Human assets" rather than "Human resources."

#### **Employee Development Goals**

The MS&AD Insurance Group envisions the ideal employees to be "Employees who learn and think by themselves, take up challenges, and continue to grow." At domestic Group insurance companies, to encourage employees to work as professionals who feel pride and are satisfied with their jobs, we educate and support staff through measures such as "Training". "OJT(\*)" and "Self-education" programs.

(\*) OJT: On-the-job training

#### Conceptual image of the Human Asset Development Structure





#### **Education and Training**

Domestic Group insurance companies offer various opportunities for self-education, including training sessions and external correspondence courses, to assist employees with their self-directed learning and development. As part of our Group-wide initiatives, we have been offering learning opportunities to all Group employees since fiscal 2014 through the "MS&AD Open College" (\*1) and the "MS&AD Online Business School" (\*2).

An OJT program has been established to help newly hired employees familiarize themselves smoothly with the workplace, and utilize their work experience while acquiring the knowledge and skills they need. Moreover, in fiscal 2016 we held a one-day group training session for all new employees of the 8 Group companies in an effort to foster a sense of unity among Group employees.

- (\*1) Intensive training program for acquiring business skills such as problem-solving skills
- (\*2) Learning tools for acquiring MBA knowledge through the use of mobile devices





Joint training for new entry-level employees of 8 Group companies

# ı

#### **Support Taking Up the Challenge**



#### **Trainee System**

Domestic Group insurance companies have put in place a trainee system, which is a short-term program that allows employees to experience work they have never done before, or workplaces that they are interested in. Through this system, employees are able to experience the work of other departments and companies, which in turn leads to fostering a greater sense of unity within the Group, and to strengthening communication.

As MSI has already developed a trainee culture, with the exception of training at the head office, training is conducted independently at the respective workplaces since fiscal 2013.

ADI has been implementing the "field operation practice course" of sending trainees from head office divisions to the sales and claims services divisions, as well as the "head office/affiliated company practice course" of sending trainees from the sales, claims services, and administrative divisions to head office divisions and other Group companies.

| FY 2015: Number of participants of the trainee system |                           |                    |  |
|---|---------------------------|--------------------|--|
|   | Within Group<br>companies | Internal           |  |
| MSI   | 25                        | 160 <sup>(*)</sup> |  |
| ADI   | 21                        | 196 <sup>(*)</sup> |  |
| Mitsui Direct General                                 | 5                         | 0                  |  |
| MSI Aioi Life   | 9                         | 77                 |  |
| MSI Primary Life                                      | 12                        | 21                 |  |

(\*)The number of trainees at the head department, etc.

#### In-house Application System

MSI, ADI, MSI Aioi Life provide In-house application system. This system contributes for the support of career-building of employees who have a strong challenging spirit and have recorded a certain amount of achievement in their current position.

Among them, the "Post Challenge System" is a job posting system in which an employee communicates to the company the details of the career that they want to build and their dreams. This is a system where they can challenge themselves to realize their goals and through this system, we realize the ability of employees to determine their own career development paths.

#### Pursuing Goals

Domestic Group insurance companies have a goal management system, which helps each employee to pursue challenging new work and realize their development and feel more fulfilled on the job.

The employee and his or her superior engage in direct dialogue several times a year. The objective is to build up their consent and fairness in the eyes of the employees by sharing the target, task, achievements of him or her and his or her company and to lead their development.

In addition to the daily communication with superiors, they arrange opportunities for direct dialogue between the two. These dialogues offer support for employees who want to work in new domains or play bigger roles, strengthen their motivations, and help them to feel more fulfilled on the job.

#### **Initiatives to Innovate Roles**

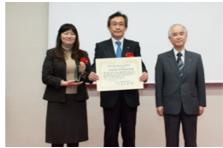
MSI is promoting initiatives to further revolutionize roles, with the aim of improving job satisfaction and productivity among employees. In the "Be Professional For All" initiative (abbreviated as "Be Pro") launched in fiscal 2014, "responsibility to learn" and "responsibility to foster" were established as the key phrases for human resource development. All employees are putting effort into further revolutionizing roles while maintaining a strong awareness of these key concepts. In addition, since fiscal 2015, the company has worked toward strengthening the mindset for carving out time through creative means (expressed as the "JS mindset"), as well as encouraged employees to carry out their work with the strong mettle of changing itself and the workplace through their own efforts by further pursuing potential without being satisfied with the current situation (expressed as "changing responsibilities").

With the aims of balancing changes in working styles with administrative changes, and to bring about improvements in time productivity, ADI is promoting the "Role Innovation" initiative, which encourages each and every employee to fully exert their capabilities and take on the challenge of a higher rank of responsibilities. By promoting "Business Training!" a whole-company initiative for human asset development since fiscal 2015, ADI is striving for a further "Role Innovation" by leveling up "individual abilities" through each individual employee's high motivation for growth and challenging spirit.

#### Receipt of the KAIKA Award from the KAIKA Awards 2014

MSI was awarded the first KAIKA Award, presented by the Japan Management Association.

It was highly appraised for its company-wide initiatives aimed at realizing job satisfaction and growth among employees, and improving organizational competitiveness. These initiatives include "Role Innovation" and "Be Professional For All."



The awards ceremony

#### Training the Next Generation of Leaders

Domestic Group insurance companies are implementing manager training programs designed to provide comprehensive support for human asset development by strengthening participants' "management power" and "workplace communication power." With the aim of nurturing the next generation of leaders who will have a sense and skills for management and for working in a global corporation, MSI and ADI implement training programs to help the next generation learn about management and prepare specific management proposals.

#### ı

#### Newly Established and Improved Training Menu for Female Employees

MSI is focusing on further development of female employees, who account for about 60% of all employees. In fiscal 2015, MSI newly established the "MS Mind-up Female School" for young employees while enhancing the "MS Female Leader School" for mid-career employees, in order to establish the environment in which female employees can be active in a wide-ranging fields and fully exert their capacities as managers.

ADI is aggressively promoting more active roles of women. To produce female executives, ADI introduced the "Mentor System" in 2011, aiming to provide more opportunities for female managers and enhance their consciousness about management. Moreover, the company introduced the "Female Management Seminar" in fiscal 2014 to produce female executives. In fiscal 2015, ADI enhanced the curriculum by incorporating researches on themes to present the findings to directors, etc. Moreover, the company also provides opportunities to participate in pan-industry exchange meetings (for instance, seminars for marketing staff) to accumulate various experiences.



# Endrose Declaration on Action by the "Group of Male Leaders Who Will Create A Society in Which Women Shine" (\*)

In January 2016, ADI endorsed the Declaration on Action by the "Group of Male Leaders Who Will Create A Society in Which Women Shine" supported by Gender Equality Bureau Cabinet Office. With the top management themselves appealing to outside the company, ADI will further promote active roles of women.

(\*) Declaration on Action by the "Group of Male Leaders Who Will Create A Society in Which Women Shine"

In March 2014, the "Council for Supporting Women to Shine" was held at prime minister's office. It started the movement to support women who are shining or striving to shine in various regions and fields.

In June 2014, male leaders who had been aggressively promoting active roles of women gathered and formulated the Declaration on Action by the "Group of Male Leaders Who Will Create A Society in Which Women Shine," which sets out specific activity guidelines. Comprising the three pillars: "Taking actions and sending messages ourselves," "Disrupting the status quo," and "Developing networking;" the Declaration on Action has announced that male leaders will take specific actions in order for women to have higher motivations and exert their abilities to the maximum extent.



#### **Developing Global Human Assets**

To foster the development of international specialists equipped with an abundance of cosmopolitan sense and experise in each field, MSI has implemented the MS Business University, a training system for job training, business skills, and linguistic skills held overseas (such as overseas subsidiaries) for one year in principle. In fiscal 2015, 33 employees were dispatched under this program. Furthermore, with the aim of expanding its base of global human resources, the "Global Human Resource Introductory Course" is also implemented to promote understanding of the mindset and skills that are required of global human resources.

ADI implements programs such as the dispatch program to overseas subsidiaries, which allows employees to experience working for one year at an overseas subsidiary and the MBA dispatch system (HMBA/ICSMBA) where employees are dispatched to Hitotsubashi University. The aim of organizing such programs is to develop human resources who are able to support the expansion of global businesses in various fields, both in Japan and abroad.

#### **Global Trainee System**

MSI implements the "Global Trainee System," which allows employees of the head office to experience working at overseas bases, as well as local employees at overseas bases to experience working at the head office. This contributes to the expansion of the global human resource base, internationalization of the head office divisions, as well as mutual exchange and understanding between Japan and other countries. In fiscal 2015, a total of 28 employees from Japan and 38 local employees from overseas bases (accumulated total after fiscal 2010: 104 domestic employees and 198 local employees from overseas bases) made use of the Global Trainee System.



Scene of local employees from overseas bases participating in the program in Japan

| Number of participants of the Global Trainee System |    |    |    |    |       |    |     |
|---|----|----|----|----|-------|----|-----|
| FY 2010 FY 2011 FY 2012 FY 2013 FY 2014 FY 2015 Tot |    |    |    |    | Total |    |     |
| Domestic Employees                                  | 12 | 11 | 11 | 16 | 26    | 28 | 104 |
| Local Employees at Overseas Bases                   | 14 | 25 | 32 | 43 | 46    | 38 | 198 |

#### Temporary Transfer System to Headquarters from Overseas Branches

MSI accepts the secondment of local employees from overseas bases into the international department and some departments in East Asia and India divisions at the head office. The system was expanded in fiscal 2011, and about eight employees are constantly involved in this program for periods ranging from six months to three years. By fiscal 2015, 45 employees from overseas bases have made use of this program to work in Japan.

The seconded employees have played an active role at the departments they were dispatched to, and improving the quality and efficiency of work processes. The system has also contributed to the advancement of globalization through the process of developing an environment that the seconded employees can play an active role in.

To the seconded employees, the program provides an invaluable opportunity for understanding the functions and attitudes of the head office, through the practical implementation of the management philosophy (mission), management vision, and action guidelines (values) of the MS&AD Insurance Group.

Furthermore, active exchanges are also achieved through the holding of events such as seminars with other departments that typically have little contact with overseas companies, thereby contributing to enhancing mutual understanding.

| Number of participants of temporary transfer system to headquarters from overseas branches |   |    |    |    |    |       |
|--|---|----|----|----|----|-------|
| FY 2011 FY 2012 FY 2013 FY 2014 FY 2015 Total  |   |    |    |    |    | Total |
| Local Employees at Overseas Bases  | 8 | 14 | 11 | 12 | 13 | 58    |

#### **Meeting of Global Compliance Controllers**

MSI organized the 6th Overseas Compliance Controller Training for compliance controllers who are responsible for promoting compliance at overseas bases. In fiscal 2015, 43 controllers from 22 countries and regions participated in the training program. In addition to lectures conducted by the respective head office divisions, the program also included lectures from external speakers about measures for preventing graft cases, case studies on compliance promotion initiatives presented by representatives from overseas bases, and reports on initiatives to prevent the recurrence of scandals. Through this two-day training program,



Participants from around the world

information was shared about the initiatives undertaken in each country, and participants gained a renewed awareness about the importance of promoting compliance.

Human Asset Development and Health Management > Health Management



#### Human Asset Development and Health Management

# Health Management

Having healthy employees not only means an improvement in the employees' QOL (quality of life), but is also vital for the MS&AD Insurance Group to put its Mission Statement into practice. Placing an emphasis on the perspective of health management, the MS&AD Insurance Group will endeavor to create the workplace environment paying due consideration to health and safety, in order to maintain and promote healthy minds and goodies of each individual employee.



#### **Taking Paid Leaves**

MSI believes business efficiency and productivity would increase by ensuring off-time by making sure leaves are taken, which can promote the mental and physical health and ensure capacity development of employees, in addition to being an effective opportunity to develop abilities. Especially, we make efforts to enable all members of the workplace to systematically take the Special vacation by formulating a plan to take the vacation at the beginning of a fiscal year. Primary leaves include Ordinary leave (to be carried over from the previous year) and Special vacation (including Summer vacation, Fresh-up vacation, and Anniversary vacation) As for Summer vacation, a consecutive five-day holiday is available during July - August.

ADI believes taking leaves leads to mental and physical refreshment, further improvement in productivity, and a corporate culture where people help each other. Therefore, in order to further promote taking leaves, ADI has introduced leave systems to have employees take anual paid leaves systematically and by the hour since fiscal 2015.

| FY 2015: Numb | er of vacation days with pay <sup>(*)</sup> (Unit: Days) |      |
|---------------|--|------|
| Company       | Average number of days taken by employees                |      |
| MSI           |  | 15.5 |
| ADI           |  | 17.1 |

- (\*) Scope includes all employees of the company
- Detailed Information



#### **Health Management of Employees**



#### **Medical Checkup**

The MS&AD Insurance Group introduced the operation of a Group-unified medical checkup system that provides the services, health check-ups and reviews of their results. In this way, our group employees are able to receive a homogeneous health diagnosis and result determination wherever Group employees work.

| Medical Checkup Systems   |                               |  |
|---|-------------------------------|--|
| Types of Medical Checkups   | Age Group                     | Characteristics                              |
| General Medical Checkup<br>(Items included beyond those<br>required by law) | Employees below the age of 35 | •Medical checkup items uniform for the Group |
| Total Medical Checkup   | Employees over the            | •Criterion uniform for the Group             |
| (complete medical checkup)  | age of 35                     |  |

This enabled the group employees to get health check-ups and results no matter where they are employed. For the employees who need a follow-up health check, the welfare guidance by industrial doctors and nurses are provided at each company's health management departments (MSI Health Management Center, ADI Health Management Center, and MSI Aioi Life Health Management Promotion Center, etc).

Also, for the employees who use personal computers over a certain period of time, interview guidance by industrial doctors are conducted.

Human Asset Development and Health Management > Health Management

#### 1

#### For Maintaining Employees' Health (Singapore)

MSIG Insurance (Singapore) Pte. Ltd., MSI's local subsidiary in Singapore, encouraged employees to walk 10,000 steps per day by lending them a pedometer, with an aim of promoting their health. After 187 employees participated for two months, 83% of the participants replied to the questionnaire survey afterwards to have become healthier than before the exercise, while 58% replied to feel having improved operational efficiency. Going forward, it will continue its efforts to improve health of employees.

MSIG Insurance (Singapore) Pte. Ltd.



#### **Mental Health of Employees**

To aid mental health care, the MS&AD Insurance Group has established health management centers and employee consultation offices (or officers) and implemented mental health care for employees. The health management centers are staffed with full— and part—time industrial physicians and industrial nurses, and stay with the employee over the entire process from initial consultation to reinstatement in the workplace. In addition to the employee consultation offices that are ready for consultation on any matter, we emphasize support for reinstatement in the workplace, and work in collaboration with the health management centers. Moreover, by implementing stress checks by the same method within the Group from the current fiscal year, we will strengthen the system to prevent mental health problems from developing, while utilizing the results of analysis on the group for creating a better workplace environment.

#### Activities to Support Mental Health Care

MSI supports mental health care activities through the cooperation of the health management center and the employee consultation office. These activities include prevention and workplace reinstatement

- ■Prevention activity: Training, E-learning, Stress checking system, Health Consultation system in workplaces etc.
- Support for patients: Consulting during the recuperation etc.
- Support for reinstatement: Preparation of reinstatement in the period of recovery etc.

In its e-learning system, ADI has incorporated issues related to mental health and is implementing them.

The Personnel Department provides information about self-care for prevention through the training programs about mental health and creating the guide book for all employees for new entry-level employees, line section heads, and line department managers. The company constructed a setup for ready consultation by employees about mental health, by establishing EAP centers<sup>(\*)</sup> and healthcare centers (health management offices in each region) within the company and a consultation office by an outsourced consultation organization. The company provides a variety of consultation methods, which includes the support of reinstated employees and consultation of those under medical treatment.

(\*) Employee Assistance Program to provide general consultation in dealing with employees' problems in mental health, physical health, workplace worries, normalization issues, etc.



#### Safety of Employees (Safe Driving, and Number of Worker Injuries)

In the insurance business, a work-related accident which most frequently occurs is a traffic accident while driving a company car. The Group insurance companies which use company cars make various efforts for safety driving in accordance with safety driving control rules for company cars by managing the status of accident occurrence. Since fiscal 2014, MSI has worked to increase awareness of safety driving by distributing tablet PCs and using the Suma-Ho "Driving Capability" diagnostic application.

| FY 2015: Number of claims of work related injuries (Unit: cases) |                           |                       |                         |            |
|--|---------------------------|-----------------------|-------------------------|------------|
|  | Number of worker injuries | Work related accident | Accident during commute | Fatalities |
| MS&AD Insurance<br>Group   | 141                       | 68                    | 73                      | 0          |

Human Asset Development and Health Management > Employee's Employment

#### Human Asset Development and Health Management

# Employee's Employment

The hiring practices of the MS&AD Insurance Group are transparent, fair, and people-centered.

#### The Number of Employees

| FY 2015: Number of employees (Unit: People, as of March 31, 20 | 016)   |
|--|--------|
| MSI  | 14,691 |
| ADI  | 13,260 |
| Mitsui Direct General  | 563    |
| MSI Aioi Life  | 2,554  |
| MSI Primary Life   | 381    |
| MS&AD Holdings   | 305    |
| Overseas Insurance Affiliates, and others                      | 8,863  |
| Total  | 40,617 |

#### Detailed Information

#### **Hiring of New Graduates**

Under the concept of "Tough Spirits, Big Heart", MSI conducts people-centered hiring practices in accordance with the basic policy that stipulates open, equal, and fair recruitment. We aim to hire human assets<sup>(\*)</sup> who have an international perspective and can create a new era with their own creativity and initiative.

With an eye to becoming a "A company whose cheerful and spirited employees do their best to support customers", ADI works on recruiting activities with the concept of "Let's be positive!" Regardless of nationality and gender, the company is aiming to hire diverse human assets<sup>(\*)</sup> with personality.

(\*) Human assets: At the MS&AD Insurance Group, in the spirit of valuing the individual, we refer to our employees as "Human assets" rather than "Human resources."

#### Internship

MSI implements a MSI internship program, from the standpoint of nurturing human assets in collaboration between industry and academia. By completing this program, participants can experience the social significance of non-life insurance, as well as the work of the sales department and the damage claim support department. In fiscal 2015, approximately 2,000 students participated in the program nationwide.MSI contributes to the growth of the students by providing the medium and long-term type internship of group work type, site acceptance type etc. (max 15 days).

ADI conducts a 5-day internship "Boss' bag-carrier" that makes



A scene of internship

hands—on training possible by closely following managers and branch manager of Sales Department. The goal of this internship is improving the understanding the appeal and meaning of non-life insurance through the experience of the work. In fiscal 2015, 247 students from universities throughout Japan took part in the internship.

Human Asset Development and Health Management > Employee's Employment

#### Sponsorship of the Nikkei Career Challenge Program Organized by Nikkei Inc.

In 2015, we sponsored the Nikkei Career Challenge Program organized by Nikkei Inc. This event aims to improve the employment outlook for university students. In the two-month program, students work in teams to tackle challenges set by the companies. The challenge set by the MS&AD Insurance Group was to "create a new service the MSI Group will provide for society in 2020." Advisers were selected from each of the Group companies (MSI, ADI, MSI Aioi Life, Mitsui Direct General, and MSI Primary Life) to provide the necessary information and advice for tackling the challenge, and to encourage the growth of participating students.



Nikkei Career Challenge Program

#### **Employment for the Elderly**

The MS&AD Insurance Group has a rehiring program for employees who have reached retirement age. The program allows employees to continue exercising their talents by applying their experience and skills. Under the program, several work options are offered by job types, number of working days, and work hours so that a variety of working patterns are available to choose from. As of April 2016, the number of re-employed retirees (total of new hires and continued employees) was 485 at MSI and 386 at ADI, respectively.

#### **Employment of Persons with Disabilities**

Group companies continue to engage in hiring activities to expand and anchor places of employment for the disabled.

They are also adapting workplaces into friendly environment and developing duties performed by persons with disabilities.

At the end of fiscal 2015, the share of people with disabilities among the workforces of domestic Group insurance companies exceeding the minimum employment rate (2.00%) required by law.

Detailed Information

# Receive the Excellence Prize of "Fiscal 2015 Awards for Enterprises Promoting Part-time Workers to Play Active Roles at Work"

MSI received the Excellence Prize of "Fiscal 2015 Awards for Enterprises Promoting Part-time Workers to Play Active Roles at Work" hosted by Ministry of Health, Labour and Welfare. The Award was created in 2015 to develop and promote the working environment for housewives who will sustain labor force in Japan going forward. We received the first award because it was appreciated that we enhance employees' fulfillment on work and productivity by applying personnel systems, such as pay-raise reflecting the results of personnel performance reviews as well as changes in employee categories, not only to infinite-term employees but also to fixed-term employees.



# Diversity and Human Rights



#### Promotion of Diversity

The MS&AD Insurance Group believes that giving all ambitious employees the opportunity to grow and demonstrate their talents through their work will lead to the augmentation of its competitive strength.

Promotion of Diversity

#### Communication with Employees

We promote to enrich employees understanding of Group Mission, Vision and Value. In order to create the sense of unity within the Group leading to employees' feeling of fulfillment on work and growth, we are endeavoring to have communications between management and employees through the framework of listening to opinions of employees, including questionnaire surveys.

Communication with Employees

#### Achievement of Work-Life Balance

The MS&AD Insurance Group is enhancing its work environment and support measures so that employees can work energetically and experience job satisfaction and growth while striking a good balance between work and life

Achievement of Work-Life Balance

#### Respect for Human Rights

The MS&AD Insurance Group conducts activities while respecting human rights as a company, by supporting the Universal Declaration of Human Rights through signing on to the UN Global Compact, and respecting the ILO Core Labor Standards and the OECD Guidelines for Multinational Enterprises.

Respect for Human Rights

Diversity and Human Rights > Promotion of Diversity

#### Diversity and Human Rights

# Promotion of Diversity

To promote the Group management in order to cope with changes in the global environment, it is important to promote teamwork among individual employees with diverse skills and values. The Group believes that giving all ambitious employees the opportunity to grow and demonstrate their talents through their work will lead to the augmentation of its competitive strength.

## 1

#### **Promoting the Career Development of Women**

The MS&AD Insurance Group considers it important that female employees take on challenges and bigger roles in the workplace by utilizing their own advantages and characteristics. This leads to the growth of both the employees and the company. MSI, ADI, MSI Aioi Life established a professional team and they assist the career development, good work-life balance of female employees and create workplace environments that can support this. In July 2011, the MS&AD Insurance Group established a joint declaration for promotion of female employees and has been conducting activities to support women in their career aspirations.

#### [Joint Declaration]

We will actively work to realize the vision of the "Next Challenge 2017," aiming for our new growth without limiting ourselves.

(1) In support of career development,

we will enhance our knowledge and provide opportunities to broaden our field of vision.

(2) In support of balancing our work with life,

we will implement measures to assist ambitious employees to continue working while meeting other life commitments.

(3) In support of creating a productive workplace atmosphere,

we will foster an environment that encourages women to take challenges.

On the basis of the joint declaration, specialist teams within the domestic Group insurance companies have posted the goals for our actions jointly and advanced our approaches.

As a result, there are now 449 women in managerial roles across the five Group insurance companies, with women making up approximately 5.5% of all management positions (compared to 4.6% in the last fiscal year)

Furthermore, in April 2015, ADI saw the inauguration of its first female executive officer.

The MS&AD Insurance Group will carry on in fiscal 2016 to promote the success of women.



#### Training for Female Leaders for the Next Generation

Since fiscal 2010, the "seminar for women" has been held, targeting about 100 female employees who have been candidates for female leaders for the next generation in domestic Group insurance companies. By providing opportunities to understand the expanding women's roles, we support the career development of our female staff who challenge themselves

MSI is expanding the number of female employees who can aim for a management position, by administering the "MSI Female Leaders School" for management position candidates to master business knowledge and leadership skills, such as management skills, and administering the "MS Mind-up Female School" for young employees. ADI fosters next-generation female leaders by holding the "Career Up Seminar" for assistant section managers to promote exchange with female managerial staff who can act as role models.

Diversity and Human Rights > Promotion of Diversity

#### Number and Share of Management Positions Occupied by Women

Number and share of management positions<sup>(\*)</sup> occupied by women (as of April 1 following the end of each fiscal year, figures in parentheses indicate number of positions)

|                       | FY 2012   | FY 2013   | FY 2014   | FY 2015   |
|-----------------------|-----------|-----------|-----------|-----------|
| MSI                   | 2.1%(90)  | 2.9%(120) | 4.0%(163) | 5.1%(204) |
| ADI                   | 3.9%(141) | 4.4%(159) | 5.3%(191) | 6.6%(221) |
| Mitsui Direct General | 1.8%(1)   | 1.8%(1)   | 1.7%(1)   | 2.9%(1)   |
| MSI Aioi Life         | 1.2%(3)   | 2.1%(6)   | 3.4%(10)  | 4.3%(12)  |
| MSI Primary Life      | 6.4%(10)  | 6.7%(10)  | 7.4%(12)  | 6.5%(11)  |

<sup>(\*)</sup> The number of women in positions of manager or higher

#### **Support for Diverse Work Styles**

#### Provisions for Change of Place of Employment

MSI and ADI have introduced provisions for a change of place of employment. The provisions enable area-specific employees<sup>(\*)</sup> to move and continue working for the company instead of quitting when they are compelled to move for reasons such as the transfer of their spouse, the marriage or care of parent. This provision is helping to support employees' work-life balance as well as to stem the efflux of first-rate personnel.

(\*) Area-specific employees: employees who are not subject to transfer entailing a change of residence

#### Rehiring Program (Rehirement of Employees who Retired for Personal Reasons)

MSI has a personnel system for re-hiring former area-specific employees who left the company on account of life event such as marriage, childbirth or care of parent. Since fiscal 2008, the "re-hiring qualifications" have been considerably expanded. Age limits were raised and more lenient determination of separation periods were made to open the door to re-employment wider, thus making it easier for highly motivated previous female employees to reapply after finishing childcare. For female employees of the same industry, the same policy has been applied to make the best use of their experience by offering them better terms.

ADI has a "re-hiring system of retired former employees" which is provided to those former employees who retired/resigned due to certain life events during their working career (childbirth, child rearing, family care spouse's transfer, etc. (\*) when they can return to work. This system can put the former employees' knowledge and skills to better use again.

Mitsui Direct General has introduced a "re-hiring system based on applications," in which former employees can return to the position at the time of resignation by application within a certain period of time after resignation for employees who have to resign against their will due to childbirth, child rearing, family care, spouse's transfer, etc.

(\*) Part of the events is limited to area-specific employees.

#### **Diversity Management Selection 100**

Following from ADI in fiscal 2013, MSI was also selected as one of the best 100 companies in terms of diversity management by the Ministry of Economy, Trade and Industry, in recognition of its initiatives promoting diversity and the role of female employees in fiscal 2014.



Diversity Management Selection 100

Diversity and Human Rights > Promotion of Diversity



#### **Global Human Asset Utilization**

The Group has a network covering 46 countries and regions throughout the world, employs approximately 8,500 people<sup>(\*)</sup> at its overseas subsidiaries and affiliates, and has created systems to promote mutual exchanges between Japan and various locations in the world. Aiming to make the most of the abilities of employees with diverse backgrounds, personalities, and ideas so that it can augment its own capabilities for responding to dynamically changing markets and elevate its competitiveness, the Group is endeavoring to utilize human assets in a manner that surmounts national borders.

- (\*) At overseas consolidated subsidiaries and equity-method affiliates
- Details on Global Human Asset Development



#### **Employment of Persons with Disabilities**

Group companies continue to engage in hiring activities to expand and anchor places of employment for persons with disabilities. They are also adapting workplaces into friendly environment and developing duties performed by persons with disabilities. At the end of fiscal 2015, the share of persons with disabilities among the workforces of domestic Group insurance companies exceeding the minimum employment rate (2.00%) required by law.

Detailed Information



#### Support for Employees with Disabilities

MSI established a team called Team WITH<sup>(\*)</sup> to promote assimilation of people with disabilities into the workplace by giving educational support and creating support systems. "Team WITH" provides consultations and interviews employees with disabilities, implements questionnaire surveys for them and their bosses, and provides manuals to improve the working environment. An annual seminar is held for hearing-impaired employees in order to boost the level of skills necessary for business and promote exchange between employees with the same disability.

#### (\*) WILLINGLY & THOUGHTFULLY

ADI is focusing also on employment, including mentally disabled persons, in order to further expand employment. The Company has been hiring disabled athletes proactively since fiscal 2014, and supports their activities as athletes by assisting the cost of participating in sporting events, exempting them from working within a certain limit when they participate in competition or intensive training, and providing financial incentive for noteworthy achievements. In addition, the Company makes it a basic rule to continue with their employment after they retire from sports. Signing the official partner agreement with the Japanese Para-Sports Association/Japanese Paralympic Committee, it conducts activities to support sports for the disabled, in order to deepen understanding about the disabled.



#### **Employment for the Elderly**

MSI and ADI have a rehiring program for employees who have reached retirement age. The program allows employees to continue exercising their talents by applying their experience and skills. Employment contracts can be renewed in accordance with such factors as the company's operating needs and the nature of the job, enabling employees to work until a maximum age of 65. Under the program, several work options are offered by job types, number of working days, and work hours so that a variety of working patterns are available to choose from. As of April 2016, the number of re-employed retirees (total of new hires and continued employees) was 485 at MSI and 386 at ADI, respectively.

Detailed Information

#### Diversity and Human Rights

## Achievement of Work-Life Balance

The MS&AD Insurance Group is enhancing its work environment and support measures so that employees can work energetically and experience job satisfaction and growth while striking a good balance between work and life.

# ı

#### **Building a Friendly Working Environment**

#### Approaches as a Company Supporting the Development of the Next Generation

MSI, ADI, MSI Aioi Life and Mitsui Direct General provide various supporting systems for the employees raising children as a company supporting the development of the next generation.

#### Receipt of the Minister Prize in the Minister's Award

In the award for companies promoting equality and work-life balance for fiscal 2014, organized by the Ministry of Health, Labor and Welfare, MSI was highly appraised for its active efforts to help women exercise their full capabilities, and initiatives to promote balance between work and childcare/family care duties. In light of these efforts, MSI received an award in the "Family Friendly Company" category, which was presented in the Minister's Award sponsored by the Ministry of Health, Labour and Welfare. MSI has produced a "Work-Life Balance Handbook" that provides an easy-to-understand introduction to various support systems, and is putting effort into promoting utilization of the systems and understanding at the workplaces.



Award for companies promoting equality and work-life balance



#### **Support for Employees Raising Children**

#### Building a Working Environment while Raising Children

MSI holds a seminar for employees scheduling to take a childcare leave to prepare them to be successful once they return to work. The company also prepares an environment which allows e-learning to be available at home during childcare leave, in an effort to support employees who hope to actively work after their leave. In addition, dedicated childcare operators partnering with the company call the employees six months and three months before the month that their childcare leave is due to end, providing support for employees by checking on the situation of their childcare activities (\*\*), and providing information about nursery schools.

ADI provides the "Job Return Support Program" with the view to erase all sorts of worries and assist a smooth return to work for employees. The Program provides a guidebook, "Kangaroo Book" and offers seminars "Kangaroo Meeting" for those on childcare leave, which they can attend with their children before returning to work. DVDs are available for rent for those employees unable to attend the seminar. The "ADI Working Mother Experience Report" has issued to summarize the experiences of senior employees balancing work and childcare.

Since April 2013, we have expanded the scope of eligible users of the in-house nursery school at ADI, allowing employees of the four companies ADI, MSI, MSI Aioi Life, and Mitsui Direct General to use it.

(\*) Activities of guardians that enroll their children in the nursery schools

#### Posting of Substitutes for Employees on Childcare Leave and Provisions for Shorter Hours

To make it easier for female employees who are going to give birth to take childcare leave, MSI has their substitutes work with them starting three months before the maternity leave, to get fully accustomed to the duties. In the shorter working hour system, working hours can be selected from six types which include flextime and rotating shift systems.

ADI has arranged short-hour working system, providing for better terms than what the laws require, that is applicable until the child reaches the third grade in elementary school. Furthermore, since this fiscal year, the company has introduced a system that allows employees to take leave in the time units of their paid leave, as well as a rotating shift system for employees with childcare duties. These efforts have helped create an environment that makes it even easier to balance work and family life.

MSI Aioi Life operates a system that posts substitutes from before an employee goes on childcare leave. Furthermore, it has also enabled a 30-minute unit setting under its shorter working hour system, and made it possible for employees to utilize this system in tandem with the flextime and rotating shift systems.

Mitsui Direct General, MSI Primary Life also operate the "Posting of substitutes for employees on childcare leave".

#### Leave for Daddy Activities/Leave for Daddy-to-be

MSI provides employees (male employees) who have not taken childbirth leave a paid leave of five days from the date the childcare leave starts. The company supports male employees to participate in childcare, by sending eligible employees e-mails encouraging them to take this five-day "leave for daddy activities".

To assist employees who prize a good work-life balance and want to be actively involved in childcare, ADI instated "Papa Preparation Leave", a provision for leave so husbands can prepare for impending childbirth by their wives. The husband is given one day of the week before the scheduled day of birth off with pay, to allow him to support the family as the father beginning before the birth of his child.

Since October 2015, in addition, more strengthened efforts have been made for all male employees to take childcare leave. Specifically, the company sends e-mails calling for taking leave to the employee who has a new-born child and his superior, and thereby supporting involvement of male employees in childcare. Moreover, it is actively exchanging information with other companies by joining the Ikuboss Alliance hosted by Fathering Japan, a non-profit organization.

For an employee who has not taken his childbirth leave, Mitsui Direct General changes the first five days of childcare leave to paid one. The company sends e-mails calling for taking leave to the employee who is eligible for leave and his superior, and thereby supporting involvement of male employees in childcare. Moreover, it is also possible to take two-day paid leave at the time of childbirth by spouse.

MSI Aioi Life has introduced a leave system "Ikumen leave" for men to assist childcare in order to support male employees to proactively participate in childcare. It is possible to take the paid leave for three days in total before and after the expected delivery date, or within six months after their spouse gives birth.



#### Support for Family care

#### Care Leave, Temporary Resignation for Family Care

We have established a support system that enables employees to continue working while caring for a family member. MSI, MSI Aioi Life and Mitsui Direct General have introduced temporary leave systems, and temporary resignation systems for employees who are giving care for relatives. Leave systems for family care allows employees to leave up to 5 days (in case one in the family requires family care) every fiscal year to take care of his or her family who are in need of attendant to go to hospital etc. Temporary resignation for family care allows employees to leave up to 365 days with tenure of office, encourage those motivated employees to work after released from family care.

Since April 2015, MSI has introduced a care aid service provided by the NPO "Sea Care," which provides support for balancing work and care for parents. In this way, MSI provides assistance to employees who are shouldering the burden of providing family care.

ADI has provision of allowing for paid leave to be taken by the hour, shorter hours for family care and leave for family care. ADI also has provision of care leave and temporary resignation for family care with limit of a year. Furthermore, ADI offers a system for rehiring employees who have resigned for family care reasons.

#### "Supporting Service for Family Care" for Employees

In fiscal 2015, MSI newly introduced a family care support system for employees to receive nursing care consultations and consulting services, etc. from NPOs.

With the furthering of aging society with fewer children, we are seeing an increasing trend of employees who face family care of their parents. Accordingly, the company supports employees who strike a balance between work and family care to reduce their burden and enable them to exert their abilities fully.

ADI has introduced a "WELBOX Nursing Care Menu" as employee benefits and welfare, providing, for 24 hours and 365 days, not only an enabling environment for "consultation, provision of facility information and intermediation of nursing care services" but also services to receive discounts on family care goods (from expendable items to wheelchairs) and family care subsidies.

#### Actual Use of Child-support Program, Care Support Program

MSI Aioi Life has introduced a leave system "Ikumen leave" for men to assist childcare in order to support male employees to proactively participate in childcare. It is possible to take the paid leave for three days in total before and after the expected delivery date, or within six months after their spouse gives birth.

| FY 2015: Actual use of Provisions for | Temporary Leave for Childcare or Nursing |  |
|---------------------------------------|--|--|
| (Unit- Persons)                       |  |  |

|                  | Temporary Leave for<br>Childcare | Provisions for shorter hours for<br>Childcare and Nursing | Temporary Leave for<br>Nursing |
|------------------|----------------------------------|---|--------------------------------|
| MSI              | 344                              | 226   | 5                              |
| ADI              | 300                              | 384   | 13                             |
| MSI Aioi<br>Life | 33                               | 23  | 1                              |

#### **Innovation of Work Styles**

For employees to experience motivation to work and their own growth, MSI considers it important for employees to ensure their health, develop themselves, and enhance their work-life balance with the spare time created by working in highly productive ways within a limited time. To this end, the company has implemented the "No overtime work day" and the "Month for creating more ease" in order to encourage employees to leave the office earlier and take leaves. At each workplace, meetings are held twice a year for the purpose of creating more ease at work.

In order to create an environment for employees to work cheerfully and spiritedly, while feeling the sense of fulfillment, ADI is implementing initiatives such as "setting an early go home day every week," "introducing planned provision of annual paid leave," and "setting a taking leave promotion month," etc. The Company has also introduced a discretionary working system for management—related work, which is designed to promote work style that places higher priority on productivity enhancement.

#### Implementation of Family Day (Company Tour for family)

MSI holds Family Day, where families who support our employees are invited to the workplace, in order to deepen their understanding about the company and the workplace, and exchange with members of the workplace. By increasing communication at the workplace, this event has led to the creation of a more lively and active working environment. ADI holds Family Day under the theme of a "Day of interacting with families" aiming to become a "company in which all employees can work lively." In fiscal 2015, neighboring elementary schools and local residents also participated. In addition to interaction with families, it leads to an initiative for close ties with local communities.



Family Environment Seminar



Exchange of business card

#### Diversity and Human Rights

# Communication with Employees

# ı

#### **Employee Satisfaction**

Each year, the MS&AD Insurance Group implements an opinion poll asking all Group employees in the Group such questions as those about the degree of diffusion of the Group Mission, Vision, and Values; about whether the Group has a sense of unity; and about whether they feel strong senses of motivation and personal growth. Questions are prepared from the stationary standpoint of "approaches to practicing the Group Mission, Vision, and Values," "a sense of unity as a Group," and "a lively working environment" to observe the opinions of the Group's employees. As the concept of the Group's Mission, Vision and Values becomes more known among employees every year, it is confirmed that a sense of unity as a Group is enhanced and employees' motivation for work and growth is being actualized.

KPI to Promote Our CSR Approaches "Employee Satisfaction"

| Index   |   | FY 2014     | FY 20                                      | D15         |
|---|---|-------------|--|-------------|
|   |   | Performance | Target                                     | Performance |
| (10) Employee satisfaction (questionnaire results), "Pride, Job satisfaction" | Ratio of employees feeling pride or job satisfaction (all-employee average on a 6-point scale).                                 | 4.3points   | Equal to or greater than the previous year | 4.4points   |
| (11) Employee satisfaction (questionnaire results), "Working Vigorously"      | Ratio of employees, regardless of sex and age, feeling free and lively at workplaces (all-employee average on a 6-point scale). | 4.2points   | Equal to or greater than the previous year | 4.3points   |

Ney Performance Indicators (KPI) to Promote Our CSR Approaches



#### **Utilizing Employees**" Voice for Business Improvement

Each company in the Group has implemented the message board in intrasystem to collect the views of employees to utilize employees' voice for business improvement. Their voices are considered at each division at the headquarters and the results are fed back.

Schemes to Absorb Employee Opinions



#### **Communication with Board Members**

At MSI, the assigned corporate executives from the head office divisions have made visits to sites across Japan to hold the Management Meetings for exchange views with employees to reflect their views in the management. In fiscal 2015, we held 20 times at Japanese sites. We have kept efforts to utilize the voice of employees for management improvement.

At ADI, from the idea of "Respect the voice of field site", the dialogs between top-management-group and employees have been carried out. Corporate executives not only visit field sites but also communicate with employees across Japan at various events hosted by the head office, and thereby reflecting employees' views in the management.

Mitsui Direct General endeavors to make communications between corporate executives and employees by holding "corporate executive meetings" centered on divisions which contact customers directly. At the same time, the company is taking an initiative to reflect employees' views in the management.

MSI Aioi Life holds a meeting in which officers exchange opinions with employees to reflect the voice of employees in its management.

MSI Primary Life holds the "Primary Leader Meeting" twice a year to share business issues among all officers and managerial employees. Furthermore, the "Workplace Meeting" is held on a regular basis to share the situation of each department and important issues through direct talks between the president and employees. In this way, the company proactively takes measures for communication between management and employees.

Diversity and Human Rights > Respect for Human Rights

#### Diversity and Human Rights

# Respect for Human Rights

In June 2004, the MS&AD Insurance Group proclaimed its support of the U.N. Global Compact. It defines 10 principles related to human rights, labour, the environment, and anti-corruption and requiring their compliance to the participants.

The MS&AD Insurance Group is proceeding the approaches for respects of human rights as the supporting company of the Universal Declaration of Human Rights, ILO Core Labor Standards, and OECD Guidelines for Multinational Enterprises through the participation in the U.N. Global Compact.

Participation in the United Nations Global Compact

#### **Basic Policies for Respecting Human Rights**

The MS&AD Insurance Group stipulates respect for human rights in the "Group Basic Compliance Policy".

#### MS&AD Insurance Group Basic Compliance Policy (excerpt)

The MS&AD Insurance Group positions compliance as one of the foremost priorities in the management of the Group. We have adopted the following policies to establish a structure in which all of our officers and employees aim to achieve compliance, with a constant awareness of our corporate social responsibility.

#### 3. Code of Conduct for Officers and Employees Concerning Compliance

- (3) Respect for Human Rights and Creating a Positive Working Environment
  - (i)We respect human rights and will not discriminate or harass people based on race, nationality, gender, age, profession, region, faith, disability, or other elements.
  - (ii)We will create a safe and comfortable working environment.

In due diligence on human rights, our Group conducts thorough assessment, considering that leakage of considerable private information—which we obtain at the time of contracting or paying non-life or life insurance—falls under serious violation of human rights.

#### **Education about Human Rights**

#### Structure of Education about Human Rights

MSI has the following objectives,

- Achieve a company culture based on the philosophy of respecting human rights through training to increase human rights awareness.
- Train employees to respect basic human rights and act conscientiously.

To achieve these, they organize the head office Human Rights Promotion Headquarter and at each branch office Human Rights Promotion Committee. The Human Rights Promotion Headquarters implements and manages the training programs for all employees, validates the feedback and opinions of employees, and reviews education and training plans. At the same time, it works to raise awareness among members of Human Rights Promotion Committees at the workplace on the role of Promotion Committee members and the human rights promotion system, provides information and explanations about the operation of workplace training to all employees, and works toward maintaining the quality of training at all workplaces.

ADI has established "Human Rights Promotion Meeting", chaired by the director in charge of human resources, to further human rights awareness and corporate social responsibility, nurture and maintain internal culture to respect human rights, and grow employees with high respect for human rights. The Promotion Meeting deliberates employee enlightenment/training programs and execution outlines, checks execution status of training programs, and verifies improvement in human rights awareness. Furthermore, they carry out trainings for all employees and training sessions by ranks to provide employees with opportunities to access human rights issues broadly.

Diversity and Human Rights > Respect for Human Rights

# ı

### Training on Human Rights

In fiscal 2015, the MS&AD Insurance Group provided workplace training for all employees with common training materials under the theme of "Why Companies Need Human Rights Promotion", in an effort to create a more comfortable working environment.

In addition to the above-mentioned theme, MSI (including its affiliates) implemented workplace training "Various Human Rights Issues" to promote mutual awareness in accordance with the principle of respecting human rights. In connection with Human Rights Week, we invited our employees to submit "Human Rights Education Slogans," and raised awareness about having sincerely empathetic respect for human rights by expressing and sharing what employees have learned and what they feel on a daily basis. Other initiatives to develop an awareness of human rights among the employees include rank-based training—training for new employees, promoted employees, and managers—as well as creating opportunities for self-learning through e-learning.

ADI implemented workplace training for all employees carried out twice a year. ADI provides Internet TV trainings that are common across the Group. It has received feedback from employees at many workplaces, such as, "I have learnt about mutual respect for individuals in order to prevent harassment, as well as the importance of instruction and dialogue that corresponds to the individual," and "I have become keenly aware of the importance of respecting the feelings of others as anyone can become a perpetrator." In addition, e-learning training courses were also conducted for all employees. "Human Rights Slogans" were collected, and contributed to fostering an awareness of human rights in the company. It has also continued to implement rank-based training for store managers, newly appointed line managers, and new employees, with the aim of creating a comfortable workplace that respects human rights.



# Consultation



# Reporting System from Employees

In order to prevent illegal, unfair and unethical conduct from being neglected and spread, the MS&AD Insurance Group has in place a reporting system that employees can directly report through so the company can promptly recognize the facts and take necessary measures. With this system, the Group pushes ahead with compliance with ethics, laws, and regulations.

To be more specific, the following matters are subject to the reporting system.

OAny matters related to non-compliance

OEmployee mental, physical, health and other issues, caused by sexual harassment, power harassment, and other types of harassments

OAny matters related to working environment, such as work hours and overtime work

We make efforts to allow informers to readily use the system by setting up an external contact point at an outside law firm. In addition we protect the informers by paying a sufficient amount of attention to ensure the informers' privacy and protect their information. We also make sure the informers are not treated disadvantageously.



### **Sexual Harassment and Power Harassment Consultation**

At MSI, the Staff Consultation Office serves as the channel for consultation about and handling of sexual harassment, power harassment and maternity harassment (discrimination against pregnant women) cases. We have also set up a harassment hotline, and are working to create an environment where it is easy to talk about these issues. Matters are arranged so that employees who feel victimized can consult staff there with peace of mind. Based on the swift performance of fact—finding investigations, it makes corrections and punishment as the need arises. The company is also making efforts for prevention such as by holding seminars and e-learning to educate the employees about harassment prevention.

At ADI, we have a desk especially for consultation about sexual and power harassment within the Personnel Department, and have taken steps enabling the employees to use consultation service without any reluctance by placing counseling desk in an external organ. As for issues taken up, we verify the report immediately, we internally punish those involved severely. As for prevention, we post posters with consultation desk details within the workplace cautioning against power and sexual harassment, training sessions via internet TV (once a year) and e-learning (once a year) and the publication of articles on human rights are held to boost employees awareness of human rights.

The following is the materials and data about CSR approaches of the MS&AD Insurance Group.

Subject period:

FY2015 (April 1, 2015 - March 31, 2016)

Subject organization and data coverage:

|   |              | Japan   |                         | Consolidated |                         |  |
|---|--------------|---------|-------------------------|--------------|-------------------------|--|
| Operational company name                            | abbreviation | Subject | Employee-based coverage | Subject      | Employee-based coverage |  |
| Mitsui Sumitomo Insurance Co., Ltd.                 | MSI          | 0       |                         | 0            |                         |  |
| Aioi Nissay Dowa Insurance Co., Ltd.                | ADI          | 0       | 84.4%                   | 0            |                         |  |
| Mitsui Direct General Insurance Co.,<br>Ltd.        | MD           | 0       |                         | 0            |                         |  |
| Mitsui Sumitomo Aioi Life Insurance<br>Co., Ltd.    | MSA          | 0       |                         | 0            | 100%                    |  |
| Mitsui Sumitomo Primary Life<br>Insurance Co., Ltd. | MSP          | 0       |                         | 0            |                         |  |
| MS&AD Holdings                                      | HD           | 0       |                         | 0            |                         |  |
| Overseas insurance subsidiaries <sup>(*1)</sup>     | Overseas     |         |                         | 0            |                         |  |
| Other <sup>(*2)</sup>                               | Other        |         |                         | 0            |                         |  |

<sup>(\*1)</sup> Exclude Amlin whose share was 100% acquired in February 2016

# Third-Party Assurance

The MS&AD Insurance Group has engaged KPMG AZSA Sustainability Co., Ltd. this year to perform an assurance engagement of some selected environmental and social data in order to assure credibility of reported figures. The data subject to the third-party assurance is indicated with ✓.

- KPMG's Independent Assurance Report is Found Here
- The Calculation Methodology for the Data is Found Here

# ISO 26000 Core Subjects (Organizational Governance)

# Corporate Governance

Basic Policies on Corporate Governance

- MS&AD Insurance Group The Basic Policies on Corporate Governance
- MS&AD Insurance Group The Basic Policy Partaining to the System for Internal Control
- MS&AD Insurance Group The Basic Policy for Management of Conflicts of Interest

<sup>(\*2)</sup> Risk-related service businesses operated by Group Companies other than those in the domestic insurance industry

# MS&AD Insurance Group Basic Policy Concerning Antisocial Forces

# Directors (22 Jun 2016)

| Chairman of the Board of Directors                | Chairman (In the absence of the Chairman, President serves concurrently.) |
|---|---|
| Number of Directors                               | 11  |
| Number of Outside Directors                       | 4   |
| Number of independent member in Outside Directors | 4   |

# Auditors (22 Jun 2016)

| Existence of Auditors' Meeting                             | In place |
|--|----------|
| Number of Auditors   | 5        |
| Number of Outside Corporate Auditors                       | 3        |
| Number of independent member in Outside Corporate Auditors | 3        |

### Nomination and Remuneration

Detailed Information

# Number of Meetings of Board of Directors etc.

| Function               |   | FY2015                        |  |  |
|------------------------|---|-------------------------------|--|--|
|                        | Board of Directors                                | 15 <sup>(*1)</sup>            |  |  |
| Execution,             | Governance Committee                              | 3                             |  |  |
|                        | Group Management Committee                        | 13                            |  |  |
|                        | Task-Specific Committee Meetings                  |                               |  |  |
|                        | Group Management and Monitoring Committee Meeting | 36                            |  |  |
|                        | ERM Committee                                     | 6                             |  |  |
|                        | Group Profitability Enhancement Committee         | 6                             |  |  |
| Execution, Supervising | Group Overseas Business Committee                 | (Newly established in FY2016) |  |  |
| ,                      | ICT Innovation Committee                          | (Newly established in FY2016) |  |  |
|                        | Risk Compliance Committee Meeting                 | 8                             |  |  |
|                        | Information Disclosure Committee Meeting          | 8                             |  |  |
|                        | Brand Committee Meeting                           | 2                             |  |  |
|                        | CSR Committee                                     | (Newly established in FY2016) |  |  |
|                        | Group System Committee Meeting                    | 21                            |  |  |
| Audit, Supervising     | Board of Auditors                                 | 12 <sup>(*2)</sup>            |  |  |

- (\*1) Outside Directors average attendance rate 95.0%
- (\*2) Outside Corporate Auditors average attendance rate 91.7%
- Detailed information of Corporate Governance

# Compliance

- MS&AD Insurance Group Basic Policy on Compliance
- MS&AD Insurance Group Basic Policy for management of Customer Information
- MS&AD Insurance Group Basic Policy for Sharing Customer Information
- MS&AD Insurance Group Basic Policy for Management of Outside Vendors

| Internal Report System | Yes |
|------------------------|-----|
|                        |     |

# Risk Management

MS&AD Insurance Group Basic Policy for Risk Management

### Information Disclosure

MS&AD Insurance Group Basic Policy for Disclosure

# ISO 26000 Core Subjects (Consumer Issues)

MS&AD Insurance Group Basic Policy for Responding to Customer Communications

# Handling Situation of Customer's Voice

(Comparison with last year in parenthesis)

(Units: cases)

|       |  |          |               |                            |                             | (Units : cases              |
|-------|--|----------|---------------|----------------------------|-----------------------------|-----------------------------|
| Items |  | Coverage | FY2012        | FY2013                     | FY2014                      | FY2015                      |
| Total |  | MSI      | 38,310<br>(-) | 42,646<br>(11.3%)          | 39,908<br>(▲6.4%)           | 37,253<br>(▲6.7%)           |
|       | Contracts, Canvassing                            | MSI      | 8,045<br>(-)  | 9,166<br>(13.9%)           | 8,660<br>( <b>Δ</b> 5.5%)   | 8,387<br>( <b>▲</b> 3.2%)   |
|       | Management, Maintaining of contracts, Collection | MSI      | 13,581<br>(-) | 15,219<br>(12.1%)          | 12,221<br>( <b>1</b> 9.7%)  | 10,883<br>( <b>▲</b> 10.9%) |
|       | Insurance payment                                | MSI      | 15,133<br>(-) | 16,665<br>(10.1%)          | 16,583<br>(▲0.5%)           | 15,634<br>( <b>Δ</b> 5.7%)  |
|       | Management of customer information               | MSI      | 191<br>(-)    | 206<br>(7.9%)              | 213<br>(3.4%)               | 219 (2.8%)                  |
|       | Other  | MSI      | 1,360<br>(-)  | 1,390<br>(2.2%)            | 2,231<br>(60.5%)            | 2,130<br>( <b>A</b> 4.5%)   |
| Total |  | ADI      | 52,116<br>(-) | 50,275<br>(▲3.5%)          | 42,684<br>(▲15.1%)          | 36,428<br>(▲14.7%)          |
| С     | Contracts, Canvassing                            | ADI      | 11,739<br>(-) | 11,189<br>( <b>▲</b> 4.7%) | 9,188<br>( <b>1</b> 7.9%)   | 7,215<br>( <b>Δ</b> 21.5%)  |
|       | Management, Maintaining of contracts, Collection | ADI      | 20,884        | 17,006<br>( <b>1</b> 8.6%) | 13,294<br>( <b>▲</b> 21.8%) | 8,726<br>( <b>△</b> 34.4%)  |
|       | Insurance payment                                | ADI      | 15,989<br>(-) | 19,340<br>(21.0%)          | 18,869<br>(▲2.4%)           | 19,745<br>(4.6%)            |
|       | Management of customer information               | ADI      | 666<br>(-)    | 902 (35.4%)                | 781<br>(▲13.4%)             | 479<br>(▲38.7%)             |
|       | Other  | ADI      | 2,838<br>(-)  | 1,838<br>( <b>△</b> 35.2%) | 552<br>(▲70.0%)             | 263<br>(▲52.4%)             |
| Total |  | MD       | 4,617<br>(-)  | 4,991<br>(8.1%)            | 3,294<br>( <b>△</b> 34.0%)  | 3,661<br>(11.1%)            |
|       | Contracts, Canvassing                            | MD       | 1,240<br>(-)  | 1,367<br>(10.2%)           | 1,345<br>( <b>1</b> .6%)    | 1,575<br>(17.1%)            |
|       | Management, Maintaining of contracts, Collection | MD       | 35<br>(-)     | 44<br>(25.7%)              | 41<br>(▲6.8%)               | 66<br>(61.0%)               |
|       | Insurance payment                                | MD       | 3,224<br>(-)  | 3,315<br>(2.8%)            | 1,743<br>( <b>△</b> 47.4%)  | 1,200<br>( <b>▲</b> 31.2%)  |
|       | Management of customer information               | MD       | 4 (-)         | 1<br>( <b>^</b> 75.0%)     | 3 (200.0%)                  | 1<br>( <b>△</b> 66.7%)      |

|       | Other                                  | MD  | 114<br>(-)   | 264<br>(131.6%)            | 162<br>(▲38.6%)            | 819<br>(405.6%) <sup>(*)</sup> |
|-------|--|-----|--------------|----------------------------|----------------------------|--------------------------------|
| Total |  | MSA | 10,641       | 7,728<br>( <b>▲</b> 27.4%) | 4,810<br>( <b>▲</b> 37.8%) | 4,625<br>(▲3.8%)               |
|       | New contracts                          | MSA | 2,372<br>(-) | 1,400<br>( <b>▲</b> 41.0%) | 1,399<br>( <b>△</b> 0.1%)  | 1,127<br>( <b>▲</b> 19.4%)     |
|       | Collection                             | MSA | 1,613<br>(-) | 619<br>(▲61.6%)            | 555<br>(▲10.3%)            | 452<br>( <b>1</b> 8.6%)        |
|       | Maintaining of contracts               | MSA | 2,219<br>(-) | 1,356<br>(▲38.9%)          | 1,106<br>( <b>1</b> 8.4%)  | 983<br>( <b>▲</b> 11.1%)       |
|       | Insurance payment, Payment of benefits | MSA | 1,237<br>(-) | 1,140<br>(▲7.8%)           | 1,034<br>( <b>△</b> 9.3%)  | 1,365<br>(32.0%)               |
|       | Other                                  | MSA | 3,200<br>(-) | 3,213<br>(0.4%)            | 716<br>(▲77.7%)            | 698<br>(▲2.5%)                 |
| Total |  | MSP | 9,341<br>(-) | 12,520<br>(34.0%)          | 4,423<br>(▲64.7%)          | 3,637<br>( <b>1</b> 7.8%)      |
|       | New contracts                          | MSP | 793<br>(-)   | 1,081 (36.3%)              | 264<br>(▲75.6%)            | 347<br>(31.4%)                 |
|       | Collection                             | MSP | 0 (-)        | 0 (0.0%)                   | 0 (-)                      | 0 (-)                          |
|       | Maintaining of contracts               | MSP | 2,171<br>(-) | 4,023<br>(85.3%)           | 1,232<br>( <b>△</b> 69.4%) | 745<br>(▲39.5%)                |
|       | Insurance payment, Payment of benefits | MSP | 1,923<br>(-) | 2,065<br>(7.4%)            | 421<br>(▲79.6%)            | 405<br>(▲3.8%)                 |
|       | Other                                  | MSP | 4,454<br>(-) | 5,351<br>(20.1%)           | 2,506<br>( <b>A</b> 53.2%) | 2,140<br>( <b>1</b> 4.6%)      |

<sup>(\*)</sup> In regard to interrupted connections caused by increased incoming calls at the time of product updates in October 2015

# ISO 26000 Core Subjects (Environment)

MS&AD Insurance Group Environmental Basic Policy

# CO2 Emissions in Business Activities

(Comparison with last year in parenthesis)

| Items                         |               | Coverage         | Units        | FY2012 | FY2013                     | FY2014                         | FY2015                     |                            |   |
|-------------------------------|---------------|------------------|--------------|--------|----------------------------|--------------------------------|----------------------------|----------------------------|---|
| CO2 emissions<br>(Scope1,2,3) |               | Japan + Overseas | Consolidated | t-CO2  | 124,068<br>(13.9%)         | 466,556 <sup>(*1)</sup><br>(-) | 471,646<br>(1.1%)          | 480,682<br>(1.9%)          |   |
|                               | CO2 emissions | Japan            | Consolidated | t-CO2  | 22,804<br>( <b>Δ</b> 0.5%) | 22,889 (0.3%)                  | 22,823<br>( <b>△</b> 0.3%) | 20,417<br>( <b>1</b> 0.5%) | 1 |
|                               | (Scope 1)     | Japan + Overseas | Consolidated | t-CO2  | 23,005<br>( <b>△</b> 0.3%) | 23,057 (0.2%)                  | 22,983<br>( <b>△</b> 0.3%) | 25,010<br>(8.8%)           | 1 |

| CO2 emissio           | Japan<br>ns            | Consolidated | t-CO2 | 79,325<br>(24.6%)         | 77,196<br>( <b>Δ</b> 2.7%)  | 87,334<br>(13.1%)  | 83,638<br>( <b>▲</b> 4.2%) | 1 |
|-----------------------|------------------------|--------------|-------|---------------------------|-----------------------------|--------------------|----------------------------|---|
| (Scope 2)             | Japan + Overseas       | Consolidated | t-CO2 | 91,241 (20.2%)            | 88,758<br>(▲2.7%)           | 100,581<br>(13.3%) | 94,940<br>(▲5.6%)          | 1 |
| CO2 emissic (Scope 3) | ns<br>Japan + Overseas | Consolidated | t-CO2 | 9,821<br>( <b>▲</b> 1.2%) | 354,741 <sup>(*1)</sup> (-) | 348,082<br>(▲1.9%) | 360,732<br>(3.6%)          |   |

(\*1) In fiscal 2011 and 2012, we report on 2 categories of Scope 3 ("employee commuting" and "business trip"). In fiscal 2013, we report on 9 categories of Scope 3.

# Data on Environmental Impact

Scope 1 & 2 Coverage [the Group's consolidated figures (including overseas Companies)]

(Comparison with last year in parenthesis)

| Items                    | Coverage       | Units                   | FY2012                        | FY2013                      | FY2014                        | FY2015                        |   |
|--------------------------|----------------|-------------------------|-------------------------------|-----------------------------|-------------------------------|-------------------------------|---|
| Electricity              | Consolidated   | MWh                     | 200,517<br>( <b>Δ</b> 2.2%)   | 198,477<br>(▲1.0%)          | 193,264<br>(▲2.6%)            | 171,725<br>( <b>▲</b> 11.1%)  | 1 |
| Heat supply              | Consolidated   | GJ                      | 58,654<br>(64.3%)             | 41,043<br>( <b>▲</b> 10.4%) | 48,681<br>( <b>▲</b> 7.4%)    | 58,922<br>(2.1%)              | 1 |
| City gas                 | Consolidated   | thousand m <sup>3</sup> | 1,984<br>(2.9%)               | 2,224<br>(12.1%)            | 2,377<br>(6.9%)               | 2,017<br>( <b>1</b> 5.1%)     | 1 |
| Liquefied Petroleum Gas  | Consolidated   | t                       | 118<br>(49.4%)                | 126<br>(6.8%)               | 168<br>(33.3%)                | 189<br>(12.5%)                | 1 |
| Heavy oil                | Consolidated   | kl                      | 105<br>(94.4%)                | 121<br>(15.2%)              | 103<br>(▲14.9%)               | 95<br>(▲8.7%)                 | 1 |
| Kerosene                 | Consolidated   | kl                      | 202 (5.2%)                    | 189<br>(▲9.5%)              | 190<br>(4.2%)                 | 190<br>(0%)                   | 1 |
| Diesel oil               | Consolidated   | kl                      | 6 (0%)                        | 7 (16.7%)                   | 6<br>( <b>1</b> 4.3%)         | 6 (0%)                        | 1 |
| Gasoline                 | Consolidated   | kl                      | 7,523<br>( <b>Δ</b> 3.3%)     | 7,907<br>(5.1%)             | 7,536<br>( <b>4</b> .7%)      | 8,278<br>(9.8%)               | 1 |
| Tatal                    | Compolidat - 1 | MWh                     | 682,638<br>( <b>△</b> 0.6%)   | 686,135<br>(0.5%)           | 663,759<br>(▲3.3%)            | 610,984<br>( <b>A</b> 8.0%)   | 1 |
| Total energy consumption | Consolidated   | GJ                      | 2,437,993<br>( <b>△</b> 0.6%) | 2,450,484 (0.5%)            | 2,370,569<br>( <b>A</b> 3.3%) | 2,182,087<br>( <b>A</b> 8.0%) | 1 |

# Scope 3 Coverage (major items)

(Comparison with last year in parenthesis)

| Items   | Coverage             | Units | FY2012                     | FY2013           | FY2014             | FY2015           |
|---|----------------------|-------|----------------------------|------------------|--------------------|------------------|
| Paper   | Japan                | t     | 14,445<br>( <b>1</b> 2.2%) | 16,036<br>(11.%) | 13,283<br>(▲17.2%) | 13,928<br>(4.9%) |
| Proportion of paper with forest certification | MS,AD,MSA<br>(Japan) | %     | 12.0<br>(96.7%)            | 15.1<br>(25.8.%) | 15.9<br>(5.3.%)    | 16.4<br>(3.1%)   |

| Total water use                   | Consolidated (*1)  | thousand m <sup>3</sup>  | 691<br>( <b>1</b> 5.5%)    | 941<br>(-)       | 986<br>(4.8%)              | 909              | 1 |
|-----------------------------------|--------------------|--------------------------|----------------------------|------------------|----------------------------|------------------|---|
| Total disposed waste              | Consolidated (*1)  | t                        | 5,330<br>(12.5%)           | 8,561<br>(-)     | 7,193<br>( <b>▲</b> 16.0%) | 8,960<br>(-)     | 1 |
| Total recycled waste              | Japan<br>(FY2013-) | t                        | 3,554<br>( <b>Δ</b> 21.4%) | 4,523<br>(27.3%) | 3,867<br>( <b>1</b> 4.5%)  | 4,616<br>(19.4%) |   |
| Business trip (Aircraft use only) | Consolidated (*2)  | thousand<br>passenger-km | 10,454                     | 17,305<br>(-)    | 16,634<br>( <b>△</b> 3.9%) | 26,494           | 1 |

(\*1) In fiscal 2012, the boundary is sites of MS and AD in Japan. In fiscal 2013 and 2014, the boundary is MS, AD, MSA and Overseas. The figures have been updated as calculation methodologies in fiscal 2013 and fiscal 2014 were reviewed.

(\*2) In fiscal 2012, the boundary is sites of MS and AD in Japan. In fiscal 2013 and 2014, the boundary is sites of MS, AD and MSA in Japan.

# **Cost Reduction Effect**

| Items                       | Coverage  | Units        | FY2012   | FY2013  | FY2014  | FY2015   |
|-----------------------------|-----------|--------------|----------|---------|---------|----------|
| Electricity <sup>(*1)</sup> | The Group | thousand JPY | ▲138,210 | 55,080  | ▲94,646 | ▲549,245 |
| Gasoline <sup>(*2)</sup>    | The Group | thousand JPY | ▲38,016  | ▲48,858 | ▲56,589 | 98,834   |
| Copy Paper <sup>(*3)</sup>  | The Group | thousand JPY | ▲36,480  | ▲13,440 | ▲12,960 | ▲52,480  |

- (\*1) Calculated from the average unit price of electricity at MS&AD Holdings
- (\*2) Calculated from the petroleum products price survey gasoline nationwide annual average unit price (Agency for Natural Resources and Energy)
- (\*3) Effects of copy paper reduction

# **Environmental Approaches through Supply Chain**

(Comparison with last year in parenthesis)

| Items  | Coverage | Units     | FY2012 | FY2013 | FY2014 | FY2015 |
|--|----------|-----------|--------|--------|--------|--------|
| Number of Agents, companies with certification under Eco Action 21 (*1)  | MSI,ADI  | companies | 1,219  | 1,261  | 466    | 366    |
| Number of maintenance shops implementing Eco-inspection, Eco-maintenance | MSI      | companies | 434    | 467    | 400    | 392    |

(\*1) Number of Agents, companies that obtained the certification by the end of March 2016

# ISO 26000 Core Subjects (Community Involvement and Development)

| Items                                       |                        | Coverage        | Units          | FY2012      | FY2013      | FY2014      | FY2015      |
|---|------------------------|-----------------|----------------|-------------|-------------|-------------|-------------|
| Number of acquirer of                       | Volunteer leave        | MSI、ADI、<br>MSA | people         | 10          | 5           | 4           | 6           |
| Number of acquirer of                       | Volunteer leave        | MSI、ADI、<br>MSA | people         | 1           | 0           | 0           | 1           |
| Social contribution act                     | tivities at each       | MSI、ADI、HD      | %              | 99.0        | 91.5        | 89.3        | 92.0        |
| Number of employees contribution activities | engaged in social      | MSI、ADI、HD      | people         | 16,142      | 11,373      | 15,124      | 16,507      |
| Number of employees<br>Eco Smile Campaign   | participated in        | Japan           | people<br>(*1) | 24,771      | 22,556      | 19,977      | 23,864      |
| MS&AD Unison Smile members                  | Club Number of         | Japan           | people         | 14,795      | 17,886      | 17,356      | 16,553      |
| Disaster Relief                             | Donated amount         | Consolidated    | yen            | 31,191,000  | 37,248,000  | 35,739,500  | 38,568,000  |
| Donation Matching<br>Gift Program           | Number of participants | Consolidated    | people         | 14,071      | 18,086      | 20,306      | 20,174      |
| Donation <sup>(*2)</sup>                    | <u> </u>               | Japan           | yen            | 360,930,000 | 958,560,000 | 912,470,000 | 950,448,860 |

<sup>(\*1)</sup> Total participants

# ISO 26000 Core Subjects (Human Rights) (Labor Practices)



# Employment(\*1)

| Items  |       |            | Coverage              | Units  | FY2012  | FY2013  | FY2014  | FY2015   |  |  |  |     |        |     |     |     |     |
|--|-------|------------|-----------------------|--------|---------|---------|---------|----------|--|--|--|-----|--------|-----|-----|-----|-----|
| Number of the Group employees <sup>(*1)</sup>  | Total |            | Consolidated          | people | 36,643  | 37,055  | 38,358  | 40,617   |  |  |  |     |        |     |     |     |     |
| Temporary employees are superscripted as the average number of annual temporary hires in |       |            |                       |        | (7,833) | (8,746) | (8,996) | (10,173) |  |  |  |     |        |     |     |     |     |
|  |       | Domestic   |                       | people | 30,640  | 30,827  | 31,910  | 32,044   |  |  |  |     |        |     |     |     |     |
| the bracket.   |       |            |                       |        | (7,502) | (8,351) | (8,583) | (9,520)  |  |  |  |     |        |     |     |     |     |
|  |       | Breakdown) | MSI                   | people | 14,478  | 14,188  | 14,859  | 14,691   |  |  |  |     |        |     |     |     |     |
|  |       |            | ADI                   | people | 12,784  | 12,812  | 12,973  | 13,260   |  |  |  |     |        |     |     |     |     |
|  |       |            | MD                    | people | 503     | 528     | 572     | 563      |  |  |  |     |        |     |     |     |     |
|  |       |            | MSA                   | people | 2,366   | 2,421   | 2,544   | 2,554    |  |  |  |     |        |     |     |     |     |
|  |       |            |                       |        |         |         |         |          |  |  |  | MSP | people | 342 | 344 | 363 | 381 |
|  |       |            | HD                    | people | 107     | 265     | 309     | 305      |  |  |  |     |        |     |     |     |     |
|  |       |            | Other <sup>(*2)</sup> | people | 60      | 269     | 290     | 290      |  |  |  |     |        |     |     |     |     |

<sup>(\*2)</sup> Including Disaster Relief total amount of Donation Matching Gift, excluding donation from employees

| Overseas <sup>(*3)</sup> | people | 6,003 | 6,228 | 6,448 | 8,573 |
|--------------------------|--------|-------|-------|-------|-------|
|                          |        | (331) | (375) | (379) | (622) |

<sup>(\*1)</sup> Excludes employees transfering out of the company, but includes employees transferring in. Excludes excecutive officers and employees on leave.

<sup>(\*3)</sup> Include Amlin whose share is 100% acquired on February 2016

| Items                                   |                         |        | Coverage | Units  | FY2012 | FY2013 | FY2014 | FY2015 |
|---|-------------------------|--------|----------|--------|--------|--------|--------|--------|
| The group domestic Number of            | TotalMale and           |        | Japan    | people | 30,580 | 30,558 | 31,620 | 31,754 |
| employees <sup>(*1)</sup>               | Female                  | Male   | Japan    | people | 16,107 | 15,988 | 16,880 | 16,661 |
|   |                         | Female | Japan    | people | 14,473 | 14,570 | 14,740 | 15,093 |
| Average age <sup>(*2)</sup>             | TotalMale and           |        | Japan    | age    | 41.0   | 41.3   | 41.7   | 41.8   |
|   | Female                  | Male   | Japan    | age    | 44.1   | 44.4   | 44.8   | 44.8   |
|   |                         | Female | Japan    | age    | 37.4   | 37.9   | 38.2   | 38.5   |
| Average length of service               | TotalMale and           |        | Japan    | year   | 12.4   | 12.8   | 12.5   | 12.7   |
|   | Female                  | Male   | Japan    | year   | 13.9   | 14.2   | 13.4   | 13.7   |
|   |                         | Female | Japan    | year   | 10.9   | 11.3   | 11.5   | 11.7   |
| Number of regular hires <sup>(*3)</sup> | TotalMale and           |        | Japan    | people | 784    | 955    | 1,111  | 1,112  |
|   | Female                  | Male   | Japan    | people | 249    | 248    | 294    | 337    |
|   |                         | Female | Japan    | people | 535    | 707    | 819    | 775    |
| Turnover rate <sup>(*4)</sup>           | TotalMale and<br>Female |        | Japan    | %      | -      | -      | -      | 3.1    |

<sup>(\*2)</sup> Risk-related service businesses operated by the Group Companies other than those in the domestic insurance industry

- (\*1) Excludes excecutive officers, employees on leave and temporary employee
- (\*2) The end of March of each year
- (\*3) The number of new hires in April of each year
- (\*4) Exclude retirees and are calculated based on voluntary resignees

# Diversity

| Items  |   | Coverage | Units  | FY2012       | FY2013       | FY2014       | FY2015       |
|--|---|----------|--------|--------------|--------------|--------------|--------------|
| Employment rate of people v  | vith disabilities   | lonon    | %      | 1.98         | 2.08         | 2.09         | 2.22         |
| Figures in the brackets are i  | numbers of employees  | Japan    | people | (496)        | (541)        | (574)        | (902)        |
| Employment rate of people with disabilities Figures in the brackets are numbers of employees  Rehiring Program after retirement Number of users <sup>(*1)</sup> The ratio of females in executive or managerial positions  Section Chief |   | Japan    | people | 626          | 769          | 917          | 898          |
|  | Head of Department  |          |        | 0.9          | 1.0<br>(11)  | 1.2<br>(14)  | 2.1<br>(25)  |
| positions  | Section Chief   | Japan    | %      | 3.3<br>(236) | 4.0<br>(285) | 5.1<br>(363) | 6.2<br>(424) |
|  | Managerial positions<br>(department heads & division<br>chiefs) |          |        | 3.0<br>(245) | 3.6<br>(296) | 4.6<br>(377) | 5.0<br>(449) |

(\*1) Number of people newly or re-employed

# Human Rights

| Items                 | Coverage | Units             | FY2012 | FY2013 | FY2014 | FY2015 |
|-----------------------|----------|-------------------|--------|--------|--------|--------|
| Human rights seminars | MSI      | <sub>%</sub> (*1) | 97.1   | 97.3   | 97.9   | 97.6   |
|                       | ADI      | <sub>%</sub> (*2) | 97.7   | 92.5   | 99.7   | 99.9   |

- (\*1) participation rate of seminars (including employees at affiliated business companies)
- (\*2) Completion rate of e-learning

| Items                       | Coverage | Units | FY2015 |
|-----------------------------|----------|-------|--------|
| Labor union membership rate | Japan    | %     | 89.7   |

# Programs for Promoting Work-life Balance

| Items  |                                    |                                     | Coverage | Units  | FY2012 | FY2013 | FY2014 | FY2015 |
|--|------------------------------------|-------------------------------------|----------|--------|--------|--------|--------|--------|
| Temporary leave before / after childbirth  Number of acquirers |                                    |                                     | Japan    | people | 496    | 564    | 552    | 679    |
| Temporary leave for childcare                                  | TotalMale and                      |                                     | Japan    | people | 478    | 547    | 587    | 695    |
| Number of acquirers Female                                     | Female                             | Male                                | Japan    | people | 8      | 9      | 61     | 96     |
|  |                                    | Female                              | Japan    | people | 470    | 538    | 526    | 599    |
| Flexible working hours for                                     | shorter hours                      | shorter hours                       |          | people | 392    | 480    | 527    | 587    |
| childcare  Number of acquirers                                 | flextime                           | flextime                            |          | people | 16     | 41     | 23     | 27     |
| realists of acquirers  | Change of Starti<br>Finishing time | Change of Starting / Finishing time |          | people | 2      | 4      | 5      | 22     |
| Temporary retirement for                                       | TotalMale and                      |                                     | Japan    | people | 15     | 14     | 13     | 19     |

| nursing  Number of acquirers                            | Female |        | Japan | people | 6  | 4    | 2    | 4  |
|---|--------|--------|-------|--------|----|------|------|----|
| Number of acquirers                                     |        | Female | Japan | people | 9  | 10   | 11   | 15 |
| Flexible working hours for nursing  Number of acquirers |        |        | Japan | people | 10 | 7    | 7    | 15 |
| Ratio of employees taking paid leave <sup>(*)</sup>     |        | Japan  | %     | _      | _  | 49.6 | 53.5 |    |

(\*) Number of days acquired / granted. Including scheduled / vacation (excluding carring-over) and special vacation such as summer vacation.

Except, the following figures does not include carrying-over vacations. ADI(FY2012), MSA(FY2012), MD(FY2012)

# Health and Safety at Work

| Items  |       |                         | Coverage | Units  | FY2012 | FY2013 | FY2014 | FY2015 |  |
|--|-------|-------------------------|----------|--------|--------|--------|--------|--------|--|
| Number of claims for work related injuries           | Total |                         | Japan    | cases  | 150    | 173    | 162    | 141    |  |
|  |       | Work-related accident   | Japan    | cases  | 59     | 81     | 74     | 68     |  |
|  |       | Accident during commute | Japan    | cases  | 90     | 92     | 88     | 73     |  |
|  |       | Fatality accident       | Japan    | cases  | 1      | 0      | 0      | 0      |  |
| Consultation rate of Medical Checkup <sup>(*1)</sup> |       | Japan                   | %        | 99.2   | 100.0  | 100.0  | 100.0  |        |  |
| Total lost days due to absenteeism <sup>(*2)</sup>   |       | Japan                   | days     | 41,403 | 44,037 | 44,710 | 43,516 | 1      |  |

- (\*1) Number of consultation / number of employees
- (\*2) Include temporary employees in the coverage

Third-Party Assurance

# Third-Party Assurance

### Third-Party Assurance

The MS&AD Insurance Group has engaged KPMG AZSA Sustainability Co., Ltd. this year to perform an assurance engagement of some selected environmental and social data in order to assure credibility of reported figures. The data subject to the third-party assurance is indicated with  $\checkmark$ .

- KPMG's independent assurance report is found here
- The calculation methodology for the data is found here



# Independent Assurance Report

To the President and CEO of MS&AD Insurance Group Holdings, Inc.

We were engaged by MS&AD Insurance Group Holdings, Inc. (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators marked with ✓ for the period from April 1, 2015 to March 31, 2016 (the "Indicators") disclosed in the Company's 'Data/Reference Material' webpage: www.ms-ad-hd.com/en/csr/data/ (the "Webpage") for the fiscal year ended March 31, 2016.

### The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria") as described in the Webpage.

### **Our Responsibility**

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information', 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' of the Japanese Association of Assurance Organizations for Sustainability Information. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Webpage, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Webpage and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also recalculating the Indicators.
- Visiting to Tokyo Sumitomo Twin Building (West Tower) selected on the basis of a risk analysis.
- Evaluating the overall statement in which the Indicators are expressed.

### Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Webpage are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Webpage.

# **Our Independence and Quality Control**

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AZSA Sustainability Co., Ltd.

Tokyo, Japan

June 28, 2016

# Scope and Method of Calculating Environmental Data

| <u> </u>        |          | or Calculating Environmental Data                        |                         |
|-----------------|----------|--|-------------------------|
| Item            |          | d of calculating amounts of energy used, amounts of      | CO2 emission factor     |
|                 |          | posed waste, and passenger-kilometers traveled           |                         |
| Amount of       | Japan    | Actual measured energy usage collected in accordance     | Emission factor by      |
| electric power, |          | with the Act on the Rational Use of Energy, which        | energy source based     |
| gas, cold and   |          | covers all of the energy use within each of              | on the Act on           |
| hot water,      |          | Company-owned buildings.                                 | Promotion of Global     |
| heavy oil, and  | Overseas | Calculated from energy purchase costs and unit price     | Warming                 |
| kerosene        |          | by country as published by JETRO (*1).                   | Countermeasures as      |
| used            |          |  | published by Japan's    |
| Amount of       | Japan    | In principle, actual measured amounts of gasoline and    | Ministry of the         |
| gasoline and    |          | diesel oil are used. When an actual measured amount      | Environment and         |
| diesel oil used |          | of gasoline is unknown, the amount is calculated from    | emission factor by      |
|                 |          | the gasoline purchase cost and the domestic national     | electric power utility. |
|                 |          | average unit price as published in a survey of gas       | For overseas electric   |
|                 |          | station retail prices conducted by Japan's Agency for    | power, emission factor  |
|                 |          | Natural Resources and Energy.                            | by country published    |
|                 | Overseas | In principle, the amount used is calculated from         | by IEA (*2).            |
|                 |          | gasoline purchase costs and unit price by country as     |                         |
|                 |          | published by JETRO. When the cost of gasoline is         |                         |
|                 |          | unknown, it is calculated from the amount of gasoline    |                         |
|                 |          | used per car and the number of cars at overseas sites,   |                         |
|                 |          | or the amount of gasoline used per person at overseas    |                         |
|                 |          | sites and the number of employees overseas.              |                         |
| Amount of       | Japan    | In principle, the amount of general waste disposed of    | /                       |
| disposed        |          | from Company-owned buildings is the actual measured      |                         |
| waste           |          | amount, which covers 33% of the total in terms of the    |                         |
|                 |          | number of employees. When an actual amount is            |                         |
|                 |          | unknown, it is estimated from the cost of waste disposal |                         |
|                 |          | and the unit cost. The amount of general waste           |                         |
|                 |          | disposed of from non-Company-owned buildings is          |                         |
|                 |          | calculated from the amount of disposed general waste     |                         |
|                 |          | per person in Company-owned buildings and the            |                         |
|                 |          | number of employees in non-Company-owned                 |                         |
|                 |          | buildings. The amount of disposed industrial waste is    |                         |
|                 |          | the actual measured amount.                              |                         |
|                 | Overseas | Calculated from the amount of disposed general waste     |                         |
|                 |          | per person in Company-owned buildings in Japan and       |                         |
|                 |          | the number of employees overseas.                        | /                       |
| Amount of       | Japan    | The amount of water used in Company-owned                |                         |
| water used      |          | buildings is the actual measured amount, which covers    |                         |
|                 |          | 59.7% of the total in terms of the number of employees.  |                         |
|                 |          | The amount of water used in non-Company-owned            |                         |
|                 |          | buildings is calculated from the amount of water used    |                         |
|                 |          | per person in Company-owned buildings and the            |                         |
|                 |          | number of employees in non-Company-owned                 | /                       |

|                                  |          | buildings.   |   |
|----------------------------------|----------|--|---|
|                                  | Overseas | Calculated from water use per person in Company-owned buildings in Japan and the number of employees overseas  |   |
| Business<br>travel (by<br>plane) | Japan    | Calculated from domestic and international air travel expenses estimated from domestic and international business travel expenses (assuming that 10% or 20% of domestic business travel expenses and 50% of international business travel expenses are air travel expenses), emissions unit values per amount of transportation costs incurred as published by Japan's Ministry of the Environment, and emissions unit value per thousand passenger-kilometers traveled by type of transportation. | Database of emissions unit values for calculating supply chain greenhouse gas emissions, as published by Japan's Ministry of the Environment. |

Organizational boundary: MS&AD Insurance Group Holdings, Inc. and its consolidated subsidiaries.

\*1 JETRO: Japan External Trade Organization

\*2 IEA: International Energy Agency

Third-party Opinion

# Third-Party Opinion

### Kaori Kuroda

Executive Director, CSO Network Japan (August 2011 - present)

- Japan Director, The Asia Foundation (April 2010 present)
- ISO26000 Social Responsibility Working Group Expert representing Japanese NGOs (2007 2010)



As Representative Director, President & CEO Yasuyoshi Karasawa states in his Message, In 2015, Sustainable Development Goals (SDGs) was adopted at the UN General Meeting, followed by the historic Paris Agreement in December setting the framework for climate change measures for 2020 and onwards. The year became a benchmark where the global community, in unity, has begun taking a step forward towards sustainable society. In contrast, the occurrence of natural disasters has risen and intensified, in the meantime, worsening terror threats, political instabilities, and even severity of refugee problems are revealing social risks and instability. Expectations and demands for corporations are certainly increasing in such period of time, but roles to be fulfilled by insurance companies, are especially expanding

Given the fact and continuing from the previous year, I would like to share my opinions on the MS&AD Insurance Group's CSR commitment based on the contents of its CSR Report.

# Strengthened Group-Wide CSR Structure

The Group reconsolidated the direction and structure for the Group-wide CSR promotion adhering to the Group Mission, Vision, and Value. Since the structure essential for "building a sustainable, strong and resilient society by achieving our management Vision" has become unambiguous, MS&AD Holdings and its domestic Group insurance companies now can unite to push forward CSR at a higher degree. It will be easier to conduct positive case studies from the Group insurance companies and expand them laterally. I am expecting to see more initiatives that well integrate management and CSR.

### **Addressing Material Issues**

The Group is challenging in "contributing to the resolution of social issues through the improvement of product and service quality," the second pillar of the material issues by responding to rising risks and needs that are face the global community and by reacting to new issues. The Group has signed the Paris Pledge for Action to promise its actions towards the realization of the Paris Agreement as the first major non-life insurance company in Japan. It has created a significant impact across the globe and been highly recognized for its proven commitment in bringing contributions to low-carbon society.

In the case of the 2016 Kumamoto Earthquake, The Group reacted promptly and simultaneously carried through customer visits and damage assessments. As for responses to other cases of accident prevention and disaster prevention and mitigation, the Group began providing a consulting service for water disaster prevention measures as well as a road safety awareness tool for elderly drivers in addition to ongoing initiatives. It will be great to see a social indicator that measures the level of impact such services actually attribute in resolving the social issues.

### Communicating with Stakeholders

It is worth recognition that the basic strategy of the Medium-Term Management Plan is centered on communication with stakeholders, and similarly, deliberations of material issues often referred to voices of customers, employees, shareholders, and agents. I hope that the Group will pay greater attention to and hold dialogues with local communities where it has not established direct clientships and employment relations as well as international stakeholders, with the aim of considering tangible future business plans (e.g. who and how to establish a local clientship etc.).

Third-party Opinion

### Respect for Human Rights

The global attention on business and human rights is on the rapid rise. As labor conflicts and breach of human rights are worsening along with globalization of businesses, the UN Guiding Principles on Business and Human Rights were adopted in 2011. The principles have largely influenced laws and CSR standards and guidelines. The G7 Leaders' Declaration concluded at the summit in 2015 included strong support for the above-mentioned principles.

The Group has signed the UN Global Compact, Principles for Sustainable Insurances, and Principles for Responsible Investment. Specific initiatives such as improved human resources training and employee reporting system and human rights due diligence assessed from a privacy protection aspect deserve some praise. I expect that the Group will further promote the respect for human rights.

### Our Response to the Third-Party Opinion on Our CSR Report

Thank you very much for your valuable insight into the 2016 CSR Report of the MS&AD Insurance Group.

Fiscal 2015 was the second year of the MS&AD Insurance Group's 'Next Challenge 2017,' our medium-term management plan. As a part of our Group's Basic Strategy, in this plan we pledge our commitment to earn trust and contribute to solving social issues, through the improvement of products and services quality, based on our communication with stakeholders.

In particular, extreme weather attributed by climate change is frequently inducing natural disasters across the globe, and therefore, the importance of societal resilience to adopt the changes is only growing. In December 2015, we signed the Paris Pledge for Action in which it promises to make efforts to bring into practice the Paris Agreement, the framework for climate change measures adopted at COP21. As part, we will continuously provide insurance products that prepares people against climate change-led natural disasters for emergency and also disaster prevention and mitigation risk management services, in intention to minimize damage risks posed by natural disasters.

As a company engaged in the global insurance and financial services industries, we will put greater focus on dialogue with stakeholders than previously. Due to the nature of our globalized businesses, we will identify and respond to potential risks of violating human rights in the course of business.

To lay the structural foundation for such CSR activities, we have integrated MSI and ADI's CSR functions into the holding company's Corporate Social Responsibility Section to strengthen its function since fiscal 2016. The Corporate Social Responsibility Section promotes CSR activities involving the entire Group while supporting those of domestic Group companies. We are committed to contributing to enforcement of social resilience by understanding challenges through communication with various stakeholders.

MS&AD Insurance Group Holdings, Inc.

Takaoki Endo, Executive Officer and General Manager, Corporate Planning Department