

# CSR Report 2015



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

# INDEX CSR Report 2015

## CSR in the MS&AD Insurance Group

P.002

Message from the President Outline of the Group Aspiration and CSR CSR information Perspective of disclosure

### Shared Group Initiatives

#### P.142

P.168

Policies and Management Systems Related to Environmental and Social Contribution Activities Reduction of environmental impact Preserving Biodiversity Contribution to Local and International Communities Social contribution in the field of sports, culture and education

## Respect for human rights and the growth of employees

Approaches to Human Rights
Employee's employment
Human asset development
Communication with employees
Promotion of diversity
Achievement of Work-Life Balance

Promotion of Mental and Physical Health



P.188

Third-party Opinion

P.202

## Management

P.031

Corporate Governance Compliance Risk Management Information Disclosure Medium-Term Management Plan

## Pillar I Earning trust through the improvement ofproduct and service quality

P.089

Leveraging stakeholders' voices to improve quality Develop and improve products and services from stakeholders perspective

Upgrading customers' ease of understanding and convenience Payment of insurance claim service preferable to customers Quality improvement of the Contact Center Growth with our agents

# Pillar II Contributing to the resolution of social issues through the improvement of product and service quality

P.113 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

## CSR in the MS&AD Insurance Group



#### Message from the President

Message from Representative Director, President & CEO Yasuyoshi Karasawa

#### Outline of the Group

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

#### Aspiration and CSR

Presents the Aspiration and Perspective and Pillars of CSR approaches of the MS&AD Insurance Group.

#### **CSR** information Perspective of disclosure

Presents CSR Report 2014 the editing policy, scope of report etc.

## CSR in the MS&AD Insurance Group Message from the President



Since our founding in April 2010, the MS&AD Insurance Group has established the following as our Mission : "We 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." Based on the recognition that we serve the vital role of continuously providing value to each of our seven stakeholders, we strive to put our best into fulfilling our social responsibility across all our business activities.

We have strengthened efforts for our CSR programs in fiscal 2014 by putting in place the following two pillars based on the basic Group strategies articulated in our medium-term management plan, "Next Challenge 2017":1) Earning trust through improvement of our products and services quality, and 2) Contributing to the resolution of social issues through improvement of our products and services quality. At the same time, all the Group companies have worked together to implement initiatives that are deeply rooted in local community networks. These include the Group environmental and social contribution activity, "MS&AD OUR EARTH Project," as well as the "MS&AD Ramsar Supporters" initiative, which is a waterfront conservation activity that focuses on wetlands registered under the Ramsar Convention.

In March 2015, the 3rd UN World Conference on Disaster Risk Reduction was held in Sendai. With the high frequency of large-scale natural disasters occurring in countries around the world, it has become increasingly important not only for governments, but for multiple stakeholders, to put effort into promoting disaster risk reduction measures. Speaking at the Great East Japan Earthquake Forum as a representative of the financial circles, I proposed the following three roles that Japan should fulfill in order to enhance the effectiveness of the Sendai Framework for Disaster Risk Reduction 2015 -2030: 1) Spreading the disaster risk reduction technologies and know-how of Japanese enterprises to the world; 2) Ensuring thorough risk communication through cooperation between governments and citizens; and 3) Promoting cooperation between the public and private sectors in local communities.

Until now, we have, of course, injected efforts into making prompt payments toward insurance claims during large-scale natural disasters, as part of our social mission as an insurance company. In addition, the Group has also put collective effort into proposing disaster prevention and mitigation plans, as well as business continuity plans, provided risk consulting services, and participating in recovery support activities. Our company, which has experienced the Great East Japan Earthquake and the major floods in Thailand, regards further enhancement of the international community's capacity to respond to natural disasters as a pressing issue. By harnessing the knowledge that we have built up thus far, we aim to contribute to strengthening resilience (resistance against disasters, and ability to recover from disasters), and to the formulation of disaster prevention and mitigation measures in the world.

In fiscal 2015, we aim to realize our vision of "creating a world-leading insurance and financial services group that continues to seek sustainable growth and to enhance enterprise value." We will also put greater effort into ensuring that each and every employee in all Group companies has the opportunity to maximize his or her capabilities, regardless of gender, nationality, or other differences.

We will continue working hard in order to meet the expectations of all our stakeholders. We look forward to receiving your continued support and cooperation. Thank you.

July 2015

President & CEO 7. Horan

Yasuyoshi Karasawa

## CSR in the MS&AD Insurance Group 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.

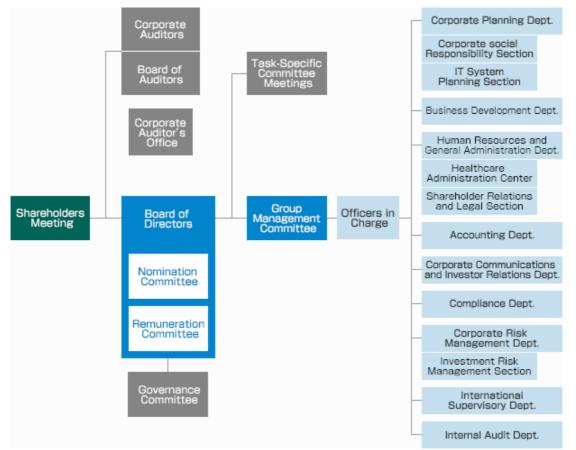
## Company Overview

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 yen
Number of Employees	309 (As of March 31, 2015)
Business Description	<ul> <li>Our activities as an insurance holding company are:</li> <li>1. Management of non-life and life insurance companies and companies qualified to become subsidiaries under insurance business law.</li> <li>2. Any business associated with previous body.</li> </ul>
Stock Listing	Tokyo Stock Exchange (First Section) Nagoya Stock Exchange (First Section)

CSR in the MS&AD Insurance Group > Outline of the Group > Organization Chart

## Organizational Chart

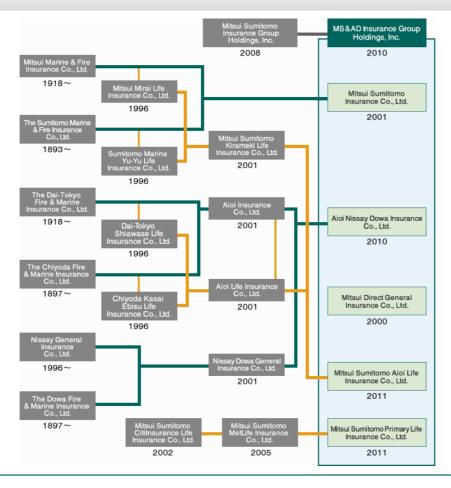


CSR in the MS&AD Insurance Group > Outline of the Group > History

## 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."

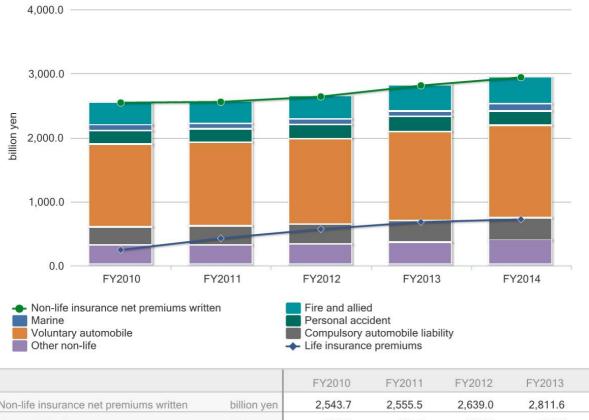
#### **Background of Group Integration**



History of Mitsui Sumitomo Insurance (link to website)

MS&AD Holdings (Consolidated)

## **Insurance Premiums**



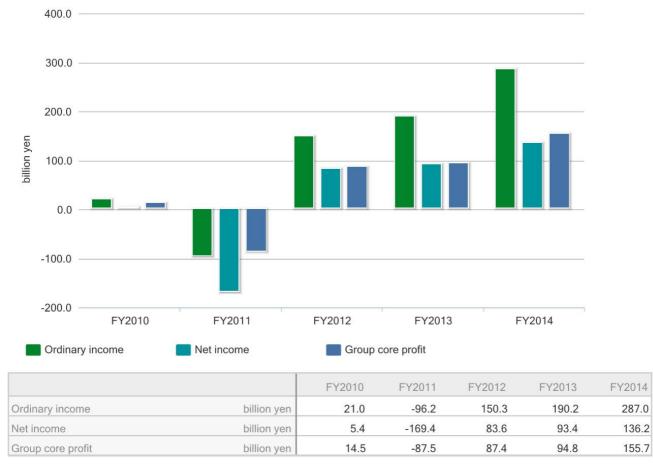
Non-life insurance net premiums written	billion yen	2,543.7	2,555.5	2,639.0	2,811.6	2,939.1
Fire and allied	billion yen	354.5	339.6	354.0	398.1	425.8
Marine	billion yen	89.4	87.3	87.3	97.0	103.3
Personal accident	billion yen	212.7	219.5	222.8	227.5	230.9
Voluntary automobile	billion yen	1,291.9	1,299.4	1,337.1	1,393.1	1,438.0
Compulsory automobile liability	billion yen	273.8	291.6	310.5	338.2	348.3
Other non-life	billion yen	321.2	317.8	327.1	357.4	392.4
Life insurance premiums	billion yen	244.5	425.6	569.0	678.9	721.7

Supplied by © Euroland.com

FY2014

MS&AD Holdings (Consolidated)

## Statement of Income

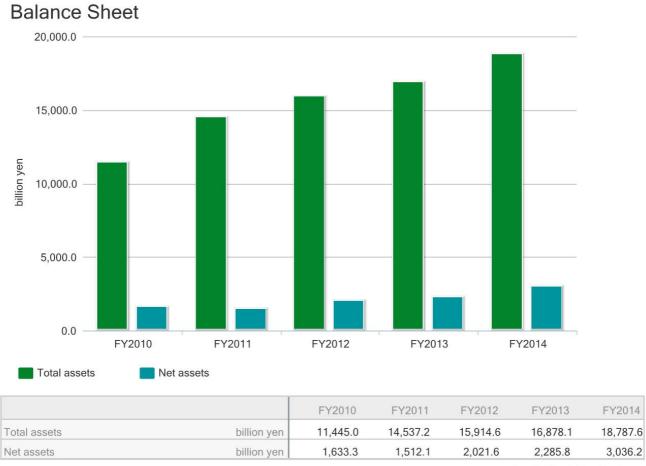


#### Notes

1. Figure of Group core profit for FY2009 is the sum of those for Mitsui Sumitomo Insurance Group Holdings, Aioi Insurance and Nissay Dowa General Insurance.

Supplied by © Euroland.com

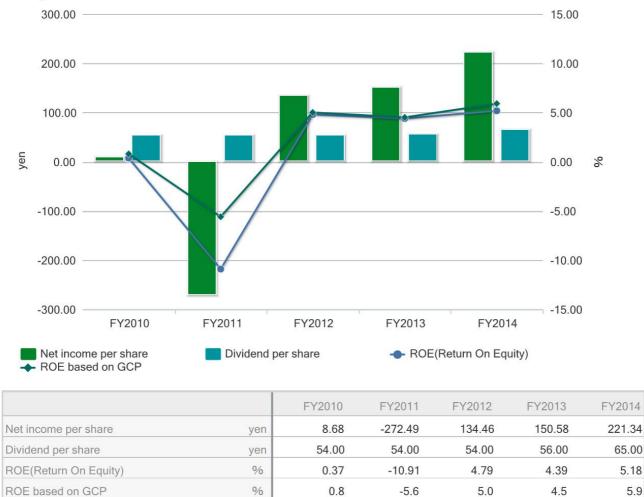
#### MS&AD Holdings (Consolidated)



Supplied by © Euroland.com

MS&AD Holdings (Consolidated)

## Major Indicators



Notes

1. Figure of ROE based on GCP for FY2009 is the sum of those for Mitsui Sumitomo Insurance Group Holdings, Aioi

Insurance and Nissay Dowa General Insurance.

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

Supplied by © Euroland.com

## 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.

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

based on close relationships with local communities.

K Company Overview

MITSUI SUMITOMO INSURANCE COMPANY, LTD. 🛄 http://www.ms-ins.com/english/
Responsible for non-life insurance business, which is a core business of the MS&AD Insurance Group, MSI is exercising its comprehensive capabilities to offer insurance and financial services business globally. V Outline
AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED L http://www.aioinissaydowa.co.jp/english/
 Responsible for non-life insurance business, which is a core business of the MS&AD Insurance Group, ADI is leveraging its strong relationships with the Toyota Group and the Nippon Life Group and engaging in business

## **MITSUI DIRECT GENERAL INSURANCE COMPANY, LIMITED** I http://www.mitsui-direct.co.jp (Japanese Only)

Mitsui Direct General is a non-life insurance company that specializes in directly selling individual automobile, medical, and other insurance policies to customers via the Internet and phone calls.

V Outline

V Outline

## MITSUI SUMITOMO AIOI LIFE INSURANCE COMPANY, LIMITED http://www.msa-life.co.jp (Japanese Only) MSI Aioi Life is a life insurance company that offers protection-type life insurance products, while leveraging the Group's marketing network and customer base. The company is realizing a growth model that involves a combination of strategies to utilize unique marketing channels.

MITSUI SUMITOMO PRIMARY LIFE INSURANCE COMPANY, LIMITED I http://www.ms-primary.com

CSR in the MS&AD Insurance Group > Outline of the Group > Group Structure

#### (Japanese Only)

MSI Primary Life is a life insurance company that leverages its position as a leading company in the individual annuity insurance industry to offer asset-building products focusing on individual annuity insurance and whole life insurance via financial institutions.

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.

V Outline

#### 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.

MS&AD Business Service Co., Ltd. 🛄 http://www.msk-info.com (Japanese Only)

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

V Outline

MS&AD Research	Institute Co., Ltd. 🔲 http://www.msadri.jp/company_e/	
As a research instit	ute in the MS&AD Insurance Group, MS&AD Research Institute und	dertakes studies
and research in suc	h fields as insurance, finance, social security and other socio-econo	omic fields, and
risk management.		
		V Outlin
MS&AD Loan Serv	r <b>ices Co., Ltd.</b> 🔲 http://www.ms-ad-ls.cojp/site/index (Japanes	e Only)
MS&AD Loan Servio	ces provides customers within the Group with administration servic	es for
investments, loans a	and mortgage guarantee insurance, credit guarantee services, and lo	oan services for
individuals.		

#### ANSHIN DIAL Co., Ltd. 🛄 http://www.anshin-dial.jp (Japanese Only)

As a top-quality call center specializing in assistance services, ANSHIN DIAL provides such services as roadside assistance and home assistance.

CSR in the MS&AD Insurance Group > Outline of the Group > Business Segments and Structure

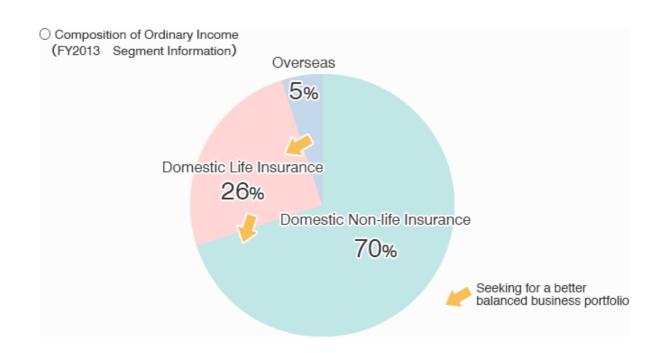
### Business Segments and Structure | Who We Are

#### **Business Overview**

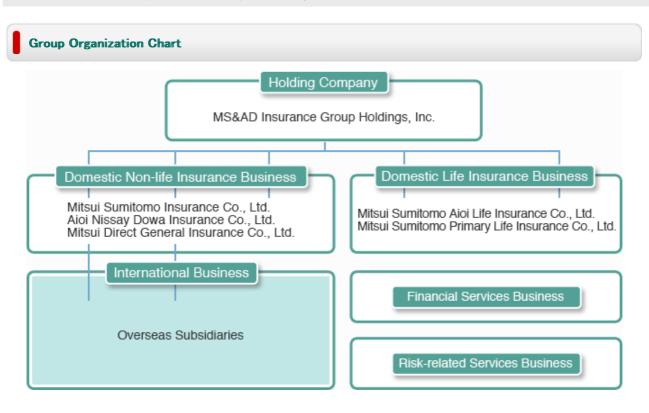
## Five business domains drive our continued growth, underpinned by the platform of the domestic non-life insurance business.



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



CSR in the MS&AD Insurance Group > Outline of the Group > Business Segments and Structure



CSR in the MS&AD Insurance Group Aspiration and CSR Perspective of CSR approaches of the MS&AD Insurance Group We strive to fulfill our responsibility to our seven stakeholders and dedicatedly increase corporate value based on our "Perspective of CSR Initiative of the MS&AD Insurance Group" toward the realization of 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. Detailed information of the MS&AD Insurance Group's Mission, Vision & Value Provide products and services that meet customers' expectations for quality Customers Provide appropriate disclosure of information Grow together as and appropriate returns to shareholders. Strive partners Agents Shareholders to raise corporate value All Business Maintain sound Provide a comfortrelationships and cooperate to fulfill able working Activities **Business** environment, a sense of purpose, and Employees corporate responsipartners bilities opportunities to grow Local

communities/

international

society

#### Pillars of CSR approaches (group common priority issues)

As a member of

society, contribute to its sustainable development

#### **Consideration Process**

From the founding of MS&AD Insurance Group in April 2010 through March 2014, we have communicated with and listened to the voices of our various stakeholders while putting our medium-term management plan into action. Under the process of formulating our new medium-term management plan, entitled the "Next Challenge 2017," that commenced in April 2014, MS&AD Insurance Group has held multiple discussions regarding 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.

The

Environment

Take steps to protect the global environment

For information on the consideration process regarding priority issues and results thereof (materiality matrix)

Resolution of social issues / improvement of corporate value

#### The Medium-term Management Plan and Pillars of CSR Initiatives (priority issues)

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.

## The Pillars of Group CSR Measures (Priority Issues)

#### Medium-Term Management 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.

#### Social Issues (ESG\* issues)

Frequent accidents and disasters / Massive natural disasters caused by abnormal weather / Increased burden of nursing and medical care along with the aging of society / Decline in the vitalization of local communities (\*E: environmental, S: social, G: governance)

#### 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 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

#### 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. In fiscal 2013, the KPI was introduced at the three more companies, Mitsui Direct General, MSI Aioi Life, and MSI Primary Life, for the aim to further its approaches effectively in line with the PDCA cycle.

Issues	Index	Covered Companies	
Earning trust through the improvement of quality of products and services	(1) Improvements of products/services initiated by customers' voices.	Domestic Group Insurance Companies	
	(2) Customer satisfaction for overall response to accidents. (questionnaire results)	MSI, 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.	MS&AD Holdings, Domestic Group Insurance Companies	
	(5) Electricity consumption		
	(6) Paper consumption		
	(7) Gasoline consumption		
	(8) Web policy clauses selection rate	MSI, ADI	
Diversity, Employee Satisfaction,	(9) Number of female managers (section manager or above)	MS&AD Holdings, Domestic Group	
Social Contribution Activities	(10) Employee satisfaction (questionnaire results), "Pride, Job satisfaction"	Insurance Companies	
	(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.		

Results of FY2014 CSR activities

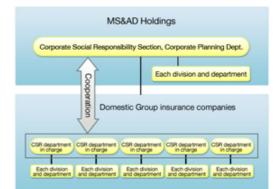
GLOBAL CO

Network Japan WE SUPPORT

#### **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.

Each domestic Group insurance company has been promoting CSR activities with its CSR department in charge in line with the holding company initiatives, while taking advantage of individual company characteristics and past approaches.



#### **Participation to initiatives**

#### Participation in the U.N. Global Compact \*

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, 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.

#### Ten principles in 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 MS&AD Insurance Group activities

U.N. Global Compact Japan Network

#### 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

Signatory of:



discussion toward the realization of investment and loan activities that consider ESG issues.

#### 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.

#### Principles for Responsible Institutional Investors «Japan' s Stewardship Code»

In May 2014, MSI and ADI assented to the main idea of Japan's Stewardship Code from the perspective of fulfilling social responsibility and announced their support.

#### **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 2015, The MS&AD Insurance Group is included in the following components of SRI Index.

- FTSE4Good Index Series
- Ethibel EXCELLENCE Investment Registers
- Morningstar Socially Responsible Investment Index(MS-SRI)
- ECPI® Indices



CSR in the MS&AD Insurance Group > Aspiration and CSR > Who We Are : Our Mission, Vision & Value

Our Mission, Vision & Value | Who We Are **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** INTEGRITY TEAMWORK INNOVATION PROFESSIONALISM CUSTOMER FOCUSED We continuously strive We are sincere, kind, We achieve mutual We listen to our stake-We make continuous to provide security and fair and just in all our growth by respecting holders and continuefforts to improve our achieve customer dealings with everyone. one another's individuously seek ways to skills and proficiency to satisfaction. ality and opinions, improve our work and provide high-quality and by sharing knowlbusiness. services. edge and ideas.

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

## The consideration process for priority issues and results to establish the pillars (priority issues) of MS&AD Insurance Group's CSR initiatives

Under the process of formulating our new medium-term management plan, entitled the "Next Challenge 2017," that commenced in April 2014, MS&AD Insurance Group has held multiple discussions regarding 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.

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:

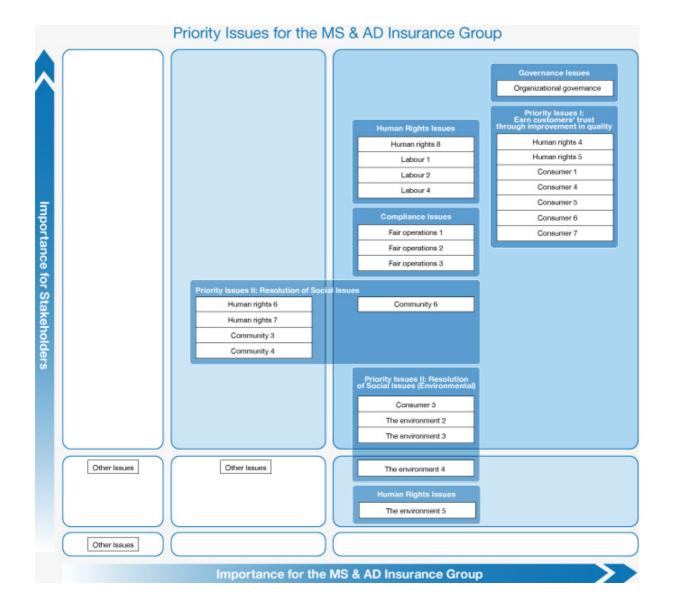
(i) the issue is a priority for the MS&AD Group; and

(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. 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 2014.)

	Priority Issues	Description				
Ι	Earning trust through the improvement of product and service quality	Communicate with stakeholders, with customers at the center, promote the enhancement of product and service quality and improve operations to win trust.				
Π	Contributing to the resolution of social issues through the improvement of product and service quality	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.				



SO 26000 Core Sul	bjects 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

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

CSR in the MS&AD Insurance Group > Aspiration and CSR > 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

				FY2013	FY	2014	FY 2015	Covered			
	Issues		Index		Performance	Target	Performance	Group Target	Companies		
	Pillar		(1) Improvements of products/services initiated by customers' voices.		_	Continue the approaches	Main efforts found below	Continue the approaches	Domestic Group Insurance Companies		
					(2) Customer satisfaction for	Ratio of customers satisfied with accident response for automobile insurance.	89.4%	Over 90.0%	89.1%	Equal to or greater than the previous year	
		IImmmrowement	overall response to accidents. (questionnaire results)	Ratio of customers satisfied with accident response for fire, personal accident, and casualty insurance.	90.5%	Over 90.5%	90.2%	Equal to or greater than the previous year	MSI,		
			(3) Ratio of customer recommendation for	Ratio of customers who are willing to recommend either MSI or ADI to their friends and acquaintances.	87.0%	Over 90.0%	89.3%	Equal to or greater than the previous year	ADI		
Priority Issues			for company/agents (questionnaire results).	Ratio of customers wishing to recommend any agents to their friends and acquaintances.	87.0%	Over 90.0%	88.1%	Equal to or greater than the previous year			
		Dillar II Poillar	(4) Disclosing new confronting our s result of studies, and improving our address these ne	ociety as a and developing <sup>r</sup> products to	_	Continue the approaches	Main efforts found below	Continue the approaches			
			(5) Electricity consumption	Electricity consumption of all domestic locations	163,505MWh (-0.6%)	163,249MWh (-0.2%)	159,508MWh (-2.4%)	157,943MWh (-1.0%)			
	Pillar II		(6) Paper consumption	Paper consumption of all domestic locations (Copy paper, prints, machine tabulation)	15.947t (+10.5%)	13,482t (-15.5%)	13,188t (-17.3%)	12,697t (-3.7%)			
			(7) Gasoline consumption	Gasoline consumption of all domestic locations (From FY2013)	7,126KL (-4.1%)	7,612KL (+6.8%)	7,467KL (+4.8%)	7,257KL (-2.8%)			
			(8) Web policy clauses selection rate <sup>(*1)</sup>	The ratio of contracts which selected the Web policy	61.9%	70.0%	70.7%	75.0%	MSI, ADI		

Diversity Employee Satisfaction Social Contribution Activities	(9) Number of female managers (section manager or above)	Number of female employees above section manager	296	Equal to or greater than the previous year	377	Equal to or greater than the previous year	
	(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		4.3points		
	(11) Employee satisfaction (questionnaire results), "Working Vigorously"	Ratio of employees, regardless of sex and age, feeling free and lively at work places (all-employee average on a 6-point scale).	4.0points		4.2points		
	(12) Number of employees practicing social contribution activities <sup>(*2)</sup>		11,373	_	15,124	-	
	(13) Of the above, the number of employees participating in waterside biodiversity conservation activities.		3,900		5,013		

(\*1) Former brochure-type covenants are replaced with "Environment-friendly covenants" which are available on the Company website.

(\*2) Number of employees participating in or contributing to volunteer activities at work or in private.

(1) Improvements of products and services initiated by customers' voices	<ul> <li>Strive to make the statement easier to understand by simplifying the contents, reducing the volume of letters to improve readability, and stating matters to be confirmed by a customer in chronological order. [MSI,ADI]</li> <li>Released "MY Agent," a tool to enable people to refer the page that introduces agents by using their smartphones and personal computers.[MSI]</li> <li>Made efforts for helping the elderly and the disabled get an easy-to-understand in the pamphlets of "TOUGH Automobile Insurance." [ADI]</li> <li>Improved user friendliness of the website screen for new estimates of automobile insurance and procedures for taking out such insurance, by adopting "Responsive Web Design" to the screen. [Misui Direct General]</li> <li>Presented with an award for easy-to-understand information in the "UCDA Award 2014" for its benefits claims documents. [MSI Aioi Life]</li> <li>Revised the insurance claim support guide with easily-readable large letters and type style for senior citizens. [MSI Primary Life]</li> </ul>
(4) Disclosing new issues/risks confronting our society, and developing and improving our products to address these new issues/risks.	<ul> <li>Developed the "Comprehensive Coverage Plan for Global Businesses," a new product targeted at enterprises that are expanding overseas, and commenced sale of the product. [MSI,ADI]</li> <li>Established "long-term care insurance money indemnity optional policy [parent care]," aimed at preventing policyholders from leaving their jobs due to care of their parents, for group comprehensive life indemnity insurance.[MSI]</li> <li>Launched a new product "Tsunagaru Automobile Insurance" which connecte the customer's vehicle with ADI. [ADI]</li> <li>Established the MUJICOLOGY Smile Fund and help the social contribution framework makes safe driving something that can be done to support others. [Mitsui Direct General]</li> <li>In preparation for an increase in the number of cases where policyholders become unable to perform claim procedures due to a decline in mental capacity to make claims mainly because of aging, introduced an authorized representative claim system. [MSI Aioi Life]</li> </ul>

## CSR in the MS&AD Insurance Group CSR information Perspective of disclosure

MS&AD Insurance Group issues CSR report every year so that stakeholders could understand our CSR activities. While incorporating the detailed information about CSR activity of the Group, in order to consider the natural resource saving, main knitting is provided through the web. In addition, we have been working on a new integrated report since the start of FY2015. Plans are now in place for MS&AD Insurance Group Holdings, Inc. to publish that report in August 2015. (English version in Octber)

- Through the process of improving the quality of products and services, the MS&AD Insurance Group has established priority issues, and is moving forward with measures based around two pillars. As the basis for corporate growth, we will issue reports centering on Shared Group Initiatives including the global environment, the conservation of biodiversity, social contribution activities, and the fostering of human resources.
- The characteristic measures in each company of the MS&AD Insurance Group is reported. (Coverage of report is as follows)
- Presents data related to CSR approaches

#### Scope of report

#### Period covered

FY2014 (April, 2014 - March, 2015)

\* The report also includes some activities that began in April 2015 or later.

Subject organization and abbreviation

The following is a list of abbreviations for the Group and its member companies. (Domestic Group insurance companies are indicated by asterisks.)

- MS&AD Insurance Group
- •MS&AD Insurance Group Holdings, Inc.
- $\gg$  MS&AD Holdings
- Mitsui Sumitomo Insurance Co., Ltd.
   >> MSI\*
- Aioi Nissay Dowa Insurance Co., Ltd.
   ≫ ADI\*
- •Mitsui Direct General Insurance Co., Ltd.
- » Mitsui Direct General\*
- •Mitsui Sumitomo Aioi Life Insurance Co., Ltd.  $\gg$  MSI Aioi Life\*
- Mitsui Sumitomo Primary Life Insurance Co., Ltd.
   ≫ MSI Primary Life\*

We also report about activities of Affiliated Operating Companies such as InterRisk Research Institute & Consulting. CSR in the MS&AD Insurance Group > CSR information Perspective of disclosure

## Publication

Publication of This Issue

October 2015

**Previous Publication** 

October 2014

Next Publication

September 2016 (planned)

#### **Reference Guidelines**

- GRI, Sustainability Reporting Guidelines (Version 4)
- Linkage with GRI Guideline
- ISO26000: 2010 Guidance on social responsibility (Japanese Standards Association)

#### Past CSR Reports

- CSR reports of MS&AD Insurance Group (Full version Digest version)
- CSR reports of former Mitsui Sumitomo Insurance Group
- CSR reports of Aioi Nissay Daiwa Insurance Co., Ltd. (Japanese only)

#### Inquiries

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## Management

We have established Our Mission, Our Vision, and Our Values as aspirations that all Group managers should prioritize in all aspects of their work. We are working to disseminate these aspirations among all the managers 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 actively promoting that plan.

#### 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 executives and employees follows laws, regulations, and internal rules, and engages in business activities grounded in a keen sense of ethics. O 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)

#### Medium-Term Management Plan

From April 2014, we began Next Challenge 2017 (FY2014– FY2017), a new Medium-Term Management Plan based around a reorganization by function.

### Corporate Governance

MS&AD Insurance Group Basic Policies on Corporate Governance

Our basic philosophy on corporate governance and management structure.

#### **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. Furthermore, MS&AD Holdings has introduced an executive officer system and is strengthening MS&AD Holdings management by clarifying the roles of management decision making and oversight, and business execution.

#### Framework for Oversight

#### Management 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.

#### **Board of Directors**

- In addition to matters specified by law and the Articles of Incorporation, the Board of Directors discusses and decides upon important matters involving Group management strategy and corporate management, including the Group's management policies, management strategies and capital policy, in addition to overseeing the duties of directors and executive officers.
- The Board of Directors allocates management resources according to risk appetite controlled with a balance of risk, return and capital, and aims to increase enterprise value in the medium-to-long term by achieving sustainable growth and improvement in earnings and capital efficiency with a foundation of soundness.
- The Board of Directors comprises 12 members (11 men and 1 woman), and its functions have been strengthened through the appointment of four outside directors, which consists of 1/3 of the all directors.

Please note that the four outside directors are independent and there are no concerns that the interests of these outside directors will be in conflict with the interest of shareholders in general. The names of these outside directors have been filed with financial instrument exchanges in Japan where the Company lists its securities.

#### Framework for Strengthening the Oversight Functions of the Board of Directors—Nomination Committee and Remuneration Committee

As internal committees of the Board of Directors, the Company has formed the Nomination Committee and Remuneration Committee with the aims of strengthening supervision and oversight of management and conducting management with a high degree of transparency. Please note that these two committees comprise five members each and that a majority of the members and a chairperson each have been appointed from among the Outside Directors.

• Nomination Committee

This 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.

• 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. For the Remuneration Committee to fully perform its functions, the Company's Outside Directors and/or Corporate Auditors who are members of its Remuneration Committee do not hold posts as Directors or Corporate Auditors concurrently in the companies (or corporations) to which they belong.



#### • 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.

#### Audit Functions

#### Corporate Auditors and Board of Auditors

• 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.

• 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 male).

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.

#### **External Audits**

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.

#### Cooperation between Auditors and Accounting Auditor

Corporate Auditors shall receive reports and explanations on plans, operations and outcomes of auditing from the Accounting Auditor in regular liaison meetings with the Accounting Auditor. Additionally, various issues surrounding accounting audit shall be discussed when necessary. Furthermore, Corporate Auditors shall make an effort to share information with the Accounting Auditor, such as providing information obtained in audit activities that is useful for audits by the Accounting Auditor.

#### Cooperation between Internal Audit Department and Corporate Auditors (and Directors)

The General Manager of the Internal Audit Department (General Manager of the Audit Department) shall attend meetings of the Board of Directors as an observer, share information with Directors and Corporate Auditors, conduct regular liaison meetings with Full-time Corporate Auditors and discussions with Outside Directors and Outside Corporate Auditors, to

discuss issues such as internal audit planning and internal audit operations. Furthermore, outcomes of internal audits by the Internal Audit Department shall be reported all matters to Corporate Auditors.

#### 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 Corporate Auditor's Office. Please note that 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.

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

The Company has appointed four Outside Directors and three Outside Corporate Auditors. 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 have been filed with the Tokyo Stock Exchange Co., Ltd., and Nagoya Stock Exchange Co., Ltd.

These 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.

When selecting Outside Directors and Outside Corporate Auditors who are independent from the Company, criteria for the selection and independence of outside directors and Outside Corporate Auditors are as follows.

#### 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 thereof).
- [6] An executing person of a company to which the Company or a subsidiary of the Company has appointed a director.
- [7] A consultant, accounting professional, or legal professional who has received, other than officer compensation, average cash or other financial benefits of at least 10 million yen per year for the past three years from the Company or subsidiaries of the Company.
- [8] A person falling under any of the items [2] through [7] during the past five years. (Note) "During the past five years" means five years from the time the content of a proposal to the General Shareholders Meeting to elect the outside director or outside 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 terms, 8 years.

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.

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

## The total amount of remuneration by Directors/Corporate Auditors category and the number of recipients (in fiscal 2014)

Category	Number	Total Remuneration (¥ million)
Directors (excluding Outside Directors)	12	251
Corporate Auditors (excluding Outside Corporate Auditors)	2	51
Outside Directors/Corporate Auditors	7	73

(Note) All remuneration is basic remuneration.

# Policy for Determining the Amount of Directors and Corporate Auditors Remuneration and Method of Calculation

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

Please note that, as a result of decisions made by the Shareholders' Meeting, maximum total 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). In addition, as a result of decisions made by the Shareholders' Meeting, maximum total compensation for Corporate Auditors is set at ¥110 million.

### Appointment of Outside Directors and Outside Corporate Auditors and Related Matters

## **Outside Directors**

Name	Date of Appointment	Reason for Appointment	Attendance at Board of Directors Meetings <sup>*</sup>
Akira Watanabe	April 2010	Appointed to reflect his knowledge and experience as a legal professional in the management of the Company	12 of 14 meetings
Daiken Tsunoda	April 2010	Appointed to reflect his knowledge and experience as a legal professional in the management of the Company	13 of 14 meetings
Tadashi Ogawa	June 2012	Appointed to reflect his broad knowledge in relation to fiscal and monetary affairs and experience as an executive, acquired through his career as the Administration Vice Minister in the Ministry of Finance and Director-Chairman of Japan Tobacco Inc., etc. in the management of the Company	14 of 14 meetings
Mari Matsunaga	June 2012	Appointed to reflect her broad knowledge and experience regarding society, culture, consumer lifestyles, and other areas acquired through her career as a chief editor of magazines and a planner/designer of new services at NTT DOCOMO in the management of the Company	14 of 14 meetings

\* The number of Board of Directors' meetings attended during fiscal 2014.

#### **Outside Corporate Auditors** Attendance at Board of Directors/ Date of Name Reason for Appointment Appointment Corporate Auditors Meetings\* Appointed to reflect his knowledge and experience gained in his present position of Board of Directors meetings: 14 of 14 Sousuke Yasuda April 2008 certified public accountant in the management Board of Auditors meetings: 12 of 12 of the Company Appointed to reflect his knowledge and Board of Directors meetings: 12 of 14 Kuniaki Nomura April 2010 experience gained in his present position as Board of Auditors meetings: 13 of 14

Management > Group Governance : Corporate Governance

		lawyer in the management of the Company	
Hiroyuki Tezuka	April 2010	Appointed 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 14 Board of Auditors meetings: 11 of 12

\* The number of Board of Directors' meetings and Board of Auditors' meetings attended during fiscal 2014.

• Group Management and Internal Control Systems

Management > Group Governance : Corporate Governance > Basic Policies on Corporate Governance

# 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

 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 disability, through the promotion of the role of female employees and hiring of those with disabilities.

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

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 & Director and 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.
- 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 defined in the Articles of Incorporation 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"

Management > Group Governance : Corporate Governance > Basic Policies on Corporate Governance

(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 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 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

Management > Group Governance : Corporate Governance > Basic Policies on Corporate Governance

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. 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, Risk and Compliance Committee, Information Disclosure Committee, Brand 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 executed into management supervision contracts with the domestic Group insurance companies in which it has direct investments (hereinafter referred to as "directly held companies"), and supervises management of Group companies in order to realize business strategies, improve 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", "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 held 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.
- Group Basic Policies, including the Group Internal Control System Basic Policy
- Group Basic Compliance Policy
- 2. Role of Directly Held Companies
  - Directly held 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 held 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 (22KB)

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.

Management > Group Governance : Corporate Governance > Basic Policies on Corporate Governance

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 (42KB)

#### **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

END

Established June 22, 2015

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

# Group Management and Internal Control Systems

Basic Policy Pertaining to System for Internal Controls

# 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.

# **Internal Audits**

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.

### Group Management Supervision

To ensure appropriate Group management supervision, the Company has concluded management supervision contracts with the domestic Group insurance companies in which it has direct investments (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 Life Insurance Co., Ltd.) and eight affiliated companies in which it has direct investments (including InterRisk Research Institute & Consulting, Inc.).

Since the Company believes that having direct and quick access to information regarding the matters of the domestic Group insurance companies is important for smooth operation of the Group's business activities, many of the Board members concurrently serve as directors of domestic Group insurance companies. Furthermore, depending on the topics, directors of domestic Group insurance companies participate in the Group Management Committee.

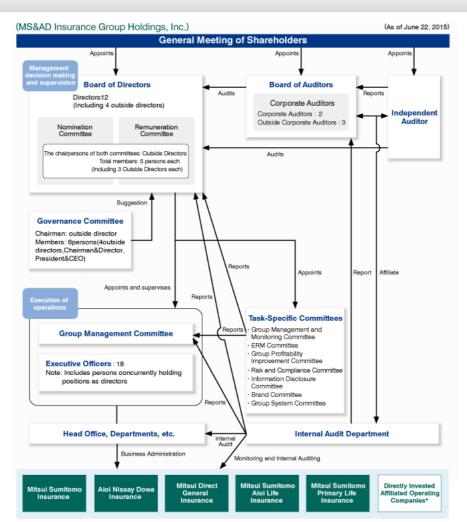
# Task-Specific Committees

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. The task-specific committees are as follows.

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 healthy finance of the Group companies, and ensures appropriate risk management and operations. Management > Group Governance : Corporate Governance > Group Management and Internal Control Systems

ERM Committee	Basically four times a year	The committee discusses and verifies issues relating to ERM, to realize "sustainable growth" and "improvement of profitability and capital efficiency" with a foundation of "soundness," for increasing corporate value.
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.
Risk and Compliance Committee	Basically four times a year	While monitoring the overall risk management and compliance matters of MS&AD, it also deliberates and coordinates the key issues.
Information Disclosure Committee		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.
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 Holdings has 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. Management > Group Governance : Corporate Governance > Group Management and Internal Control Systems > Basic Policy Pertaining to System for Internal Controls

# Basic Policy Pertaining to System for Internal Controls

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

### Overview of the MS&AD Insurance Group Basic Policy Pertaining to System for Internal Controls (Summary)

# 1. System for Assuring the Proper Conduct of Business at the Corporate Group Consisting of the Holding Company and Its Subsidiaries

Based on the management agreements that it concludes with its directly invested subsidiaries, MS&AD Holdings requires them to comply with the Group Basic Policy and develops system for assuring the proper conduct of business including the following four areas. Furthermore, as regards subsidiaries of directly invested affiliated operating companies (subsidiaries under the Companies Act and the Insurance Business Act), the business management of these subsidiaries as a general rule is undertaken by the directly invested affiliated operating companies based on a business administration agreement.

 System pertaining to report to MS&AD Holdings on matters related to the execution of duties by directors of directly invested subsidiaries

Important matters related to directly invested subsidiaries are subject to approval from or report to the Company.

- (2) System to assure the effective performance of duties by Directors at directly invested subsidiaries (2. below)
- (3) System to assure that execution of business by the board of directors and employees at directly invested subsidiaries complies with applicable laws and the articles of incorporation (3. below)
- (4) Provisions for managing risk of loss at directly invested subsidiaries and other systems (4. below)

### 2. System to Assure the Effective Execution of Duties by Directors

- (1) To realize rapid decision making and appropriate monitoring, MS&AD Holdings has introduced an executive officer system, appoints outside directors, and sets the number of directors at fifteen or less.
- (2) The Board of Directors of the Company establishes Rules on Organization and Job Authority, etc. to ensure that Directors and Executive Officers execute their duties properly and effectively, whereby clarifying the duties to be executed and associated job authority.
- (3) The Board of Directors of the Company formulates Group management plan and have it known to all directors and employees at MS&AD Holdings and its Group companies, while setting numerical targets by business area and appropriately allocating management resources in an effort to achieve such management plan.
- (4) Executive Officers of the Company report to the Board of Directors on the progress of business execution (including business outlook) at the Company and its directly invested subsidiaries. The Board of Directors of the Company, in view of the reported progress, takes actions as appropriate such as making adjustment to the target, or allocation of additional management resources.

# 3. System to Assure that Execution of Business by the Board of Directors and Employees Complies With Applicable Laws and the Articles of Incorporation

(1) In accordance with the "MS&AD Insurance Group Basic Compliance Policy" set out by MS&AD's Board of Directors, MS&AD Holdings and its Group companies make sure that each and every director and employee is aware of the importance of compliance, ensures compliance with all applicable legislation, internal regulations, and other rules, and maintains high ethical standards as part of all business activities. MS&AD Holdings and its Group companies also put in place systems to eliminate the influence of anti-social forces, and thoroughly instruct all directors and employees to take a resolute stance against such forces and never comply with any inappropriate or unjust demand. Management > Group Governance : Corporate Governance > Group Management and Internal Control Systems > Basic Policy Pertaining to System for Internal Controls

(2) To promote and ensure complete compliance in MS&AD Holdings and the Group companies, MS&AD Holdings maintains organizations and structures, such as the Compliance Department, and reports regularly on the overall compliance promotion status of the Group to the Board of Directors. To monitor the status of compliance promotion, MS&AD Holdings has a Risk and Compliance Committee and takes necessary measures on issues identified by the Committee. Furthermore, the Company shall establish an internal group reporting system under which any directors and employee can report directly with an in-house or an outside contact person any improper, illegal, or unethical conduct on the part of either an organization or an individual.

### 4. Provisions for Managing Risk of Loss and Other Systems (Comprehensive Risk Management System)

- (1) In addition to establishing a shared basic approach in accordance with the "MS&AD Insurance Group Risk Management Basic Policy," MS&AD Holdings and its Group companies have established a Risk Management Department and put in place the necessary organizational framework to report regularly to the Board of Directors on risks and risk management across the entire Group. MS&AD Holdings has also established a Risk and Compliance Committee to monitor risk and risk management and formulate necessary measures to eliminate and reduce risks based on the results of consultations held by the Committee (including the confirmation results from comprehensive risk management (quantitative analysis)).
- (2) MS&AD Holdings evaluates the status and operation of crisis management and business continuity management systems at Group companies, and works to increase the effectiveness of these systems for the Group as a whole.

### 5. System for Assuring the Reliability of Financial Reporting

Out of the corporate auditors, MS&AD Holdings nominates at least one person who is equipped with sufficient knowledge of accounting or finance. Moreover, in accordance with the "MS&AD Insurance Group Basic Policy for Controlling Disclosure of Information," MS&AD Holdings and its Group companies have put in place the necessary framework to ensure the timely and appropriate disclosure of financial information and other information relating to the Group. Meanwhile, the Information Disclosure Committee maintains and implements an internal control system for financial reporting of the Company and the Group, and examines the effectiveness of the disclosure system.

### 6. System for Assuring the Effectiveness of Internal Auditing

In line with the "MS&AD Insurance Group Basic Policy for Internal Auditing," MS&AD Holdings maintains an internal audit system covering all the business activities of the Group in order to ensure the efficiency and effectiveness of internal audits. The Internal Audit Department reports all important items from the internal auditing results of MS&AD Holdings and its directly invested domestic insurance companies, as well as improvement progress of the findings in the audited departments, to the Board of Directors.

#### 7. System for Management and Retention of Information Pertaining to Execution of Business by Directors

MS&AD Holdings appropriately stores and manages information and documents relating to Directors' and Executive Officers' execution of duties, in accordance with Rules for Management of Documentation. Directors and Corporate Auditors are able to access the information at all times.

#### 8. System for Assuring the Effectiveness of Auditing by Corporate Auditors

- (1) System Pertaining to Employees Assisting With Work Performed by Corporate Auditors, as well as for assuring independence of such employees and effectiveness of instructions thereto To support the duties of Corporate Auditors, MS&AD Holdings has a Corporate Auditor Office with full-time employees. Organizational changes in the Corporate Auditor Offices' as well as transfer or discharge of hired employees only takes effect upon reaching a consensus at a Board of Auditors meeting. Employee evaluation also takes place upon consultation with the Corporate Auditor assigned by the Board of Auditors.
- (2) System for Reporting to Auditors

In addition to items established by statute, directors and executive officers shall, through a method established through consultation with the Board of Auditors, promptly report to the Board of Auditors decisions having a serious impact on the Company's business and organization, results of internal audits, and reporting status and content regarding the internal reporting system. Directors and employees of MS&AD Holdings and its Group

companies can make direct internal reports to the auditors concerning serious illegal, improper or unethical conduct by management. Directors and employees who make such reports shall not be subject to disadvantageous treatment at MS&AD Holdings and its Group companies due to making reports.

(3) Other Matters

Corporate Auditors attend important meetings including the meetings of The Group's Management Committee. The Chairman of the Board of Directors, the President, and Representative Directors of the Holding Company convene regular consultations with the Board of Auditors. Additionally, the Internal Audit Department cooperates with the audit upon request from the Corporate Auditors. The Company, in receipt of Corporate Auditor's claims for expenses based on Article 388 of the Companies Act, processes them in accordance with the Article.

Last Amended, April 1, 2015

# Management

# 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

# 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

### **Basic Policy on Compliance**

We formulated the Basic Policy on Compliance and "MS&AD Insurance Group Basic Policy on Compliance" 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 Basic Compliance 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.

### 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.

Management > Compliance > Group Governance : Compliance > MS&AD Insurance Group Basic Compliance Policy

# MS&AD Insurance Group Basic Compliance Policy

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

# **MS&AD Insurance Group Basic Compliance 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

- We will create a Compliance Manual setting out specific guidelines for compliance and will become fully familiar with it.
- 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

- We will not engage in unfair trade, such as restricting competition through collusion or acquiring unfair benefits by abusing our position.
- 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.
- $(\boldsymbol{x})$   $\;$  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

- 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.

Management > Compliance > Group Governance : Information Management > Basic Policy for Management of Customer Information

# 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") 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.

- 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.
- 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 employees 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.

Management > Compliance > Group Governance : Information Management > Basic Policy for Shared Use of Customer Information

# 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.

- 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.

- 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. Management > Compliance > Group Governance : Information Management > MS&AD Insurance Group Holdings, Inc. Declaration of Personal Information Protection (Privacy Policy)

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

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

Given the importance of protecting personal information, we will strictly adhere to the Act on the Protection of Personal Information (so-called "Personal Information Protection Act"), as well as other laws, ordinances and guidelines to properly handle personal information and take appropriate measures for secure management. We will also ensure that personal information is not mishandled, and will properly educate and supervise employees on the appropriate handling of personal information. We will continue to review and improve our handling of personal information and our methods for secure management.

### 1. Collection of Personal Information

We will obtain personal information to the extent necessary for business in a fair and legitimate manner. We may also obtain personal information from phone calls involving questions and consultations, which will be recorded to accurately record their content.

### 2. Purposes of Use of Personal Information

We will also notify individual respondents of or make public our purposes for using the personal information, and use it only to the extent necessary to accomplish the following purposes. We will define the purposes of use clearly for respondents to understand and we announce it on a Web site as in the following. We limit the purposes of use to an extent relevant to specific cases where personal information is obtained. In cases where obtained personal information is intended to be used beyond the extent necessary to accomplish the said purposes, we should acquire consent from the relevant individuals to such use unless it meet any item of Article 16, paragraph (3) of the Act on the Protection of Personal Information.

Purposes for Using Personal Information

- $\cdot$  For corporate management of group companies
- $\cdot$  For appropriate and smooth performance of transaction with the relevant individual

### 3. Provision of Personal Data to Third Parties

We will not offer personal data to third parties without prior consent from the relevant individual except for the following cases:

- 1. When required to do so by law;
- 2. When offering the information to consigned companies to the extent necessary for operations;
- 3. When offering the information to third parties via procedures based on Article 23, paragraph (2) of the Act on the Protection of Personal Information (i.e. opting out);
- 4. When sharing information between our Group companies (please refer to item 5 below).

### 4. Consignment of Personal Data Handling

We may provide a certain portion of obtained personal information to external third parties for consigned operations within the extent necessary to accomplish the purposes of use. According to pre-set criteria for selecting consigned companies, we will check their information management system and conduct other necessary and adequate supervision on the consigned company prior to making an order and trusting personal data to it.

### 5. Shared Use of Personal Data

For MS&AD Insurance Group Holdings, Inc. (hereinafter, the "Holding Company") to manage the business of the MS&AD Insurance Group companies, MS&AD Insurance Group may share personal data between the Holding Company and the MS&AD Insurance Group companies based on the following conditions.

### (1) Items of personal data

# MS&AD MS&AD Holdings

Management > Compliance > Group Governance : Information Management > MS&AD Insurance Group Holdings, Inc. Declaration of Personal Information Protection (Privacy Policy)

- a) Shareholder information (name, address, number of shares, etc.)
- b) Customer information held by the Holding Company or the Group companies (name, address, phone number, email address, gender, date of birth, other information related to customer transactions such as those noted in contract forms or information regarding insured events, etc).

### (2) Scope of users of shared information and management representative

Users of shared information are domestic and overseas insurance companies, reinsurance companies, and related companies of the MS&AD Insurance Group. (Click <u>here</u> to see the users.) The management representative for the shared use of information will be the holding company.

Sharing of Personal Information among Group Companies

#### 6. Handling of Sensitive Information

In accordance with Article 53–10 of the Enforcement Regulation of Insurance Business Law, we will not obtain, use, or offer to third parties personal information regarding political opinions, faith (religion, thoughts and beliefs), membership of labor unions, race or ethnicity, family and domicile of origin, health condition and medical treatment, sexual orientation or criminal records (hereinafter, "sensitive information"), unless otherwise stipulated by the Act on the Protection of Personal Information, other laws, ordinances or guidelines.

### 7. Request for Notification, Disclosure, Corrections, etc.

Please refer to the information desk below for requests for notification, disclosure, corrections, etc. of matters regarding information that we hold under the Act on the Protection of Personal Information or discontinuation, etc. of their use.

We will reserve the right to verify the identity of the claimant, who will be required to complete the prescribed forms and the application procedure. In principle, requests will be answered in writing at a later date. At the time of responding, we will require claimants to pay the standard fees for any requests for disclosure. If we find that information about the claimant is incorrect, we will correct the information based on the results of our investigation.

• Procedure on Disclosure based on Private Information Protection Law

### 8. Summary of Secure Management Procedures for Personal Data

We will make efforts to prevent leakage, damage, or defamation of personal data. It will also ensure adequate security measures such as the maintenance of policies regarding use as well as that of systems in place for secure management procedures.

Please contact the information desk below for queries regarding secure management procedures.

### 9. Information Desk

We will respond quickly and appropriately to complaints and requests for consultations regarding its handling of personal information. Please contact the desk below for enquiries, disclosure, corrections, etc. regarding the handling of personal information, requests for discontinuation, etc. of use of personal data, and questions about secure management procedures.

Contact Desk

MS&AD Insurance Group Holdings, Inc., Compliance Department Telephone Number: 03–5117–0312 Business Hours: 9:00–17:00 (Monday through Friday)

\* The office is closed during the year-end and new-year period and public holidays.

# Management 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.

# 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\* 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**

# **Basic Risk Management 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.

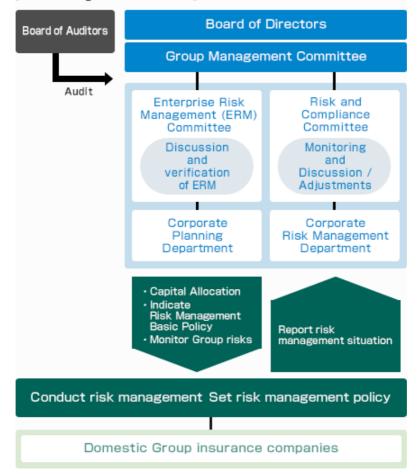
The policy stipulates the basic processes and the Group-wide framework for risk management, and defines the categories of risks which the Group should identify and approaches to managing them.

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 and verify 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 risk management. Under Company procedures, important matters are reported to the Board of Directors after discussion in the ERM Committee and the Risk and Compliance Committee.

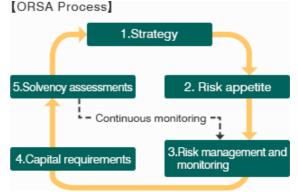
The domestic Group insurance companies implement risk management in each company and its domestic and overseas subsidiaries. The Corporate Risk Management Department monitors risks of the Group as a whole and the status of risk management in each of the Group companies. This department implements integrated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



[Risk Management Structure]

# Enterprise Risk Management

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. Risk management underpins the Group's strategies, whose structure we call the ORSA (Own Risk and Solvency Assessment) process shown in the chart.



### 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.

# **Insurance Business Risks**

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 Companies' Business Continuity Management System and business 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.

	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.
Group crisis management meeting	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.

# Management 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.

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

Management > Information Disclosure > Group Governance : Basic Policy for Disclosure of Information

# 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.

# Management

# Disclosure of Information and Investor Relations (IR)

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

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 a 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 the 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

Management > 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.

P Corporate Governance Report (Japanese Only) (2015/06/22) (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. 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

In FY2014, we conducted briefings (Information Meetings)regarding the Group's business strategies in June and December, and provided conference calls as briefings for the quarterly business results. We provide individual investors company briefings in January and March. In March, we also conducted a live company briefing that made possible to participate from home by computer.

The presentation materials and scripts at the briefings are available on the MS&AD Holdings website.



Holding of information meetings for institutional investors and analysts

Management > Information Disclosure > Disclosure of Information and Investor Relations (IR)

Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
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		•	Year-end	Dividend	Payment			<ul> <li>Mid-te</li> </ul>	rm Divide	nd Payme	ent
Information Meetings for institutional investors and analysts (Briefings on Financial results and strategies)					the G strate interi result	roup's bu egies, an o m and full s, busines matters,	efings reg usiness overview o -year busi as forecas along with	f iness ts and			
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### Holding of individual meetings

We promote closer communication with institutional investors and analysts inside and outside Japan through individual meetings and our response to press coverage. In FY 2014, we held more than 200 individual meetings/telephone conferences and strived to improve communication with institutional investors.

Individual Meetings for Foreign Investors	A total of four visits to the United States,and Europe Conducted about 60 separate meetings and telephone conferences
For Japanese Investors and Analysts	Held about 150 meetings with investors/analysts, which includes individual visits, telephone conferences, and conferences held in Japan.

# **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 inves are available on the MS&AD Holdings website for more widespread disclosure of information.

	To help constructive dialogue with the our stakeholders such as
	shareholders, we have issued the "Integration Report" which integrete
Integrated Report	the non-financial information such as ESG (global environment, social
	and governance) and the financial information (the 2015 edition is

	scheduled to be issued in mid-August 2015).	
Disclosure Report	Disclosure reports are prepared by MS&AD Holdings and five domestic Group insurance companies, and made readily available to stakeholders.	
Shareholder 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. The newsletter is delivered to shareholders twice a year.	

### Improvement of the 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. MS&AD Insurance Group's IR website received the Daiwa IR "Internet IR Commendation Award 2014" 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**

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

Management > 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.

### Advancing with you

Ongoing Management

Plans and Policies

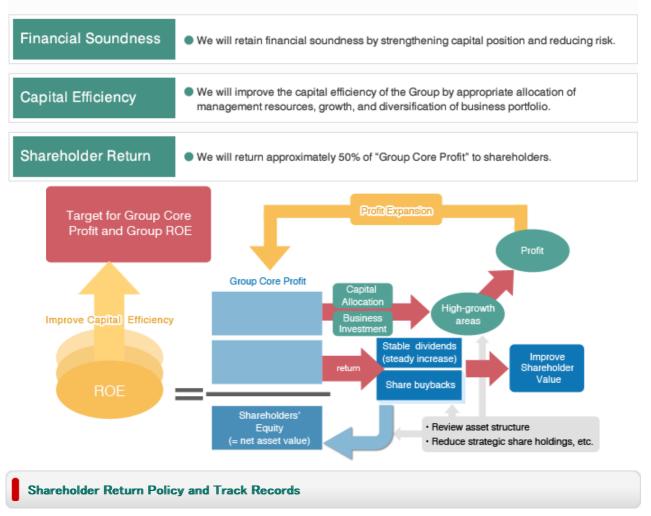
### MS&AD MS&AD Holdings

Management > Information Disclosure > Disclosure of Information and Investor Relations (IR) > Ongoing Management Plans and Policies: Capital Management Policy and Shareholder Return Policy

# Capital Management Policy and Shareholder Return Policy

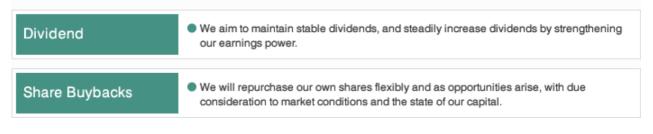
### **Capital Management Policy**

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



### Shareholder Return Policy

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

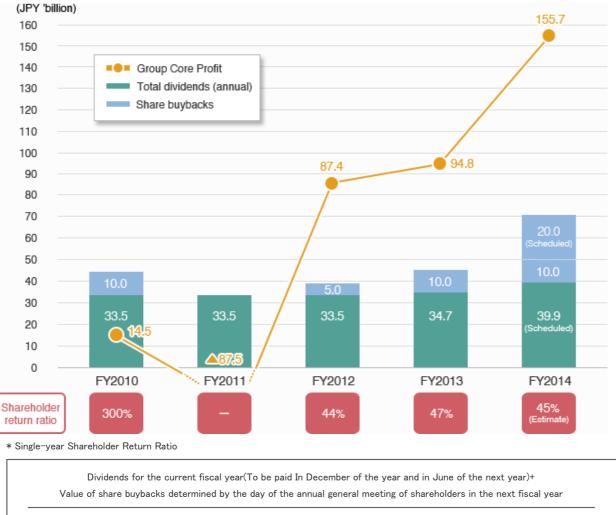


### Track record of total shareholder returns

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

Management > Information Disclosure > Disclosure of Information and Investor Relations (IR) > Ongoing Management Plans and Policies: Capital Management Policy and Shareholder Return Policy





Group Core Profit of the current fiscal year

Management > Information Disclosure > Disclosure of Information and Investor Relations (IR) > Stock & Bond Information : Dividends

### 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.

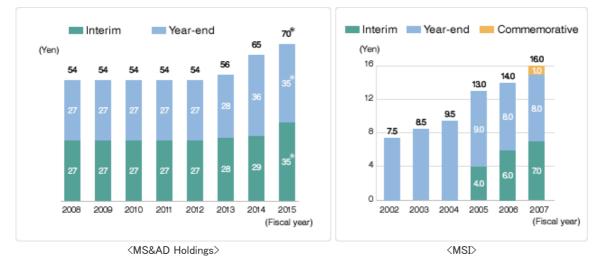
Capital Management Policy and Shareholder Return Policy

### Track Record of Dividends

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

The dividend per share is 36 yen for FY2014 year-end.

The Company forecasts its dividend per share of 35 yen for FY2015 year-interim, 35 yen for FY2015 year-end.



### \*Forecast

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

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

Archive

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

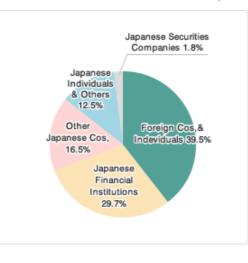
Management > Information Disclosure > Disclosure of Information and Investor Relations (IR) > Stock & Bond Information : Stock Overview

# Stock Overview Stock & Bond Information

	As of Mar 31, 2015
Stock Exchange Listings	Tokyo and Nagoya stock exchanges (first sections)
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

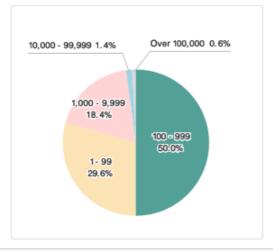


As of Mar 31, 2015

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

As of Mar 31, 2015

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



### Large Shareholders

As of Mar 31, 2015

Shareholder Name	Shares Held (in thousands)	Percentage to Shares Issued (%)	
TOYOTA MOTOR CORPORATION	52,610	8.31	
NIPPON LIFE INSURANCE COMPANY	36,325	5.74	
The Master Trust Bank of Japan, Ltd. (Trust account)	28,085	4.43	
STATE STREET BANK AND TRUST COMPANY	22,107	3.49	
Japan Trustee Services Bank, Ltd. (Trust account)	21,744	3.43	
CBNY-GOVERNMENT OF NORWAY	16,503	2.61	
MELLON BANK, N.A. AS AGENT FOR ITS CLIENT MELLON OMNIBUS US PENSION	10,692	1.69	
STATE STREET BANK AND TRUST COMPANY 505225	9,069	1.43	
STATE STREET BANK WEST CLIENT - TREATY 505234	6,562	1.04	
Japan Trustee Services Bank, Ltd. (Trust account 5)	6,547	1.03	
Total	210,249	33.20	

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 21,101 thousand shares (3.33%) as treasury shares.



Management > Medium-Term Management Plan



# Management Commitment



# Achievements in "New Frontier 2013", the Previous Medium-term Management Plan

Following our business integration in April 2010, the group took various steps to improve the efficiency of group management in Japan and overseas under "New Frontier 2013", the previous medium-term management plan. These included establishing Aioi Nissay Dowa Insurance Co., Ltd. and Mitsui Sumitomo Aioi Life Insurance Co., Ltd.(MSI Aioi Life), and integrating overseas subsidiaries.

During the period, we worked to improve our competitiveness in the domestic non-life insurance business, our Home market, by providing high quality products and services. We also endeavored to enhance profitability, and improved the combined ratio to 98.2%. We were able to grow our domestic life insurance into a business that contributes significantly to the group core profit as a growth business segment for the group by developing attractive new products, improving the structure for sales

### Management > Medium-Term Management Plan

support and training, and taking other steps to further strengthen product appeal and sales force. In our international business, another growth business segment of the group, we worked to further expand our business base and strengthen our competitiveness to further solidify our leading position in non-life insurance in the ASEAN region. We also entered the life insurance business in Asia, and put in place a platform that will enable us to take advantage of the steady market growth, mainly in the Asia market, where future growth is expected.

We believe that these accomplishments achieved during "New Frontier 2013" enabled us to firmly establish the base for making the next leap forward in "Next Challenge 2017", the medium-term management plan.



# Numerical Management Targets of "Next Challenge 2017", the Medium-term Management Plan

The plan period for "Next Challenge 2017" is four years. During this time we will engage in various initiatives to achieve the group core profit goals of 120 billion yen in fiscal 2015 and 160 billion yen in fiscal 2017. In addition to the group core profit, we have also set 3.1 trillion yen in consolidated net premiums written, a combined ratio of 95% or less, an increase in EV (embedded value) for MSI Aioi Life of over 45 billion yen, and the group ROE of 7.0% as numerical management targets for fiscal 2017, and we will strive steadily to achieve these.

### • Positioning of the Medium-Term Management Plan

# Two Main Approaches of "Next Challenge 2017"

Our basic strategy under "Next Challenge 2017" is to enhance enterprise value for the entire group through the fundamental approaches of achieving sustainable growth and soundness, and improving profitability and capital efficiency. We have positioned four pillars as the drivers for accomplishing the basic strategy: (1) completing our reorganization by function, (2) strengthening group governance and promoting ERM, (3) transforming the business structure to accommodate changes in the environment, and (4) HR training and the establishment of a pervasive corporate culture that is open to new business challenges. Of the four, completing the reorganization by function and promoting ERM are the two themes of particular importance.

Through our reorganization by function, we will establish a structure that can demonstrate diversity, which is one of our group's strengths, with a sense of speed to achieve growth and improve efficiency for the entire group. We will also promote ERM management and build a structure that provides tight control over the balance of risk, return, and capital for the group as a whole to achieve sustainable growth and improve profitability and capital efficiency underpinned by soundness.

### Basic Group Strategy

# Achieving Growth and Efficiency Simultaneously through Completion of Reorganization by function

For Phase 2 of the business integration in our group, we have chosen, not a merger approach, but a new, unprecedented style of reorganization by function for the insurance companies under the holding company.

We have identified five specific initiatives for the reorganization by function that we are pursuing: (1) reorganization of

business and sales channels, (2) reorganization of sales networks and bases and joint use of bases, (3) transfer of long-term contracts in the third sector insurance market to MSI Aioi Life, (4) reorganization of international business, and (5) reorganization of headquarter functions and enhancing governance by the Holding Company.

Choosing reorganization by function enables the two core companies with their solid business foundations and different business strategies to provide products and services with their own competitive edge and characteristics, thereby making it possible for the group to respond to various markets and a broad range of diverse customer needs, such as providing numerous options to customers.

If we had opted to go ahead with a merger, the temporary cost and amount of work involved in a merger could temporarily slow down growth. By choosing reorganization by function in our group, we will achieve sustainable growth and enhanced enterprise value for the group by controlling that temporary burden and cost, thereby achieving ongoing growth and efficiency of the group simultaneously.

## Acheiving Financial Soundness and Capital Efficiency by Promotion of ERM.

ERM (enterprise risk management) is an approach for determining and evaluating risk from a company-wide perspective, and is a mechanism used in efforts to improve profitability and capital efficiency and enhance enterprise value. Risk is always involved in business activities aimed at generating profit. An ERM approach that contemplates how to secure the capital to handle unforeseen losses while also considering how to use that capital efficiently to earn a higher profit is extremely important, particularly for us, as an insurance company, since our business model involves underwriting insurance to cover customer risks in return for receiving insurance premiums.

During "New Frontier 2013", our group engaged in risk management focused on financial soundness and appropriate administration. As a result, we have established a structure that enables us to confirm that we have ascertained and analyzed the degree of risk for the group, and have the capital to withstand that risk at any time.

At the same time, in addition to expanding business activities and sustaining growth, increasing capital efficiency and meeting the expectations of shareholders are also extremely important tasks for corporate management. We have therefore decided that during "Next Challenge 2017" we will take the ERM approach one step further and develop it into "evolved risk management" that improves profitability and capital efficiency while also ensuring financial soundness.

The group will strive to improve capital efficiency by expanding business capable of earning higher profits in return for the risk we underwrite (improved return on risk (ROR), while simultaneously underwriting more risks with the same capital by pairing it with risks that carry a low probability of occurrence (effective diversification of the risk portfolio).

We believe that incorporating the concept of ERM into core management in this manner will enable us to expand business, sustain growth, and achieve greater profitability.



# Looking toward the Next Leap

Equipped with both earning power and the ability to lead the market, we will work toward realizing our goal of becoming a world-leading insurance and financial services group during "Next Challenge 2017".

The benefits from the growth and improved profitability achieved through reorganization by function will steadily emerge

through the already launched "Overseas Crisis Management Expense Insurance", a new joint product that utilizes the strengths of both companies, and an improved underwriting profits and policy renewal ratio for automotive insurance through the mutual sharing of know-how and the initiatives in the motor channel.

Throughout the "Next Challenge 2017" period, we pledge to continue to work to achieve a positive cycle of growth and improve profitability by investing capital in areas with high profitability and high capital efficiency, and to develop a strategy for taking the next leap forward without hesitation.

Management > Medium-Term Management Plan

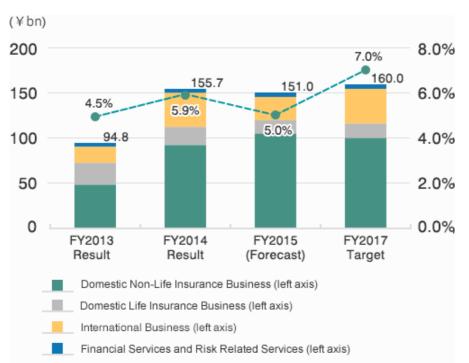


# Numerical Management Targets

In "Next Challenge 2017", we set numerical management targets of 160 billion yen in group core profit and group ROE of 7% for fiscal 2017, the final year of the plan.

The entire group is committed to achieving these goals to become a world-leading insurance and financial group.





---- Group ROE (right axis)

	,			(¥bn)
	FY2013 Result	FY2014 Result	FY2015 Forecast (initial Target)	FY2017 Target
Group Core Profit *1	94.8	155.7	151.0 (120.0)	160.0
Domestic Non-Life Insurance Business	47.8	92.4	105.0 (76.0)	100.0
Domestic Life Insurance Business	24.4	20.4	15.0 (13.0)	16.0
International Business	18.0	38.2	26.0 (27.0)	39.0
Financial Service Business and Risk Related Service Business	4.4	4.6	5.0 (4.0)	5.0
Consolidated net premiums written	2,809.5	2,940.7	3,066.0 (3,000.0)	3,100.0
Combined ratio (Domestic Non-Life Insurance Business)	98.2%	96.0%	93.6% ( <sup>Approx.</sup> ) 95%)	95% or less
Increase in EV of MSI Aioi Life	91.6	59.7	55.0 (Above) 40.0)	Above 45.0
Group ROE *2	4.5%	5.9%	5.0% (5.4%)	7,0%

\*1 Group Core Profit = consolidated net income - net capital gains/losses on stock portfolio (gains/losses fron sale)

net evaluation gains/losses on credit derivatives

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

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

Management > Medium-Term Management Plan

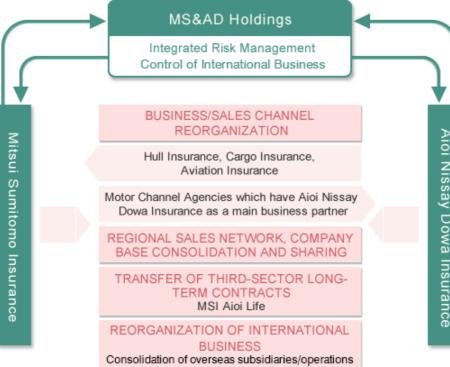


# Reorganization by Function

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.

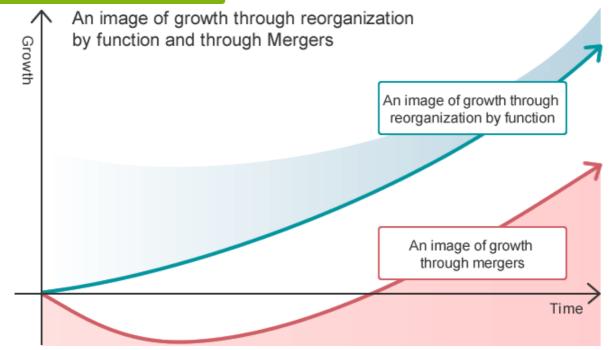


Aioi Nissay Dowa

# 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. Management > Medium-Term Management Plan



# What is ERM?

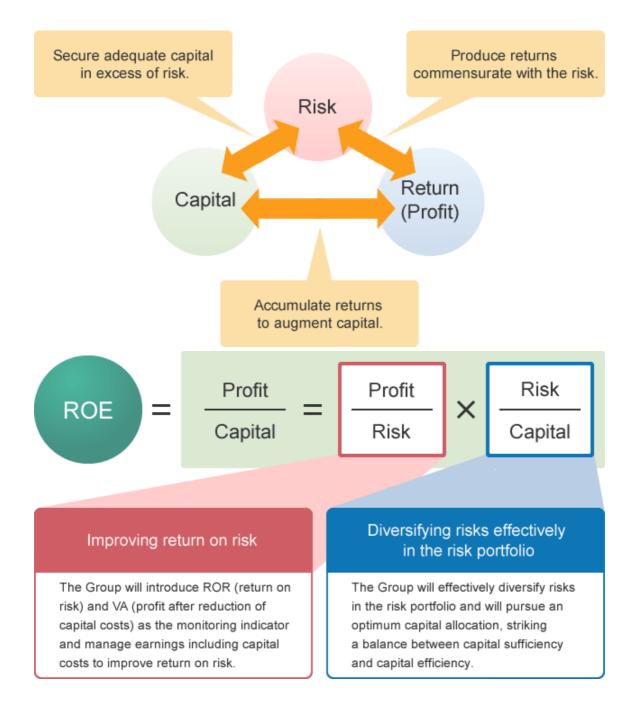
Why is ERM necessary now?

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.

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.

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.

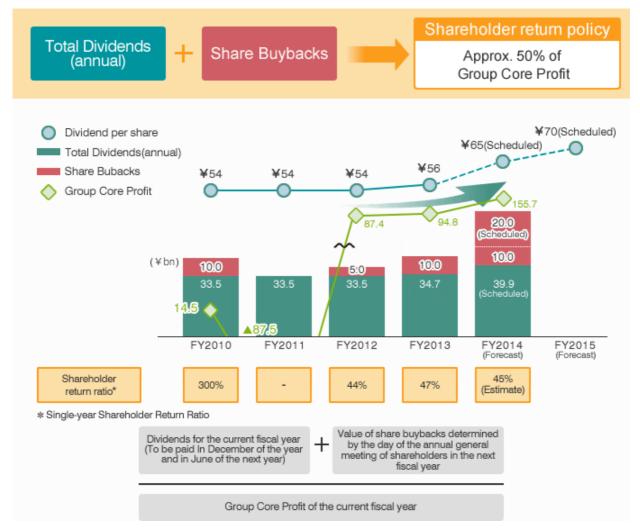
# **Overview of ERM**



Management > Medium-Term Management Plan



# In "Next Challenge 2017", the medium-term management plan for the group, we have made a commitment to enhance enterprise value by taking balance of financial soundness, capital efficiency and shareholder return, as our capital policy. Our shareholder return policy is to return approximately 50% of the group core profits by repurchase of our own shares and dividends. We aim to maintain stable dividends and steadily increase dividends by strengthening our earning power over the medium term. At the same time, we will repurchase our own shares flexibly and as opportunities arise, with due consideration to market conditions and the state of our capital.



# Pillar I Earning trust through the improvement of product and service quality



We will earn trust through the improvement of product and service quality.

### Improvement of quality of products and services

In our medium-term management plan, we have established the basic strategies of continuing to earn the trust and confidence of customers by improving the quality of our products and services as well as implementing a growth strategy that harnesses our features and strengths, and achieving sustainable growth through efforts to improve profitability.

- Leveraging stakeholders' voices to improve quality
- Develop and improve products and services from stakeholders perspective
- Upgrading customers' ease of understanding and convenience
- Payment of insurance claim service preferable to customers
- Quality improvement of the Contact Center

### Growth with our agents

We strive to maintain and improve quality through the dialogue with agents. And we aspire to grow with them while supporting to improve quality of work by agents and providing high-quality products and services to customers.

Growth with our agents

Pillar I Earning trust through the improvement of product and service quality > Leveraging stakeholders' voices to improve quality

# Pillar I Earning trust through the improvement of product and service quality 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.

### 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, 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.

### Key Performance Indicators (KPIs) to promote efforts for CSR

### **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, Limited. (Japanese only)

Pillar I Earning trust through the improvement of product and service quality > Leveraging stakeholders' voices to improve quality

### Conformance of the complaint response management system with the international standard ISO 10002

MSI, ADI, 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).

MSI built a complaint response system in conformance with the international standard, "ISO10002" for the first time in the domestic insurance industry in July 2007, and has continued to appropriately operate the system in line with the PDCA cycle. To embed voluntary improvement activities based on customer's voice (PDCA cycle), we established the annual activity plan and developed the Company-wide quality improvement campaign. We are also working on thoroughly establishing conformity to "proper quality" (which can meet customers' expectation), and pursuing "impressive quality" (which exceeds customers' expectations).

Under the "Full Support Declaration", ADI strives to enhance its complaint response system in conformance with the international standard, "ISO10002", with quick, polite, and reliable responses as a part of our code of conduct. We issue "Okyakusama to no Kakehashi (a bridge to customers)" which introduces activities using "customer's voice" for quality improvement. We make efforts to connect customers with the Company and build trusting relationships to further improve quality.

Since the founding of the new company, MSI Aioi Life has implemented complaint-response arrangements and declared its conformance to ISO10002. We have further promoted "improvements in customer satisfaction" by means of strengthening our complaint response arrangements and integrating customer voices including complaints into betterment of our business practices.

At MSI Primary Life, we created a complaint response system and declared its conformity. We have seriously listened to customers' voices including complaints etc. and handle them quickly appropriately and in good faith, while utilizing customer communications in business improvement and promoting efforts to improve corporate quality as well as customer satisfaction.

- Mitsui Sumitomo insurance Co., Ltd. (Japanese only)
- Aioi Nissay Dowa Insurance Co., Ltd. (Japanese only)
- Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (Japanese only)
- Mitsui Sumitomo Primary Life Insurance Company, Limited. (Japanese only)

### Schemes to absorb external experts opinions

At MSI, in order to solicit opinions from customers' viewpoints, periodical exchange of ideas is conducted with insurance professionals and consumer problem specialists to secure advice on customer protection and improved convenience. Expert opinions are reported to management and utilized in quality improvement. And we apply specialists dealing with consumer problems to determine ease of understanding from consumers' viewpoints for brochures, leaflets and application forms to aid 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.

At MSI Aioi Life, outside lawyers, legal scholar, and consumer specialists are invited twice a year to hear opinions on payment of insurance claims etc. At this meeting, reports are made about conditions of payments of insurance claims etc., occurrence of complaints, payment procedures and improvements of claim documents and specialists are requested to provide their advice on the validity and propriety of business operations and potential improvements to be made. The administrative department responsible for payments of insurance moneys report contents of proposals to the board of directors and improve and strengthen administrative setup for payment management. Pillar I Earning trust through the improvement of product and service quality > Leveraging stakeholders' voices to improve quality

### Examination of insurance payment

At MSI, ADI, and Mitsui Direct General, in case it does not seem to correspond to an insurance payout, or in case the customer appeals complaint to the decision, those issues are examined at Claims Payment Examination Council which consists of experts such as an external lawyer.

MSI puts effort 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.

At MSI and ADI, state of examination is disclosed at the company's website.

- MSI (Japanese only)
- ADI (Japanese only)

### 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 <sup>(\*)</sup> 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 2014, they held 22 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.

Pillar I Earning trust through the improvement of product and service quality

# Develop and improve products and services from stakeholders perspective

The mission of 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.

### Development of products and services responding to new risks

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.

Since fiscal 2014, MSI and ADI have been actively engaged in the joint development of products. In April 2014, the two companies jointly developed the "Overseas Crisis Management Expenses Insurance," a product that provides support for small and medium-sized enterprises with anticipated future growth that are expanding their businesses overseas. They also jointly developed the "Comprehensive Coverage Plan for Global Businesses" in July 2014, and launched sales of these products simultaneously.

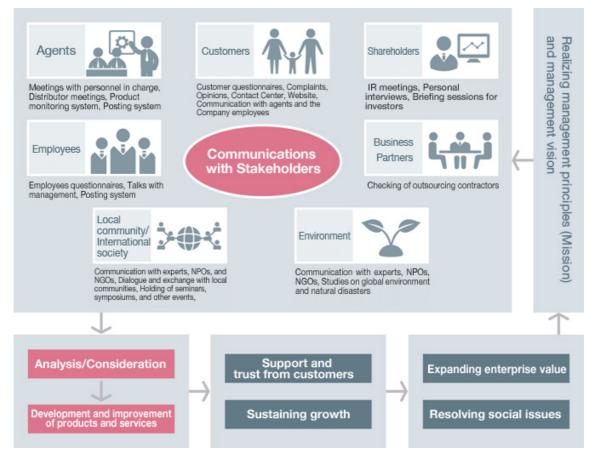
In addition to these products, MSI released "Comprehensive Coverage Plan for Mega Solar Power Generation" (June 2012) and "Comprehensive Coverage Plan for Small and Middle-sized Water Power Generation" (July 2013) focusing on the field of renewable energy, "Comprehensive Coverage Plan for Food & Agribusiness" (May 2013) focusing on the field of agriculture, "Comprehensive Coverage Plan for Medical Institutions"(April 2014), "Fire Insurance for Residents of Elderly Housing through a New Contract Method" (September 2014), "Liability Insurance for Clinical Research, Including Regenerative Medicine"(November 2014), and "Comprehensive Coverage Plan for Welfare and Nursing Care Businesses" (December 2014) focusing on the field of extending lifespans including medicine, nursing care, and welfare. Furthermore, we released the "Information Leaking Protector" (October 2013), in response to the increasing needs for measures against information leaking risks. ADI also launched four special contracts in April 2014, including a special contract liability insurance for employment practices that is sold as a set with the D&O insurance (company directors and

officers liability insurance).

We will continue to proactively develop progressive products in response to new risks that would occur with changes in policies and environments, technological innovation, and other factors.

### Mechanism to develop and improve products and services

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.

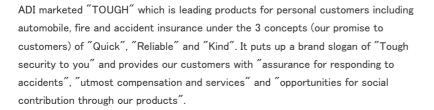


### Non-life insurance

The environment surrounding non-life insurance is drastically and quickly changing due to the advance of global climate change and global warming, the emergence of growing industries, the increase in companies expanding overseas operations, the decline of birth rates and rise of aging populations, and the diversification of customer's needs with changes in lifestyles. By taking into account those environmental changes, the Group's domestic non-life insurance will continue to provide products and services that can fulfill customer's needs from their viewpoint, to deliver to security and safety to our customers.

### Branded Product for personal customers "GK" "TOUGH"

At MSI, a series of key products; automobile insurance, fire insurance, and accident insurance under the common brand of "Wishing to be your assurance Goal Keeper (GK)" are offered for personal customers. In "GK Automobile Insurance," we have three plans "Basic," "Standard" and "Enhanced" according to the width of the coverage and offer " automobile insurance that is easy to understand and choose." In addition, by allowing customers to choose a customized contract that fits their car lifestyle from "MY option," we offer optimal automobile insurance for customers.



# Automobile insurance "Earthquake, Eruption, Tsunami 'Flat Payment for Total Loss of Automobile' Special

At MSI and ADI, responding to the voices of those who desire reparations for their automobiles damaged in the wake of Great East Japan Earthquakes, a new automobile insurance "Earthquake, Eruption, Tsunami 'Flat Payment for Total Loss of Automobiles' Special Covenants" was launched in January, 2012. Damage risks at times of earthquakes, eruptions and Tsunami are likely to be enormous, and they used to be considered too great to be compensated by commercial insurance companies. By limiting compensations to "total loss" and flat payments, the product offers quick payments of insured amounts at times of large-scale earthquakes.



Product pamphlets GK Automobile Insurance



Product pamphlet TOUGH automobile insurance

### **Online Contracting**

Mitsui Direct General, a specialist direct-sales non-life insurance company, is working on the development of easy-to-understand and simple products and simplified procedures to make contracts, under the concept of "enabling customers to properly understand details of products and services and complete procedures to make contracts on the website". It also carries out the PDCA cycle for appropriate improvement and modification, in response to customers' voices received by the call center. Under another concept of convincing a broad range of customers, we have implemented discount services and premiums that would only be possible for an online mail-order service.



Home Page

### Internet-based Contract Services through Mediating Agencies

MSI provides the following products for sale through the websites of its agencies: overseas travel insurance (Net de Hoken @ Travel), insurance for bicycle users (Net de Hoken @ Bicycle), golfer insurance (Net de Hoken @ Golf), and motor bike liability insurance (Net de Hoken @ Motorcycle).



Internet-based Contract Services through Mediating Agencies

### Accident insurance product for athletes (Taiwan)

MSI's subsidiary in Taiwan, MSIG Mingtai Insurance began to offer group accident insurance for athletes(\*) in fiscal 2014. Aimed at meeting social demands, this is the first insurance product of its type offered in Taiwan and includes coverage in the event of death, hospitalization, and periodic treatments as well as income compensation. all 417 of the Taiwanese athletes who participated in the Asian Games, held in Inchon, South Korea, were covered by this insurance. We provide support for the development of sports by providing insurance products.



\*This product received the "Best Creative Product prize", among "Faith, Hope & Love Awards of Insurance 2014" organized by the RMIM Inc.

### Life Insurance

The environment surrounding life insurance has continued to change. For example, the situation of medical and nursing care is constantly changing in addition to conventional death security with shorter hospitalization periods, increasing customers' needs regarding medical expenses and income coverage in the case of a serious disease. Under such circumstances, the Group's domestic life insurance companies strive to enhance a lineup of life insurance products to respond to various risks, while listening to customers' needs.

### Branded Product "&LIFE" for personal customers

At MSI Aioi Life, a new type of life insurance was introduced under the brand named "&LIFE". "Guard with big 'assurance' against many 'IF Events' in life" characterizes the reliable insurance that leads customers to a bright future. The color blue, symbolizing "&LIFE", is the color of water, air and the earth, which are all indispensable for our lives. "Naturally be with you and provide you with assurance" is how we intend our insurance to be.



Product pamphlets &LIFE New medical insurance A (Ace)

### Foreign-currency fixed amount whole life insurance

MSI Primary Life provides asset-building insurance products such as personal annuity insurance and whole life insurance, via OTC sales through financial institutions. At MSI Primary Life, in addition to "Shiawase, zutto" and "Tanoshimi, zutto", the foreign-currency fixed amount whole life insurance that has been received well., In May 2015, in order to meet needs for pensions with shorter maturity periods, it started to sell "Egao, Hirogaru", the Foreign-currency-denominated fixed annuity. The New Zealand dollar with a high interest rate can be selected for this pension plan. This is the first foreign currency-denominated variable annuity whole life insurance product in the industry (\*2) that pursues investment results through special accounts and a foreign currency selected from among the following: Australian dollar, US dollar, New Zealand dollar (\*1).

The special account comprises an active investment component that invests in stocks or products, as well as a stable investment component that invests in bonds. The active investment component is able to work up to a maximum of about eight times leverage (\*3) in order to achieve high investment results.

Product pamphlets Egao, Hirogaru

After investing through the special account, we provide enhanced death benefits based on the investment results, thereby giving customers greater peace of mind about their valuable assets.

\*1: Depending on the financial institution, New Zealand dollar may not be available for use.

\*2: Based on studies conducted by MSI Primary Life in April 2015

\*3: Similar to the principles of the lever, it is possible to invest a large sum of funds with a small capital.

# Pillar I Earning trust through the improvement of product and service quality Upgrading customers' ease of understanding and convenience

The MS&AD Insurance Group is developing business processes using internet, personal computers and smartphones to make products and services simpler and more convenient for customers. We also have systems to provide information about insurance products and services to a wide range of customers regardless of age and ability.

### 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 all 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 since July 2014 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 the statement easier to understand by simplifying the contents, reducing the volume of letters to improve readability, and stating matters to be confirmed by a customer in chronological order.

# Advancing with you MS&AD MS&AD Holdings

Pillar I Earning trust through the improvement of product and service quality > Upgrading customers' ease of understanding and convenience

### 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.



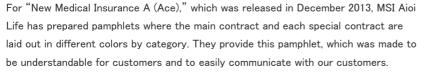
Book to answer your questionson automobile insurance<sup>w</sup> pamphlet

In the pamphlets of its core "TOUGH Automobile Insurance," and other products, ADI has made efforts for helping customers get an easy-tounderstand 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





New Medical Insurance A (Ace) pamphlet

Pillar I Earning trust through the improvement of product and service quality > Upgrading customers' ease of understanding and convenience

### Improve the convenience for customers in contracts

### Electronic contracting procedure

MSI is 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.

MSI is intended for the automobile insurance and fire insurance, ADI is intended for the automobile insurance, It is possible to indicate a recommended plan in an easy-to-understand way on the screen, change contents of coverage, and re-estimate the premium there and then. It is not necessary for a customer to prepare a personal seal, fill in 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 wants 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 introduced in April 2013, 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.

### Internet Services

MSI sells overseas travel insurance, insurance for bicycle users, golfer insurance, and motor bike liability insurance on the website of agencies. Approximately 2.1 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, "SumaHo."

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 6.55 million customers have used these services as of May 2015.

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.

### **CD-ROM Policy Conditions**

MSI Aioi Life 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** 

Pillar I Earning trust through the improvement of product and service quality > Upgrading customers' ease of understanding and convenience

### Our declaration form won an award for easy-to-understand information in the "UCDA Award 2014"

MSI Aioi Life was presented with an award for easy-to-understand information in the life insurance and medical insurance category in the "UCDA Award 2014" organized by the Universal Communication Design Association (UCDA), for its benefits claims documents. MSI Aioi Life's benefits claims documents were assessed by experts as being consistently summarized and achieving a high degree of perfection, with comments such as "low volume of information to fill in" and "frequent use of illustrations and text size makes the booklets easy to read." This award is the result of repeated improvements carried out as part of the company's campaign to improve customer satisfaction launched in fiscal 2012, and it will continue to keep up its efforts to further improve quality going forward.



Payments bill

For Billing of insurance claims and payments

### 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. Since fiscal 2014, We formed a specialist team within the Customer Satisfaction (CS) Committee to give consideration to improve services to senior citizens and tailor them specifically to the needs of older persons. Specific instances have been the introduction of a specified agent system (rider) for persons who may become unable to conduct pension procedures due to a decline in their ability to express their intentions. Other instances have included the release of a "Video on Procedures" aimed at assisting seniors in carrying out insurance procedures smoothly, and other initiatives.

### Initiatives for people with disabilities

### 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 code
 (website of Kosaido Publishing Co., Itd.)



Product pamphlets GK Automobile Insurance

Pillar I Earning trust through the improvement of product and service quality > Upgrading customers' ease of understanding and convenience

### 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..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 (Minanomoji) 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.

### 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).

### Consideration for the Elderly

MSI and ADI are promoting appropriate insurance sales to the elderly 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 and close friends 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 since fiscal 2014 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 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 the disabled and elderly. 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 and considering appropriate improvement measures.

# Pillar I Earning trust through the improvement of product and service quality Payment of insurance claim service preferable to customers

The MS&AD Insurance Group is taking various steps toward its goal of constructing setups that will be trusted by all customers, through provision of reliable claim services with high levels of accuracy, speed, and integrity.

### 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.

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. MSI also developed the SPM System, which is designed to support the work processes and is equipped for automatic display of the schedule for action by assigned personnel to provide sure service to the customer.

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 ease.

### Improving customer's satisfaction by responding to incidents

In order to provide good support that surpasses customer expectations, MSI sincerely listens to the customer opinions, and perceives their expectations in advance, when responding to incidents. At the time of landslide disasters that occurred in Hiroshima Prefecture in August 2014, for rapid payment of insurance claim to victims, non-marine claims administration department, sales department and agents worked together to serve customers thoroughly.

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.

Pillar I Earning trust through the improvement of product and service quality > Payment of insurance claim service preferable to customers

### Enhancement of the information on accident response service

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"



"Information on Accident Response" web site

### **Claim Support Guide**

MSI Primary Life has produced videos about the insurance claims procedures it receives many inquiries about, and released them on its website. In order to facilitate smooth insurance claims procedures, 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 the necessary documents and notification of completed procedures.



Click here for the actual videos:

### 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\*1 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\*2. 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)

Pillar I Earning trust through the improvement of product and service quality > Payment of insurance claim service preferable to customers

### Upgrading customer response skills of claims handling personnel

To provide customers with satisfying claims handling service, the Group works to upgrade the skills of all personnel involved.

### Quality Improvement Campaign

MSI has continuously implemented a "Quality Improvement Campaign" with the aim of exceeding customers' expectations and providing satisfactory services. A variety of approaches are in place for implementing role-playing training programs for employees assigned to total loss support department that deals with customers with high-quality uniform services.



"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. \* Lady Improvement Projects



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 April 2014, MSI merged the MSI Claims Adjusting Company, Ltd., an affiliated company. We work to further promote the appropriate certification of repair costs by deepening the cooperation between adjusters and case managers. This is to satisfy customers by performing quick and appropriate handling of accidents.

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. Pillar I Earning trust through the improvement of product and service quality > Payment of insurance claim service preferable to customers

### Quality Improvement by reviews on the insurance claims payment processes

Mitsui Sumitomo Insurance Underwriting at Lloyd's 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.

### Efforts to Improve Customer Satisfaction for the Handling of Accidents (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.

### 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. 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 (Japanese only)
- ADI (Japanese only)

Pillar I Earning trust through the improvement of product and service quality > Payment of insurance claim service preferable to customers

# Works in overseas

# Relief support of insurance claims for flood victims (Malaysia)

In December 2014, there was major flooding in the East Coast of peninsular Malaysia, centering on the districts of Kelantan, Terengganu, and Pahang. Ordinarily, it takes time to confirm the extent of damage and complete the procedures necessary for insurance payments. However, from the perspective of providing relief for flood victims, it put our best effort into minimizing the amount of time taken to pay the insurance claims as much as possible. Immediately after the incident occurred, the insurance claims department used SMS to communicate with all MSI customers in the affected regions (more than 4,000 people), taking a proactive stance in providing information to these customers about payment procedures and methods. At the same time, it succeeded in paying insurance claims promptly to customers who had suffered losses in the disaster.

#### Provide a dedicated application for the claims of the fire insurance(Malaysia)

MSI first introduced a dedicated application in Malaysia that enables customers to submit personal fire insurance claims through their smartphone or tablet devices. This dedicated application provides added value to the service aspect of insurance products sold by our company, and we are confident that it contributes to improving convenience for our customers. In addition to its insurance claims function, this application also introduces various service providers to users, such as for emergency response related to customers' houses and various maintenance work, 24 hours a day, 365 days a year.

Pillar I Earning trust through the improvement of product and service quality > Quality improvement of the Contact Centers

# Pillar I Earning trust through the improvement of product and service quality 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 established and commenced operation of a system that makes use of text-mining to analyze, from various angles, inquiries received from customers via the call centers. Through this system, 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 representatives 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, and Mitsui Direct General received three stars for its support portal site.



Received three stars the highest rating

## 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 "SV (Supervisor) networking event," "SV discussion meeting," "Mutual dispatch of trainees" and "Participation in training as an observer."

## 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 2014, from around 4000 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

## Sharing telephone system infrastructure

The contact centers of Domestic Group insurance companies now share a single telephone system. A similar telephone system infrastructure is placed in two locations; one in Chiba Prefecture and the other in Hyogo Prefecture, so that either one can take the place of the other in times of system failure at one location caused by natural disasters or mechanical hitches. This integration of telephone system infrastructure has resulted in a synergistic effect, such as the reduction of system maintenance costs.

# Pillar I Earning trust through the improvement of product and service quality

# Growth with our agents

We strives 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 delivering an information program about insurance matters, "NewsADvance" and a program to introduce good practices related to agent business, "Genba Damashii", 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 toimprove 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 2014, we introduced a new learning device known as ARS (Audience Response System)\*, which enables two-way communication between lecturers and students, with the aim of further enhancing the efficacy of training.

\* 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.



A scene of training

Pillar I Earning trust through the improvement of product and service quality > Growth with our agents

# 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. 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. They also are striving to establish this mechanism by providing tools, learning materials and other resources. for agents.

# Framework to secure quality in agent work

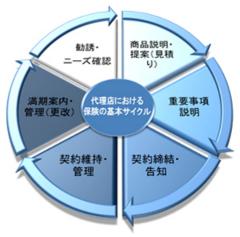
### **Basic perspective**

Domestic Group insurance companies have long been making efforts to improve quality among agents as the points of contact with customers. MSI and ADI 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.

In fiscal 2014, to help improve the effectiveness of education, guidance, and management within agents, MSI, ADI, and MSI Aioi Life conducted a survey of the type of contract between agents and their salespeople and launched an initiative to shift to a more-appropriate system of solicitation. Taking into account compliance with the revised Insurance Business Act, which will come into effect starting in fiscal 2016, the Group has been working to further strengthen/improve the quality of solicitations.

# Agent quality certification system

MSI has established a systematic set of operations 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

Pillar I Earning trust through the improvement of product and service quality > Growth with our agents

To improve the quality of agent and canvasser operations, who play an important role as a contact point with customers, ADI clarified the quality standards and action guidelines, which agents and canvassers need to meet for each operational process, and are now promoting joint efforts with agents and canvassers to reform such process to the customer-oriented "Project ADvance".



AD quality standard Guidebook

# **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 (\*) (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 retail sales 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.

Pillar II Contributing to the resolution of social issues through the improvement of product and service quality

# PillarII Contributing to the resolution of social issues through the improvement of product and service quality

Based on Our Mission that "we will contribute to the development of 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 act while considering the synergistic effect of the environment and society on all of our business activities, and through those actions, we will work to increase corporate value and contribute to 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**

We believe that the vitalization of regional economies requires the growth of the small- and medium-sized enterprises working in each region, and we support expansions overseas by such companies as a means of fostering their growth. At the same time, we are also turning our attention to the social issues present in developing countries.

Development of Local Communities

Undertaking Responsible Investment to Contribute to Resolving Social Issues

# Undertaking Responsible Investment to Contribute to Resolving Social Issues

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

# Pillar II Contributing to the resolution of social issues through the improvement of product and service quality 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.

# **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 one of the most vulnerable countries in the world to earthquakes. With another spell of catastrophic earthquakes predicted to occur in the Nankai Trough nearby, interest in earthquake risks are increasing. Under these circumstances, MSI, ADI, and InterRisk Research Institute & Consulting have actively been engaged in advisory services for mitigating earthquake and tsunami damage, and 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 2014, a new tool known as the "Earthquake BCP Initial Response Training Experience Set (BCP Training DVD)" was released to provide support for BCP training of small and medium-sized enterprises. In addition, the business continuity management (BCM) activities that we were engaged in for two years from fiscal 2013, jointly with Miyagi Prefecture, were commended with the outstanding award in the Japan Resilience Award 2015\*1. At the same time, we also concluded an agreement\*2 with Miyagi Prefecture on providing support for the formulation of BCPs for corporations.



Signing ceremony of the "Agreement on providing support for the formulation of BCPs for corporations"



Awards ceremony of "the Japan Resilience Award 2015"

\*1 An award hosted by the Association for Resilience Japan

\*2 Miyagi Chamber of Commerce and Industry, Miyagi Prefectural Federation of Societies of Commerce and Industry, Miyagiken Chuokai, and Miyagi Organization for Industry Promotion are also parties to this agreement.

# 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 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 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 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) from 14 – 18 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

# "Disaster Navigation" feature on smartphone service

MSI has included a "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" feature 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** 

# 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.

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



Product Accident Prevention Posters (Forklift Version, Pallet Version)

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.

# Starting a consulting service that uses a new tsunami model

Based on experiences from the Great East Japan Earthquake and in anticipation to the damages from a massive Nankai Trough earthquake, risks related to tsunami are attracting more attention. In these circumstances, MSI and InterRisk Research Institute & Consulting, Inc. developed a "new tsunami model" to anticipate 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 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.

# Spreading Earthquake Insurance

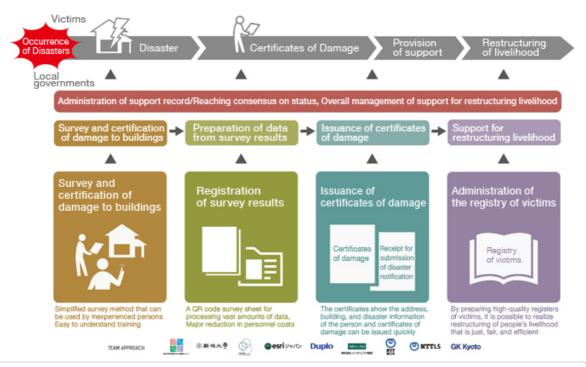
Based on the "Act for Earthquake Insurance", earthquake insurance is managed by both government and the non-life insurance companies, and aims to contribute to rebuilding the stability of disaster victims' lives. After the Great East Japan Earthquake, we received many opinions "it was really good to have joined earthquake insurance" from disaster victims at the time of payment of insurance. 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.

# Advancing with you MS&AD MS&AD Holdings

Pillar II Contributing to the resolution of social issues through the improvement of product and service quality > Accident Prevention, Disaster Prevention and Mitigation

# Supporting Early Recovery from Disasters

At InterRisk Research Institute, in industrial and academic collaboration with Kyoto University, Niigata University, and others, we have developed a "System for Supporting Restructuring of the Livelihood of Disaster Victims," and this system was awarded a Good Design prize in fiscal 2014. 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 the early recovery and return to independence of disaster victims.



#### Preventing the occurrence and spread of loss by providing risk management services to customers

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 entity in Taiwan, has been organizing events since fiscal 2012, with the aim of improving safety and preventing risks on the campuses of elementary schools. In fiscal 2014, which marks the third year of this initiative, musicals were performed at 30 elementary schools. At the same time, in order to disseminate knowledge of safety to even more people, the Facebook fan page titled "Mingtai Safety Club" was set up in September. Various forms of safety information is provided periodically on the fan page, including traffic safety, safety in homes and schools, and disaster prevention measures, with the aim of improving safety awareness for society as a whole.



Facebook fan page titled "Mingtai Safety Club"

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

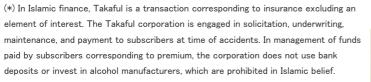
MSI's local corporation in Indonesia has been holding seminars at notable Indonesian universities since 2007 in order to spread knowledge about non-life insurance and risk management. In addition, the company held a risk management seminar for companies in 2014, and provided information on disaster risks, knowledge and management techniques related to credit risks, as well as the newly established social security system. 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)

# 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 (\*) 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).



Hong Leong MSIG Takaful (link to website)



Takaful corporations



CEO and staff

# Non-life Insurance Lectures for Local Insurance Companies (Myanmar)

The Myanmar branch of MSI (Previous the Yangon Representative Office) held a one-week training program based on the theme of property insurance, for 12 local insurance companies and Myanma Insurance. Approximately 40 participants attended the training. The carefully prepared contents and materials were a success, and participants in the training program also appraised the program highly. While Myanma Insurance, a state company, had monopolized the insurance market for 60 years, 12 companies from the private sector entered the market in 2013. For that reason, there has been strong demand for knowledge and experience about the insurance business, and the companies were more than happy to welcome this training program. The Myanmar branch of MSI aims to continue contributing to the development of the insurance industry in Myanmar through such activities.

# Approaches Related to Traffic Safety

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

#### 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. Until March 2015, the seminar was held 102 times with 4,783 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 safe driving initiative service for corporate customers that uses telematics technology. Through Suma Navi, customers are offered

premium discount for fleet contracts based on the results of their safe driving initiatives.

Because the safe driving diagnosis is done using a smartphone application, there is no need for customers to take on

special preparations or costs. The application can be used through a simple process.

We will continue to support concrete and effective corporate safe driving initiatives even more, with the aim of preventing accidents before they happen.

## "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" (\*2) developed by Toyota Motor Corporation, which

is installed in car navigation systems. By connecting the customer's vehicle 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.

# Acquisition of Shares of Box Innovation Group, a Major UK Telematics Auto Insurance Firm

In 2004, ADI became the first domestic insurance company to release an auto insurance product that only requires customers to pay for the distance they have driven each month, "Pay As You Drive (PAYD)." As a pioneer in the field of telematics auto insurance, ever since then the company has been considering the acquisition of companies doing research or possessing advanced technology in that field. In March 2015, ADI acquired Box Innovation Group Limited (BIG), which is based in Gibraltar, United Kingdom, via its 100% subsidiary Aioi Nissay Dowa Insurance Company of Europe Limited (ADE). Through this acquisition, ADI marks its full-scale entry into the U.K. telematics auto insurance market, as well as



CEO Suzuki of ADI with CEO Brockman of ITB, a subsidiary of BIG

realizing the further expansion of its business base and acquisition of experience in the European auto insurance market. To promote development of new customers by Toyota dealers, which constitute a major market for ADI, it intends to utilize telematics technology. It is also thought that this will bolster ADI's retail business centering on overseas Toyota dealers, and contribute to Our Mission of "the development of a vibrant society by bringing security and safety."





# Campaign for education in safe driving

#### Providing Apps that Promote Safety and Peace of Mind

MSI is providing free smartphone applications – "Smartphone 'Driving Ability' Diagnosis". "Smartphone '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 "SumaHo's driving capability diagnostic services for corporations" for safer driving of company cars using "SumaHo".



SumaHo

ADI is providing free smartphone applications – "Support NAVI". "Support 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 NAVI

# Advancing with you MS&AD MS&AD Holdings

Pillar II Contributing to the resolution of social issues through the improvement of product and service quality > Accident Prevention, Disaster Prevention and Mitigation

# My Safe Drive (Asian region)

MSIG Holdings (Asia) released a safe driving application for smartphones in December 2014. 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 insurance industry.



My Safe Drive's icon



My Safe Drive's screen image when using (iOS version)

## Efforts to prevent and reduce traffic accidents by utilizing "accident map"

MSI, in cooperation with InterRisk Research Institute & Consulting, Inc., 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 enhance 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 "SumaHo



Driving Capability Diagnostic<sup>"</sup> application, which is an accident prevention service that makes use of smartphone devices. \*Fiscal 2012 data on locations where accidents frequently occur (nationwide) from the Institute for Traffic Accident Research and Data Analysis is used.

# Activity to improve driving manners, "MUJICOLOGY ! Project"

In May 2011, Mitsui Direct General started the "MUJICOLOGY! Project", the objective of "aiming for a car society without accidents". Mr. Katsuhiro Nishinari, professor of the University of Tokyo's Research Center for Advanced Science and Technology, was invited as the second president of "MUJICOLOGY! Laboratory", which is a center for disseminating information. Visitors to the site can find video lectures on Jamology, the science of traffic congestion, and related content.

Also, in June 2014, we marked our 15th anniversary and would like to provide substantially expanded services and work toward providing customers with peace of mind and satisfaction. With this in mind, we established the MUJICOLOGY Smile Fund, aiming to become a company more familiar to customers for the long term.

Through this project, Mitsui Direct General asks its auto insurance, motor bike insurance, or driver's insurance customers which organization they want to donate to, and then offers donations to the selected organizations based on the ratio of votes they receive. Votes from customers with zero accidents are assigned greater weight. This framework allows the donations to more strongly reflect the thoughts of customers that do not cause accidents.

In FY2014 (July 2014 to March 2015), as many as 35,524 people cast votes through this project.

Up until now, safe driving has been something that people are simply expected to do. This new idea for a social contribution framework makes safe driving something that can be done to support others. We will continue to operate this framework into the future.

# the MUJICOLOGY Smile Fund

#### Making a picture book about prevention/decrease of traffic accidents

At ADI, we 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 "Tanoshii Mainichi" (happy days)

#### 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. In fiscal 2014, we held a traffic safety image contest for high school and college students nationwide in Thailand. A total of 130 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)



Winning Works of the traffic safety image contest

#### 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 fiscal 2007, the Foundation has also gained the cooperation of MSIG Holdings (Asia) to launch an overseas grant targeted at the Southeast Asia region. It currently provides research grants in the field of traffic safety in Singapore and Thailand.

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 1,095 cases at a value of 1.379 billion yen as of the end of fiscal 2014.

(\*) Founded in 1975, and became a public interest incorporated foundation in December 2009.

Mitsui Sumitomo Insurance Welfare Foundation

# Release of 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.

# Bicycle accident prevention campaign

In order to reduce the number of bicycle accidents, MSI launched the "Anshin Cycle" service in October 2014, marking the third service under the free smartphone application series, "SumaHo." The service includes a function that notifies users through sound or vibration when the bicycle exceeds a preset speed during cycling. It is also equipped with many functions aimed at providing safety and security for cyclists, including searches for bicycle shops that have bicycle safety mechanics, support for inspections and maintenance, and step-by-step guides for the appropriate action to take in the event of an accident or bicycle theft. The service is not limited to policyholders, but can be used by all smartphone users. ADI has continued to conduct the "Awareness campaign for preventing bicycle accidents" together with the Tokyo metropolitan government, police offices, and other autonomous bodies since 2011. We handed out leaflets on safety rules and examples of accidents related to bicycles, appealing for the importance of safe bicycle riding.

# Pillar II Contributing to the resolution of social issues through the improvement of product and service quality 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 2014, 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.

 **<b>Duds: n u n u u z s** 

Award ceremony 2014

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

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 (fiscal 2011).

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. 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

Abnormal 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 can cover the loss of sales due to unseasonable weather, such as rainfall, overly hot or cool summers, extremely cold or warm winters, and other weather-related phenomenon. In recent years, for the solar power and other businesses, we have introduced package products that combine insurance and weather derivatives, thus supporting the further development of the renewable energy field.

Also, in overseas markets, through subsidiaries, we have begun to offer products for hedging climate risk. The weather derivative business has come to be positively assessed globally, and MSI GuaranteedWeather, our U.S. subsidiary has received the "Best Dealer in Asia" award four times from the U.K. monthly magazine Environmental Finance.

# Weather Information Alert Service

MSI, in cooperation with Weathernews Inc., launched the first "Weather Information Alert Service" in the insurance industry for holders of construction insurance policies (Architecture All-In, Civil Engineering All-In) and corporate fire insurance policies (Property Master) in June 1 2015.

This service sends out alert e-mails when the standard values (set arbitrarily by the customer based on rainfall and wind speed) exceed the "caution" and "warning" values in news



[Landing page of the Weather Information Alert Service]

forecasts. These values are selected for locations set arbitrarily by the customer through the dedicated website. In addition to serving as an advance measure to prevent damage from rain and wind disasters, the service can also be utilized to mitigate the risk of opportunity loss, which is not covered by insurance.

In recent years, typhoons, heavy rains, and sudden localized thunderstorms (known as "guerilla storms") have wrought damage across Japan. Such climate risks have a serious impact on the management of businesses. MSI will continue to contribute to preventing and mitigating damage from natural disasters by providing weather information, and in doing so, provide support for the business activities of our corporate customers.

# Comprehensive Coverage Plan for Food & Agribusiness

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 Coverage Plan for Food & Agribusiness" 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.

#### Provision of Corporate Environmental Risks Consulting

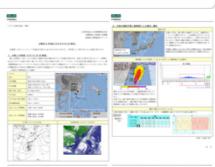
Floods and regional downpours are occurring around the world with greater frequency. As the scale of damage done by water damage grows, the importance of countermeasures against water damage for corporations is only growing. InterRisk Research Institute & Consulting is holding seminars and offering information on water-related risks in general. The company is also supporting the expansion of green belts in cities through corporate green belt consulting, and contributing to efforts to reduce urban flooding.

Moreover, as a water-related disaster support service, the company is identifying high risk areas using hazard maps created by public organizations, and conducting risk analysis that considers even regional downpours in flood simulations. In addition, based on the results of analysis, the company offers advisory services that consider even the establishment of business continuity plans (BCPs) that prepare for disasters, and supports efforts to lessen water-related disaster damage and improve corporate responsiveness to water damage.

Support for a Business Continuity Plan (BCPs)

#### 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.

#### 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, abnormal 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 flood which took place in Thailand in 2011 highlighted the issue of halted production due to disrupted supply chains (supplier network), in addition to the flood damage of plants and other facilities. The Thai flooding gave momentum to an increasing number of companies in ASEAN regions to plan measures for natural disasters and review business continuation plans. The MS&AD Insurance Group provides high-quality risk management services that closely match the localized needs of customers through our risk management service bases in Japan, Singapore, Thailand, China (Shanghai), and India.

- For details of the Inter-Risk Asia
- For details of the Inter-Risk Thailand
- For details of the Inter-Risk Shanghai

# 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 practice in July 2012. With this as an opportunity, an increasing number of large-scale construction projects of photovoltaic stations (hereafter called the "mega-solar") are now under way across the nation. The number of private business operators considering entry into the small scale water power generation business has increased. MSI released the "Comprehensive Coverage Plan for Mega Solar Power Generation" for mega solar power producers in June 2012, and "Comprehensive Coverage Plan for Small and Middle-sized Water Power Generation" 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 response to the need for risk coverage which renewaqble energy producers including mega solar power producers are exposed, we indirectly support the spread of renewable energy by providing insurance products.

# Environmentally friendly automobile insurance

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.

# "Connected Automobile Insurance" - Auto Insurance Linked to Driving Distance

"Connected Automobile Insurance," launched in April 2015, is auto insurance that provides customers with security, safety, and discounts by connecting our customer's vehicles with the MS&AD Insurance Group. 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.



This reasonable auto 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\* 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, 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.

# 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.

## 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 which scheduled to be revised in 2015 autumn 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

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, 2015, 118 members have acquired accreditation or updated their accreditation, and are continuing to engage in environmental management.

ADI also participate in the Program with The Nationwide Professional Group\* and promoted the suggesting campaign to domestic small and medium-sized enterprise as well as to the agents. They are working together for the prevention of global warming.

\* An organization of dedicated agents of ADI and Aioi Life. Its members are persons qualified for business in non-life and life insurance.

# 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.

Preserving Biodiversity

# 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. InterRisk Research Institute & Consulting contributes to the activity by accepting the administrative work on commission. By fiscal 2014, 23 facilities have been accredited by ABINC.

# Awareness raising activities for stakeholders

Contributing to a sustainable global environment is an issue to be addressed with people in society. 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, 2015, the number of repair shops performing engine washing reached 410.

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

# Promotion of eco safe driving

In the nonlife 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 company 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."

## Fire safety information course (China)

The Beijing branch of Mitsui Sumitomo Insurance (China) Company Limited, which is the Chinese subsidiary of MSI, conducted a fire safety information course at Tongxin Experimental Primary School in October 2014. The course was attended by about 50 students from two classes in the fifth grade. On the day of the course, MSI harnessed our risk surveying know-how in our fields of specialization, and provided explanations on the key points to evacuation using actual examples of cases, videos, and easy-to-remember children's songs. We also conveyed to the children the dangers of fires, the importance of fire prevention, and the key points to



fire safety information course

evacuating during a fire. The children were active in raising questions and spoke about their own thoughts, making the course an enjoyable one. On the day, the Beijing branch provided the school with 100 fire safety information booklets and emergency evacuation light. It also purchased and donated 1000 yuan worth of everyday medication using funds donated by the staff.

The Tongxin Experimental Primary School, located in Pi Cun, Jin Zhan Xiang, Chaoyang-qu in Beijing, is a privately-run elementary school for the children of migrant workers. Since fiscal 2011, the Beijing branch has continuously provided support to this school.

# 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 certificates" and "web policy clauses," 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

MS&AD Insurance Group proposes car repair using recycled components to customers who had car accidents, in an effort to promote a circular society and reduce environmental burdens.

MSI is working to educate customers and auto 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 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 2014, was about 29,000 units, and approximately 1,620 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 FY2014, we donated to the Indonesia tropical rainforest recovery project and Tohoku reconstruction aid. From 2009, which is when we started our involvement, through September 2014, the total number of cases amounted to 23 million, leading to approximately163 million yen worth of donations.



Green Power Supporter (Japanese only)

# Electronic contracting procedure

MSI and ADI are promoting face-to-face paperless recruitment activities, with the aims of strengthening contact with customers, enhancing customer satisfaction, and streamlining the work of agents.

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

Pillar II Contributing to the resolution of social issues through the improvement of product and service quality 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 ageing 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.

#### 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 Coverage Plan for Medical Institutes," 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.

#### 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 How Particle Beam Cancer Therapy Aids in Cancer Treatment," 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, "advancedtreatment.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.

### **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 2015, over 14,000 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.

#### Support for entrepreneurship among senior citizens

MSI organized an "Entrepreneurship School" to provide support for entrepreneurship among senior citizens. One of the issues faced by entrepreneurs who are thinking of starting a new business is the initial actions to be taken from the point of the establishment of the business to the point when the business gets on track. This initiative is a service that targets senior citizens who are thinking of establishing a new business based on the experience and ideas they have built up over their lives, and provides practical support for the initial period from the establishment of the business till it gets on track, in the forms of capital procurement, sales strategy, accounting, tax matters, personnel matters, and intellectual property strategy, to name a few. Since July 2014, more than 40 aspiring entrepreneurs and entrepreneurs who have just launched their businesses have participated in the "Entrepreneurship School" held in Tokyo over eight sessions. Through listening to talks of experiences from other entrepreneurs who have come before them, practical training sessions, and exchanges with other participants, the participants were able to improve their own business plans and establish their respective businesses.

# 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.



Egao Hirogaru

# **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 Coverage Plan for Welfare and Nursing Care Businesses," 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 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 December 2014.

In addition, MSI and ADI developed an "earthquake/flood BCP creation support tool" for welfare facilities in June 2014, and a "risk prediction training tool" for welfare and nursing care facilities in October 2014, 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 an affiliate 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 (202 times in fiscal 2014) 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 dementia and preventative care.



Yu Life Setagaya



Rehabilitation training at Do Life Shinagawa

#### Mitsui Sumitomo Insurance Welfare Foundation

The Mitsui Sumitomo Insurance Welfare Foundation\* 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 FY2007. 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 2014, it has furnished 833 million yen in aid for 785 projects in the elderly welfare (cumulative totals since its establishment).

Mitsui Sumitomo Insurance Welfare Foundation (Japanese Only)

# Pillar II Contributing to the resolution of social issues through the improvement of product and service quality 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.

# 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

As the first "supporting organization for management innovation" in insurance companies, MSI holds "seminar on overseas expansion" and "seminar for advancing into Asian emerging economies" on a regular basis in collaboration with financial institutes, local governments, and other entities, in order to support small and medium-sized companies to expand overseas operations. They plan to implement new initiatives such as the "global human resource development seminar". We will continue to expand this kind of support. We were certified as a "supporting organization for introducers" and "supporting organization for referral receivers" in the "SMEs' Overseas Development Fastpass" by Japan's Ministry of Economy, Trade, and Industry. Through this system, we provide appropriate advice regarding local risk management and general matters about insurance using our overseas network, which includes 39 countries.

#### **Comprehensive Coverage Plan for Global Businesses**

MSI and ADI jointly developed the "Comprehensive Coverage Plan for Global Businesses," a new product targeted at small and medium-sized enterprises that are expanding overseas, and commenced sale of the product on 1 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 (pet name "Business Protector (for overseas export)")
- (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 on a nationwide basis in November 2014.

This model was developed by the MSI Management Support Center and combines its "business matching," "entrepreneur development," "business successor development," 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.

# 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 those activities, as the stage shifts from recovery to reconstruction, MSI has worked on various support activities in collaboration with local governments.

We have signed a BCP formulation agreement with Miyagi Prefecture and members of the chamber of commerce, exhibited in the Public Forum of the 3rd UN World Conference on Disaster Risk Reduction, and organized BCP seminars. We were also presented with the outstanding award in the Japan Resilience Award 2015. In addition, we have donated to three affected prefectures – Iwate, Miyagi, and Fukushima – through the Green Power Supporter initiatives.

#### Yui no Ba

MSI resolved to help affected businesses tackle such management issues, has joined other partner entities in participating in the "Regional Recovery Matching Yui-no-Ba Activities", sponsored by the Reconstruction Agency. We have participated in all 10 sessions of "Yui-no-Ba" since its initiation, and the recovery support activities that the relevant parties have undertaken across the corporations have been highly appraised.

As part of the "Yui-no-Ba" initiative, the "Marche (in-house sale)" was held at Surugadai headquarters. Companies from Iwate and Miyagi Prefectures that have been affected by the disaster participated in the sale, and sold products to employees. In addition, by harnessing the in-house mail-order sales know-how that we have built up to date, we carried out in-house mail-order sales to support the affected businesses, generating approximately 4 million yen worth of sales from 930 employees and expanding the sales channels for these affected businesses.

Going forward, we aim to continue disseminating information in order to prevent the earthquake disaster from becoming a forgotten piece of the past, and to provide support for expanding the sales channels for the affected businesses.

#### Sanriku Challenge

MSI launched "Sanriku Challenge," that makes use of the Regional Revitalization Support Model cooperates with the Sanriku Mirai Suishin Center. This initiative introduces products that are produced with care by small, local businesses and entrepreneurs, and nurtured by the unique climate of the Sanriku region to companies across Japan, which look for new commercial products with the aim of developing new products. In order to enhance the appeal of products and strengthen the negotiation capability of companies, we provided know-how on effective information dissemination through the website, and provided support on presentations



Sanriku Challenge Presentations and business meetings

to business operators. In November 2014, a presentation event was held in Tokyo for small business operators and entrepreneurs. Furthermore, in February 2015, we conducted the Sanriku Business Negotiation Tour by inviting companies and organizations with an interest in commercial products to the local sites.

# 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

#### 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 2014, in proportion to new contracts for these policies, we donated funds that provided polio vaccines for 147,000 persons, thus bringing the total of persons vaccinated under this program to about 820,000.

 Website of Japan Committee Vaccines for the World's Children (Japanese only)



Providing Vaccines for the Children of the World

# Creation of employment in rural areas (India)

Cholamandalam MS General Insurance Company Limited, a local subsidiary of MSI in India, planned two 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, compelling them to move away from their families to work in the urban areas. By contracting work to an NGO, 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 180 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 600,000 insurance policies. This fiscal year, the company aims to expand its activities further, and commission the issuance of 850,000 policies annually.

Cholamandalam MS General Insurance website



Exterior of the building



Women at work

# Approaches Rooted in the Community

# The Regional AD Club

The Regional AD Club has been instituted at Aioi Nissay Dowa. 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.

More specifically, it plans and stages various seminars, meetings for exchange among different industries, and events for environmental protection, accident prevention, disaster prevention, and various charities, all in units of communities. In addition, it has divided Japan into 15 areas and launched its own websites in each of them. It provides information closely tied to the community and business information through these websites and e-mail newsletters.



Gathering of appreciation

In FY2014, community-based "appreciation assembly" gatherings were held in 33 places nationwide. The collection and donation of bell-marks to schools in the devastated areas was also promoted as one of the continuous means to assist reconstruction in the areas hit by the Great East Japan Earthquake.

By establishing the "Care Friends Meeting," a club for nursing-care business operators participating in the AD Club, we also provide information to support the risk management and the business management of nursing every month. We also provide various seminars, such as a seminar on care worker management and training. As of the end of March 2015, the number of member companies reached 24,000.

In FY2015, community-based help programs and social action programs for local communities will be carried out continuously, soliciting participation by a range of corporations and bodies in wider geographical areas.

In The Regional AD Club (Japanese only)

# Korea-Japan cultural exchange event (Korea)

At the Mitsui Sumitomo Insurance Co., Ltd. / Korea Branch, 42 staff participated in the "Korea-Japan Culture Festival in Seoul" held in September 2014, and danced "Yosakoi Arirang," which mixes the Japanese Yosakoi and Korean Arirang folk songs for cultural exchange between Korea and Japan. The event, which started in the "Korea-Japan Friendship Year" of FY2005, is a festival organized jointly by citizens in both countries of all ages and gender. The purpose of the festival is to help people understand the cultural differences between both countries, and contribute to the development of Korean society. Most Japanese companies in Korea participate in the festival.



Korea-Japan cultural exchange event

# Publish mail magazine (China)

ADI's Chinese local subsidiary ADI Insurance (China) has been issuing mail magazines 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)

# Pillar II Contributing to the resolution of social issues through the improvement of product and service quality Undertaking Responsible Investment to Contribute to Resolving Social Issues

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. Going forward, it will work to promote constructive dialog based on the ESG perspective with companies in which it invests, and implement business investments taking ESG issues into account.

Signatory of:



# 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 investee companies in line with this code.

- 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. Furthermore, investments in equity funds are also made, upon evaluating investment opportunities for individual enterprise's response to environment and society issues.

At Mitsui Sumitomo Insurance Venture Capital Co.,Ltd. specializing in investments in venture enterprises, are investing actively in a lithium battery manufacturing company (Eliiy Power Co., Ltd.) that develops batteries to store natural energy, a manufacturer of recycled material from waste (Refinverse Inc.), etc. under the theme of "investing in companies contributing to sustainable society".

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.

Pillar II Contributing to the resolution of social issues through the improvement of product and service quality > 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 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.

# Signing the United Nations Environment Program Finance Initiative (UNEP FI) Principles for Sustainable Insurance

MSI and ADI are participating in the United Nations Environment Program Finance Initiative(UNEP FI) to seek the concept of good service, spread and promote the service at financial institution taking into account the environment and social sustainability. In June 2012, UNEP FI published its sustainable insurance principles, requiring all member insurance companies to consider environment/society/governance issues in their business activities and perform respective roles in sustainable global development.

MSI, agreeing to the institution, has signed the principles. Hereafter, through our overseas network especially Asia, we will widely contribute to the development of sustainable society by our insurance products and services.

# Principles for Financial Action towards a Sustainable Society

In October 2011, in Japan, "Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)" and "Guidelines by Business Types" were made public. These principles were instituted as basic guidelines for the behaviors of financial organizations wishing to perform respective roles toward building sustainable societies. MSI and ADI participated in its institution.

And, MSI, ADI, MSI Aioi Life and InterRisk Research Institute & Consulting have signed to these principles.

# Shared Group Initiatives

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 approximately 40,000 employees of the MS&AD Insurance Group are undertaking various activities with people in every region, both domestically and internationally.

# 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

# Preserving 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.

Preserving Biodiversity

# 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

# 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 addition to activities benefiting communities through our insurance and financial service business.

Ontribution 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

# Shared Group Initiatives

# Policies and Management Systems Related to Environmental and Social Contribution Activities

Our company 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**

# **Basic Policy**

The MS&AD Insurance Group will continue to make efforts to preserve and improve the global environment through business activities in line with the 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 Group will also promote stable and sustainable activities based on its action policy summarized below.

#### **Action Plans**

- (1) Contribute to global environmental protection through our insurance and financial service businesses In various departments of our Company and of each company in our Group, we strive to develop, expand and provide products and services that contribute to environmental protection.
- (2) Reduce the environmental burden incurred in conjunction with our business activities and conserve biodiversity On top of adhering to environment-related regulations and charter/guidelines set by the industry, and that we have agreed to, each of the MS&AD companies is committed to reducing its environmental burden caused by its business activities and to conserving biodiversity.
- (3) Improve our environmental management system (EMS) Through constructing an environmental management system and conducting activities with set environmental goals and objectives, we are committed to sustainable improvement and pollution prevention.
- (4) Coexistence with society through environmental awareness activities We are committed to coexisting with society and disclosing environmental information by raising environmental awareness among every executive and employee, encouraging them to actively take part in environmental protection activities and promoting environmental awareness activities internally and externally.

All executives and employees in our Group, as well as the public, will be informed of our environmental policy.

# 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 environmental initiatives in our business itself. To that end, all Group companies and employees are driving forward the implementation of the environmental management system. Since fiscal 2013, all Group companies have been working collectively by combining the external ISO14001 certification with the environmental management system that we have developed in-house.

Shared Group Initiatives > Policies and Management Systems Related to Environmental and Social Contribution Activities

#### 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. In fiscal 2010, MS&AD Insurance Group formed the environmental policy management manual. From fiscal 2013, the approaches will be promoted 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 MS&AD Insurance Group has implemented its unique environmental management system since April 2013, and promoted environmental and social contribution activities at the Group's companies under the system named as the "MS&AD OUR EARTH Project." 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.

#### Enlightenment of the employee

#### MS&AD Eco smile check

Approximately 40,000 employees work in the MS&AD Insurance Group. 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 a campaign, "MS&AD Eco smile check" for the purpose of enhancing the consciousness of environmental protection and social contribution activities of all employees. Employees check and score their own activities such as eco-life practices, eco-activities at office, volunteer works, donation activities. In fiscal 2014, the campaign garnered the participation of an extended total of 19,977 employees.

#### MS&AD Eco smile check (Taiwan)

MSI's local corporation 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 2014, 67,980 New Taiwan Dollars, equivalent to 135,960 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.

#### Environmental and social contribution education

The environmental problems that face us are becoming more serious, with global warming and the reductions in living species. To tackle these environmental problems, the MS&AD Insurance Group is conducting e-learning session once a year for environmental and social contribution education in order to share that same recognition with all of our employees.

#### ADI Environmental Declaration

ADI and its affiliated companies announced the "ADI Environmental Declaration" in April 2009. They have been working on reducing environmental burdens from business activities, developing and providing insurance products and services that lead to environmental conservation, as well as conducting community-based environmental conservation activities. The dedicated agents of the ADI Nation-wide Professional Group likewise adopted an environmental statement at the same time. The company is therefore promoting activities for the preservation of the global environment through its executives, employees, and agents.

ADI Environmental Declaration

### Shared Group Initiatives

## Reduction of environmental impact

Alongside our work to contribute to the global environment through our insurance and financial services businesses by undertaking initiatives to adapt to and mitigate climate change, efforts 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 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

At the aim of climate change mitigation, the MS&AD Insurance Group set up medium- and long-term reduction goals for CO2 in September, 2010. Based on the reduction targets, the domestic group companies are promoting the development of specific measures that reduce usage of electricity, gasoline, paper which take into consideration this CO2 reduction plan.

Medium- and long-term reduction goal of CO2					
[Base year] Fiscal 2009	[Medium-term reduction goal] Fiscal 2012	[Long-term reduction goal] Fiscal 2020			
CO2 emissions *	Reduction target of CO2 (compare to base year)				
101,906t-CO2	▲4%	▲ 30%			

Situation of Reduction of environmental impact					
Fiscal year	CO2 emissions*	Compare to base year	Electricity (MWh)	Gasoline (kl)	Paper (t)
Fiscal 2011	86,569t-CO2	▲15.1%	171,528	7,692	16,445
Fiscal 2012	102,129t-CO2	0.2%	166,109	7,437	14,445
Fiscal 2013	100,085t-CO2	<b>▲</b> 1.8%	163,505	7,825	16,036
Fiscal 2014	110,157t-CO2	8.1%	159,793	7,467	13,282

 $\ast$  CO2 emissions in this plan

All energy usage at all of locations in Japan of the MS&AD Insurance Group (Calculation based on Rationalization in Energy Use Law) and gasoline consumption of domestic company-owned cars

\*As for CO2 emission volume, defined by emission factor used for GHG Accounting, Reporting and Publication System under Law Concerning the Promotion of the Measures to Cope with Global Warming. For Electricity, we calculated using the emission factors of each utility.

\*After fiscal 2012, CO2 emission factor of electricity has increased significantly as a result of the suspension of the operation of nuclear power generation.

#### Efforts to Reduce environmental impact

#### 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"

Use of recycled automobile components

Provision of Repair Services for Facilities Damaged in Disasters

#### 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.



The new wing of MSI's Surugadai office

#### 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 34 tons of CO2 in the end of 2014, 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.

## Shared Group Initiatives Preserving 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 formulated in April 1, 2010 explicitly include approaches to preservation of biodiversity and we promote our approaches.

#### **Research and educational activities**

Although there is still inadequate awareness of biodiversity as compared to global warming and climate change, we believe it is important to spread awareness about its importance, and conduct research about what should be done in order to protect biodiversity. To that end, we are engaged in research and educational activities.

#### 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. A side event was held at COP12 (the 12th meeting of the Conference of the Parties to the Convention on Biological Diversity) held in Pyeongchang, Korea, in October 2014, where information about biodiversity initiatives undertaken by Japanese corporations was disseminated to the world. MSI also presented its efforts to regenerate Indonesia's tropical forests, and greening initiatives at the Surugadai roof garden.

#### Activities for preservation of biodiversity



venue of COP

side events of COP



#### 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 2015, 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 8th symposium was held. In light of the latest information of COP12 (the 12th meeting of the Conference of the Parties to the Convention on Biological Diversity) which will be held in Pyeongchang, Korea, in October 2014, a lecture was presented about the roles and actions that corporations are expected to fulfill based on the Aichi Targets. Three separate working sessions were also held for themes that are closely related to corporations—1) protecting biodiversity through the utilization of corporate green spaces; (2) use of sustainable raw materials with consideration for biodiversity; and (3) conservation of national land from the perspective of biodiversity. In addition to presentations of case studies by experts and companies that have implemented advanced initiatives, opinions were exchanged. The event was highly appraised by the 170 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"

Since 2010, 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. In FY2014, a total of 1,600 employees participated in associated activities at 10 locations nationwide. The Group's biodiversity conservation activities and traveling lectures at schools were appreciated, and, in September 2014, it was accredited as a partner business of the Japan Committee for the United Nations Decade on Biodiversity.



Cutting reeds at Yatsuhigata



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, 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 FY2014, 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. Taking advantage of the know-how and experience learned from this project, from 2012 we started a degraded land restoration project in Merapi National Park, also on Java Island, with cooperation from JICA.

#### Indonesia reforestration project



Harvesting during training of agricultural techniques



Education program

#### Contribution to tree planting activities (Beijing/Philippine)

In 2013, air pollution was a critical problem in Beijing and many other cities covered with smog. Attention to countermeasures against air pollution have gradually been spreading over each strata of society. At the Mitsui Sumitomo Insurance (China) company Limited / Beijing branch, MSI's local subsidiary in China, 26 employees and their family members visited the forestation site in Beijing and planted trees in order to help improve the environment in Beijing as much as possible on their own. Through the tree planting activity, all of the employees increased their environmental awareness. They intend to practice eco-friendly customs and thrift in their everyday lives.



Tree planting in Beijing

Based on the number of cases where "Eco insurance certificate" and "Web policy clause" are selected, ADI makes donations to the "more trees Intermediary Organization", a group working on reforestation activities in the Philippines. The donation is used for tree planting activities in Quirino of north Luzon in the Philippines. It is said that 45% of all species in the Philippines live in the area where this activity is conducted. To conserve the ecological system, we conduct tree planting activities focused on native species, and promote appropriate forest management to contribute to biodiversity conservation. We also aim to mitigate poverty in the region by cultivating fruits at the same time to create cash earning opportunities from selling harvested fruits.

ADI "Eco insurance certificate" and "Web policy clause" (Japanese only)

#### 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 2014 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.

Furthermore, for the past two years since FY2014, as a company leading the way in the cultivation of native plants, MS&AD Insurance Group has 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 are collaborating 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



SEGES Superlative Stage Certification label



ABINC

## Shared Group Initiatives Contribution to Local and International Communities

As a member of local and international communities, our employees are involved in a sustainable development of societiy by, for example, 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 Groupimplement 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 FY2004, we have donated a total of more than 500 million yen.

In FY2014, a total of 35.74 million yen was donated as relief money for seven disasters including the heavy rains in Hiroshima Prefecture during August. The relief money included funds collected from total 20,306 employees and the funds donated by the Company.

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

Three 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.

#### Employees' volunteer activities to support the restoration of rice paddies

Under its Reconstruction Support Program, the MS&AD Insurance Group has been cooperating with efforts in the town of Minamisanriku in Miyagi Prefecture to revive the biodiversity of tsunami-devastated paddy fields by flooding them with water in the winter time-this practice, called fuyumizu tambo, creates a rich habitat for diverse organisms to flourish in the paddies during the inactive period. Since 2011, a total of 470 Group employees and their families have participated as volunteers in activities ranging from the clearing of debris to planting and harvesting rice. In fiscal 2013, our employees helped with rice planting, mowing, harvesting, and the water-filling ceremony.Every time, employees invited students of the local elementary school (a total of 43 people) and worked together. Our employees purchased the harvested rice, and the proceeds are used as part of the funding to aid reconstruction.

For details of the volunteers activities to aid the reconstruction

Shared Group Initiatives > Contribution to Local and International Communities



Debris removal



Helping with harvesting

#### Use of "Fukko Mai \* (Restored Rice)" at company canteens and provision of menus

Using our experience and network for the rice paddy restoration activities, MSI and ADI are providing menus using "Fukko Mai<sup>"</sup> at company canteens around Japan. On the 11th day of every month, MSI features "Fukko Mai<sup>"</sup> and serves menus with this rice at all company canteens.

In March, box lunches, curry and rice, rice balls, and other food were offered at company cafeterias in the Ebisu headquarters and the Nagoya Tsurumai building of ADI.

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.



Company cafeteria



Menus offered (one example)

Shared Group Initiatives > Contribution to Local and International Communities

#### Soccer school organized by J leaguer in Minamisanriku-cho

Since FY2013, MS&AD Insurance Group has sponsored a soccer school organized by the Japan Pro-Footballers Association in Minamisanrikucho.Such as the competition of boys soccer team and J leaguer, it is a fun social events.

#### Donation through eco insurance certificates and web policy clauses

ADI is also 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

#### ADI donation activities (Japanese only)

#### 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 2,300 as of the end of March 2015. As a result, Bell Marks equivalent to approx. 9,530,000 points were collected over four years, and donated to 93 schools in total. The activity will continue in fiscal 2015.



Supporting schools in the devastated areas by donating Bell Marks

#### Support for affected businesses through "Yui no Ba" regional recovery matching activities

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. In order to help the disaster-struck companies achieve sustainable development by using recovery as their starting points, we implement seminars on management plans, personnel and labor matters, and improving customers response capability, and provide advice to individual business operators, based on the areas of support that the management support center has developed to date.

As part of the "Yui-no-Ba" initiative, the "Marche (in-house sale)" was held at Surugadai headquarters. In addition to staff from the companies hit by the disaster, students also participated as interns from these companies, while Tohoku's mascot characters made an appearance. In these ways we are striving to provide support for expanding the sales channels for the affected businesses, and to disseminate information in order to prevent the earthquake disaster from becoming a forgotten piece of the past.

#### Nationwide product fair contribute to supporting employment

In fiscal 2014, ADI held a nationwide product fair to support recovery activities. The product fair, held at the head office, aimed to contribute to supporting employment at the areas affected by the disaster. To that end, the organizers procured hand-made sweets, and produced welfare workshops that support and help disabled persons whose sales channels have been cut off by the earthquake disaster, and who are still struggling under damaging rumors, to gain independence. These sweets were sold at the fair alongside with specialty products. With a portion of the income generated through the sales, we presented instant curry packets as gifts to children fromin Fukushima who are sometime unable to eat their school meals due to radiation content. Teachers from the elementary school were delighted with the gift, saying that it created, "An environment where children can spend their time with peace of mind."



We presented gifts of instant curry packets to Fukuda Elementary School

#### Screening of the movie "remember 3.11"

MS&AD Insurance Group held a screening of the documentary film, "UTAGOKORO" in March 2014 at the ADI head office building in Ebisu and the MSI Surugadai Building. The documentary featured a family in Minami Sanriku that had been struck by the earthquake disaster, and was viewed by 230 visitors during the screening events. Collection boxes were set up at the event venues, and the funds collected were donated to provide support for education in Minami Sanriku.



#### Awareness activities for local communities and the society

Approximately 40,000 employees work at 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

There is still inadequate dissemination of information and education on protecting the biodiversity of wetlands, and there is a need to promote environmental education, as set out in the Ramsar Convention. In light of this, the MS&AD Insurance Group produced a 45-minute educational program on the environment in January 2014, which comprises six sets of video materials and Q&A. Using this material, we began to conduct visiting classes. In December 2014, we also launched a dedicated website where users can download these video materials free of charge.



A class taught by MS&AD Insurance Group employees at Ochanomizu Elementary School in Chiyoda Ward

#### Information Transmission from ECOM Surugadai

The public environmental communication space "ECOM Surugadai" was opened in May 2012 as a place for the transmission 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. Surugadai green spaces also act as a research area to support universities looking into biodiversity in urban areas, and the impact of green spaces on the mitigation of the heat island phenomenon.



#### Kids" ISO 14000 program

At ADI, since fiscal 2005, has been collaborating with International Art & Technology Cooperation Organization (ArTech) in their worldwide educational program for children on environment "Kids' ISO 14000 Program".

At the same time, children of our employees' and agents' have also participated in this program, and in fiscal 2014, 23 and 3 children participated respectively in the entry course and the elementary course. To date, over 100 participants obtained the international basic certification, and some of them won special prizes including an award from



The 14th award ceremony of International Certification of Kids' ISO 14000 programme

the Ministry of Education, Culture, Sports, Science and Technology, an award from the Ministry of Environment, and an award from the governor of Saitama Prefecture.

#### Efforts related to the reconstruction of school buildings (Philippine)

One year has passed since typhoon No. 30 ("Yolanda" in the Philippines, "Haiyan" in Asia) wreaked enormous damage mainly on the Visayan Islands of the Philippines in 2013. The Philippines subsidiary of MSI, BPI/MS Insurance Corporation has continued to provide support for recovery in the affected areas even one year after the disaster, and participated in the reconstruction of school buildings in fiscal 2014. The two school buildings that were rebuilt are equipped with emergency alert systems, and can withstand strong winds exceeding 80m/s. This support work was recognized by the Philippine Insurers and Reinsurers Association (PIRA), and we were presented with the PIRA Award, which is given to companies that have made significant contribution to the insurance industry.



**PIRA** Award

#### BPI/MS Insurance Corporation website



School building before reconstruction



School buildings after reconstruction

#### Response to Yunnan earthquake (China)

In August 2014, an earthquake of magnitude 6.5 hit Ludian County in Zhaotong City, in the Yunnan Province of China, causing serious damage with 617 fatalities, 112 missing persons, and more than 3,143 persons injured. In response, from the perspectives of CSR as well as providing aid and relief to the affected persons, MS&AD Holdings, MSI (China), ADI (China), local subsidiaries (employees, companies, and unions), and the entire Group donated 164,000 yuan (approximately 2.78 million yen) to the Shanghai Charity Foundation.



#### Soccer school organized by J leaguer for children in orphanages

Since 2000, MS&AD Insurance Group has sponsored a soccer school organized by the Japan Pro–Footballers Association for children in orphanages.In fiscal 2014, "JPFA Soccer School" was held in three locations in Kanto, Kansai, and Hiroshima,group employees helped management.



#### 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 retirement, 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

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.

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, 140 branches conducted 164 ctivities with the themes of "Environment", "Safety", "Welfare", or "Support for reconstruction from natural disasters" in fiscal 2014.

At ADI, as a part of activities related to "Appreciation Month (Thank you, local citizens!)", approx. 8,800 employees nationwide conducted 145 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."

- Efforts made nationwide by MSI (Japanese only)
- Efforts made by ADI (Japanese only)



Activities in the "MS&AD Forest" in Shimane



The Kyodo Station Abandoned Bicycle Clean Up Campaign



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 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 2015, there were a total of about 17,000 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.



"Gift Knitted Items to Children Around the World" Project

- (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



Charity Christmas Cards

#### **Overseas activities**

The employees of MS&AD Insurance Group are participating in activities to solve local communities' issues both in Japan and overseas.

#### Donating to ACS and the Cure PSP Foundation

Mitsui Sumitomo Marine Management (U.S.A.) Inc., the U.S. subsidiary of MSI, has made donations to support the activities of the Cure PSP Foundation and 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. The Cure PSP Foundation conducts study and research into brain-related diseases such as Alzheimer's and Parkinson's diseases, with the aim of eradicating such diseases. By providing support for such activities, we hope to contribute to healthy living for as many people as possible.

#### Participation in a Marathon Hosted by the British Heart Foundation

Six employees from Aioi Nissay Dowa Insurance Europe, ADI's local corporation based in London, participated in a charity marathon for the British Heart Foundation in May 2014 held to gather donations. The employees exceeded their donation target of 1,000 pounds, collecting a total of 2,120 pounds (approximately 381,000 yen).

#### Contribution to the local community through the gift donation (Brazil)

Mitsui Sumitomo Seguros S/A., MSI's local subsidiary in Brazil, continues to engage in contribution activities to the local community. On Christmas 2014, the company prepared 40 packages containing clothes, shoes, toys, and Christmas cakes donated by employees, as well as food products, as part of its efforts to support children with disabilities. During the visit, the employees handed out the presents to the children, and spent the whole day interacting with the children through songs and games. The happy faces of the children provided the drive for activities next year.



Interacting with the children

#### Mitsui Sumitomo Seguros S/A (link to website)

#### 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.

#### Support for the Construction of Elementary School Buildings (Thailand)

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, Sisaket Province. Five additional buildings and dormitories were constructed by 2014. 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

Click here to go to the Aioi Bangkok Insurance Public Company Limited website

#### Donation to the school (India)

Cholamandalam MS General Insurance Company Limited, the Indian subsidiary of MSI, has made donations to Sir Ramaswami Mudalier Higher Secondary School, which is a junior high school located in Chennai. In this region, the number of students wishing to enter school is more than 10 times higher than the number of students recruited, and there is an insufficient number of teachers. In light of this situation, we decided to undertake this activity as a form of support to enable even more children to receive the appropriate education in better environments.

#### Donation of handmade knitwear to poor children (Vietnam)

MSIG Insurance (Vietnam) Company Limited, the Vietnamese subsidiary of MSI, donates handmade knitwear to elementary schools every year. In fiscal 2014, it delivered about 4,000 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 of Dien Bien Province, located in the northern part of Vietnam and said to be the poorest region in the country. At the presentation ceremony held at San Nie Primary School, shivering children who were barefoot or wearing sandals, and dressed in thin clothes despite the drizzle and temperature of about 5 degrees, were full of smiles after receiving the knitwear. This initiative has been held since 2009, making this the sixth event.



Presentation ceremony



Children receiving the knitwear

#### 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



Participating in road cleaning/ beautification activities

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).

#### DTRIC Insurance Co., Ltd. (link to website)

#### Support for autistic children (Hong Kong)

Since 2008, MSIG Insurance (Hong Kong) Limited, MSI's local subsidiary in Hong Kong, has supported young people with autism through donations to Heep Hong Society, a support organization for the disabled, (149,000 Hong Kong dollars in 2014), accepting summer interns, and other activities. Heep Hong Society provides places for "educational interchange" and "information exchange" to learn child-raising methods from people with experience, coaches and fosters volunteers to master methods to support young people with autism, and offers various programs including "prevocational training" to assist such young people to prepare for job hunting.

In the prevocational training held in 2014, the number of companies accepting interns increased steadily to 10 (2012: 5 companies, 2013: 7 companies). In addition, 3 interns were employed as regular employees following from their internships the previous year.

MSIG Insurance (Hong Kong) Limited website

#### Support for children with cancer

MSIG Insurance Europe AG, MSI's local subsidiary whose head office is in Cologne, has assisted an organization to support children fighting cancer through donations from employees, in an effort to contribute to the local community. This activity is conducted as a part of the Christmas party events every year. Christmas presents brought in by each individual become prizes for the raffle. Employees enjoy competing to purchase the raffle tickets, and the entire proceeds from the sale of raffles are donated. The fundraised money in FY214 (502 euro) was donated to a support organization for children fighting with cancer.

MSIG Insurance Europe AG website

### Shared Group Initiatives

# Social contribution in the field of sports, culture and education

Each company in the MS&AD Insurance Group performs local and social contribution activities in the field of sports, 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 national team



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. 4,700 runners participated in the 68th race held in January 2015.

#### Women's soccer

MSI Aioi Life 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 MS&AD Group companies and have been skillfully balancing work and sports.



JEF United Ichihara Chiba Ladies ©JEF UNITED

#### Eemployment support after their retirement from the sporting scene(Singapore)

The Singapore subsidiary of MSI is engaged in various initiatives to prepare Singapore representatives for their athletic careers. Specifically, its activities include receiving interns, facilitating the acquisition of skills and knowledge through training, providing a flexible working environment that respects competition, as well as concrete employment support after their retirement from the sporting scene. This initiative was launched in 2013, and a Singapore representative in judo joined the company in fiscal 2014. After participating in the selection matches for judo representatives at the SEA Games held in Singapore in 2015, this athlete was given a position as a regular employee at the customer center of our Singapore subsidiary.

#### Support of sports for people with disabilities

#### Signing of an Official Sponsorship Contract with the Japanese Para-Sports Association

In May 2014, ADI became an official partner of the Japanese Para-Sports Association., and has been supporting sports for the disabled since then.

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 the disabled.

\*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.

the local AD Club



2014 Japan Para-Goal ball Competition



ADI supports sports for the disabled.

#### Wheelchair basketball

ADI wants to help people who have incurred disabilities due to traffic accidents or other such causes to lead self-supporting lives and to return to and participate in society. In light of this, with the aim of supporting athletes who are challenging their own potential despite their handicaps, the company supports all sorts of tournaments such as becoming an official sponsor for Japan Wheelchair Basketball Federation, cooperating with wheelchair twin basketball All Japan Tournament.



Success in international competitions PHOTO by JWBF

#### Judo for people with visual impairment

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, 3 visually impaired judo athletes employees and actively balances their work and sport life.



Support for the All Japan Judo Championships for the visually impaired

#### Employment of athletes with disabilities

As well as MSI Aioi Life,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. In June 2015, we hired members of Japan national deaf football team for the first time since the commencement of this initiative. 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

Shared Group Initiatives > Social contribution in the field of sports, culture and education

### **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\* 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 2014, as for "Concerts for local residents", a total of 714 concerts were held in cities, towns, and villages, around the country. In addition, "Assistance for programs of international cultural interchange", furnished 433 programs (total of 278 million yen).

#### 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 performance by "12 Cellists of Berlin Philharmonic Orchestra"

MS Primary Life sponsored the Tokyo performance of the "12 Cellists of Berlin Philharmonic Orchestra" (organized by Nikkei Inc.) held at Suntory Hall in July 2014. The "12 Cellists of Berlin Philharmonic Orchestra" form the ensemble of cello session of the world's highest ranking orchestra Berlin Philharmonic Orchestra. They have fulfilled a significant role as a goodwill ambassador connecting Japan and Germany through, for example, performing the command performance to celebrate imperial succession in 1990, and holding a charity concert for the Great Hanshin Awaji Earthquake in 1996. This is the fifth time we have co-sponsored the concert, which has been held every two years since 1990. The Emperor and Empress who have friendly ties with the ensemble attended the recent concert.



12 Cellists of Berlin Philharmonic Orchestra

#### 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 2014, we exhibited about 70 works from our collection at the special commemorative exhibition on the 20th anniversary of the Hanatori Otsuka Art Museum (Okayama Prefecture).



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.

Participation in the Bell Mark campaign (Japanese Only)

#### Endow courses at Waseda University

ADI and InterRisk Research Institute & Consulting 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 2014, a total of 15 lectures were held about new business trends overseas, such as medical tourism, which is becoming increasingly established as a business in Southeast Asia and the Middle East, as well as businesses targeted at the elderly in the United States where growing attention is being placed on the rise of the baby-boomers. Two female experts working overseas were invited to conduct a part of these lectures. The courses were conducted, under coordination of university teaching staff, by experts in respective fields and 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 134 students have graduated by fiscal 2014, they are active in each specialized field.

#### Conduction a lecture on insurance at the University (China)

The Guangdong branch of MSI (China), the Chinese subsidiary of MSI, conducted a lecture on insurance at the Guangdong University of Technology in June 2014. This lecture was held as a part of the "Japanese corporations visit local universities" series organized jointly by the Japanese consulate in Guangzhou and the Nihon Shoko Club. Approximately 100 students from the first to third years in the Japanese language department of the Guangdong University of Technology attended this lecture.

At the lecture, videos and films were used to introduce knowledge about insurance and the role of insurance in an enjoyable manner, and detailed explanations were provided about the characteristics of the industry and about the MS&AD Insurance Group. As there was a large number of female students in the Japanese language department, time was set aside for a local female staff member who had worked for a long time in the Guangdong branch to speak about her impressions of working at a Japanese corporation and about her own journey of growth. In the Q&A





session held during the second half of the lecture, the motivation of the students, who were active in raising questions in Japanese, brought the entire event to an enthusiastic close.

#### 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.

# Respect for human rights and the growth of employees



#### 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.

Approaches to Human Rights

#### Growth of employees

The MS&AD Insurance Group's new medium-term management plan "Next Challenge 2017", positions "embedding a corporate culture where employees take on challenges as professionals and developing human assets" as one of its basic strategies, which we will work on as our duty.

- Employee's employment
- Human asset development
- Communication with employees
- Promotion of diversity
- Achievement of Work-Life Balance
- Promotion of Mental and Physical Health

### Respect for human rights and the growth of employees

## Approaches to Human Rights

In June 2004, 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.

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.

#### **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, 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 training sessions by ranks to provide employees with opportunities to access human rights issues broadly.

#### Training on human rights

In fiscal 2014, the MS&AD Insurance Group provided workplace training for all employees with common training materials under the theme of "communication that respects oneself and others, and workplace human rights", in an effort to create a more comfortable working environment.

In addition to the above-mentioned theme, MSI (including its affiliates) implemented workplace training "human rights of foreign nationals in Japan" 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.

O Any matters related to non-compliance

O Employee mental, physical, health and other issues, caused by sexual harassment, power harassment, and other types of harassments

O Any 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 and power harassment 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. Respect for human rights and the growth of employees

## Employee's employment

The hiring practices of the MS&AD Insurance Group are transparent, fair, and people-centered.

#### The number of employees

Fiscal 2014, Number of employees (Unit: People, as of March, 31, 2015)			
MSI	14,859		
ADI	12,973		
Mitsui Direct General	572		
MSI Aioi Life	2,544		
MSI Primary Life	363		
MS&AD Holdings	309		
Overseas Insurance Affiliates, and others	6,738		
Total	38,358		

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\* who have an international perspective and can create a new era with their own creativity and initiative.

With an eye to becoming a "non-life insurance company with the highest customer satisfaction", 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\* with personality.

\* Human assets: At 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 2014, 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 14 days).



Internship

ADI conducts a 5-day internship "Boss' bag-carrier" that makes 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 2014, 165 students from universities throughout Japan took part in the internship.

#### Sponsorship of the Nikkei Career Challenge Program organized by Nikkei Inc.

In 2014, 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 MS&AD Insurance Group was to "Take up the challenge of creating an insurance platform for the future." 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.



With the winning team of excellence award

#### **Employment for the elderly**

MS&AD Insurance Group has a program to rehire employees who desire to exercise their talents by applying the experience and skills after they have reached retirement age. By setting different work patterns in jobs, days and hours of work, we try to offer various options in work style to choose from. The number of compulsory retirees who have been reemployed as of the end of March 2015 were 466 at MSI, and 324 at ADI (including both newly and post retirement employed people).

#### Employment of people with disabilities

The MS&AD Insurance Group companies continue to engage in hiring activities to expand and anchor places of employment for the disabled. We are also conditioning workplaces and developing duties to facilitate work by people with disabilities.

At the end of fiscal 2014, all of the Group's five domestic insurance companies fulfilled the statutory employment requirement (2.00%) as shown below.

Detailed information

### Respect for human rights and the growth of employees

## Human asset development

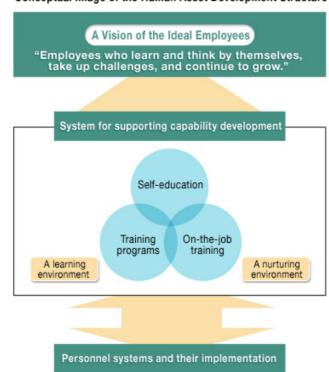
We endeavor to develop human assets\* toward the goals of heightening levels of professionalism among each and every employee, pursuing betterment as opposed to remaining complacent with the status quo, and maximizing the total power on the organizational level as the aggregate of individual capabilities.

\*Human assets: At 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 2015 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.

 $(\boldsymbol{*}1)$  Intensive training program for acquiring business skills such as problem-solving skills

 $(\ast 2)$  Learning tools for acquiring MBA knowledge through the use of mobile devices



Joint training for new entry-level employees of 8 Group companies

#### 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.

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.

Since fiscal 2012, ADI has introduced a system of sending trainees to the sales, claims services, and administrative divisions, as well as to head office divisions and other Group companies. This has contributed to fostering a greater sense of unity within the Group, and to strengthening communication.

Number of participants of the trainee system in fiscal 2014				
	Within Group companies	internal		
MSI	16	150*		
ADI	24	115*		
Mitsui Direct General	6	0		
MSI Aioi Life	5	43		
MSI Primary Life	18	20		

\* 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.

#### 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.

#### **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, the JICA training program where employees serve as JICA volunteers, 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 2014, a total of 26 employees from Japan and 46 local employees from overseas bases (accumulated total after fiscal 2010: 76 domestic employees and 160 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	Total
domestic employees	12	11	11	16	26	76
local employees	14	25	32	43	46	160

#### 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 2014, 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 the head office secondment system					
	FY 2011	FY 2012	FY 2013	FY 2014	Total
local employees	8	14	11	12	45

#### 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 2013, 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. Respect for human rights and the growth of employees Communication with employees

#### **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 nvironment" 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		Fiscal 2013	Fiscal 2014	
		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	4.3points
(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).	4.0points	Equal to or greater than the previous year	4.0points

Skey 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 2014, we held 22 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. The dialogues are held mainly with younger employees and managers, and their views are being reflected to 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.

#### Efforts to Support Improved Teamwork (Singapore)

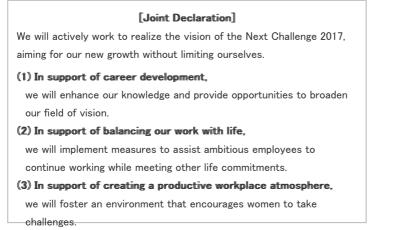
MSI's local corporation in Singapore is periodically carrying out employee satisfaction surveys. Based on the employee opinions gathered in these surveys, the company is implementing measures to support the improvement of teamwork. Through this initiative, the company offers each department 150 Singapore dollars (about 13,500 yen) per year per employee that can be used freely to plan and hold events aimed at improving team work. Up to this point, as many as 510 employees have participated in the events planned by each department. Team work is being improved through events such as a Treetop Walk (a search through nature), bowling, ice cream making, a scavenger hunt, and so on.

## Respect for human rights and the growth of employees **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.

#### 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.



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 377 women in managerial roles across the five Group insurance companies, with women making up approximately 4.6% of all management positions (compared to 3.5% 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 2015 to promote the success of women.

#### Training for female leaders for the next generation

Following fiscal 2013, the "seminar for women" was 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. 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.

# Number and share of management positions occupied by women

Number and share of management positions* occupied by women
(as of April 1 following the end of each fiscal year, figures in parentheses indicate
number of persons)

	FY 2012	FY 2013	FY 2014
MSI	2.1% (90)	2.9% (120)	4.0% (163)
ADI	3.9% (141)	4.4% (159)	5.3% (191)
Mitsui Direct General	1.8% (1)	1.8% (1)	1.7% (1)
MSI Aioi Life	1.2% (3)	2.1% (6)	3.4% (10)
MSI Primary Life	6.4% (10)	6.7% (10)	7.4% (12)

\*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\* 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, nursing 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.

\* 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.



# Global human asset utilization

The Group has a network covering 43 countries and regions throughout the world, employs approximately 8,000 people\* 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 people 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 people with disabilities. At the end of fiscal 2014, the share of people with isabilities 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 \* 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 FY2014, 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 2015, the number of re-employed retirees (total of new hires and continued employees) was 485 at MSI and 385 at ADI, respectively.

Detailed information

Respect for human rights and the growth of 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.

# **Building a Friendly Working Environment**

# Approaches as a company supporting the development of the next generation

MSI and ADI and MSI Aioi Life 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/nursing 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.



Awards ceremony of the 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 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 fourth 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.

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 nursing care

# Leave for Nursing, Temporary retirement for Nursing

We have established a support system that enables employees to continue working while caring for a family member. MSI and MSI Aioi Life have introduced temporary leave systems, and temporary retirement systems for employees who are nursing relatives. Leave systems for nursing allows employees to leave up to 5 days (in case one in the family requires nursing care) every fiscal year to take care of his or her family who are in need of attendant to go hospital etc. Temporary retirement for nursing allows employees to leave up to 365 days with tenure of office, encourage those motivated employees to work after the nursing.

Since April 2015, MSI has introduced a nursing support 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 nursing care.

ADI has provision of allowing for paid leave to be taken by the hour, shorter hours for nursing and leave for nursing. ADI also has provision of Nursing leave and Temporary retirement for Nursing with limit of a year. Furthermore, ADI offers a system for rehiring employees who have retired for nursing reasons.

Respect for human rights and the growth of employees > Achievement of Work-Life Balance

# Actual use of child-support program, care support program

# Fiscal 2014: Actual use of P

Actual use of Provisions for Temporary Leave for Childcare or Nursing (Unit: Persons)

	Temporary Leave for Childcare	Provisions for shorter hours for Childcare and Nursing	Temporary Leave for Nursing
MSI	315	192	2
ADI	234	345	9
MSI Aioi Life	25	16	2

# 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.

ADI, as a whole, promotes the campaign for leaving the office earlier twice a week in order to encourage a well-planned execution of business. The company is also working in order to improve productivity by taking leaves systematically, and enhance communication. In order to support such work style from the viewpoint of personnel system, the Company newly introduced a scheduled paid leave grant system and a discretionary working system for management-related work, which is designed to promote work style that places higher priority on output per person hour.

# 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 held Family Day for families of employees who work at the headquarters. The participants visited each workplace, and saw what kind of place and people their family member works at and with. They also exchanged name cards with the president.





# Respect for human rights and the growth of employees Promotion of Mental and Physical Health

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. Companies under the Group have constantly put effort into encouraging employees to maintain and improve their health. However, the Group has put an even stronger emphasis on the perspective of health management, and believes that having each individual employee work actively with healthy minds and bodies can contribute to the sustained growth of the company and improvements in corporate value. In light of that, the Group has implemented health management programs.

# 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. ADI has special leave systems include special sick leave for long-term recovery, long service leave, and marriage leave etc..

# Fiscal 2014: Number of vacation days with pay \*1 (Unit: Days)

Company	Items	Average number of days taken by employees	
MSI	Carry-over and ordinary vacation days total	4.9	
	Special vacation *2	10.1	
ADI	Carry-over and ordinary vacation days total	7.4	
	Special vacation *3	8.4	

\*1 Scope includes all employees of the company

\*2 Figures for special vacation are totals for summer vacation, Fresh up vacation and Anniversary vacation etc.

\*3 Figures for special vacation are totals for summer vacation, and consecutive special leaves.

# Health management of employees

# Medical Checkup

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 (Items included beyond those required by law)	Employees below the age of 35	•Medical checkup items uniform for the Group
Total Medical Checkup (complete medical checkup)	Employees over the age of 35	•Criterion uniform for the Group

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.

# For maintaining employees" health (Singapore)

MSIG Insurance (Singapore) Pte. Ltd., MSI's local subsidiary in Singapore, has conducted the following activities, in order to improve the staff's health and keep a sound work-life balance.

1) Delivering healthy food to all employees every other month, in order to increase awareness of healthy dietary habits.

2) Holding exercise classes aiming to create a healthy life style.

3) Holding workshops on healthy food and cooking at lunch time.

4) Providing all employees a feast each time a variety of cultural events are held, for the aim of understanding and celebrating multi-racial culture.

# 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.

### 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. In particular, from 2014, We have to strengthen the consultation system by increasing the number of psychiatrists.

- Prevention activity: Training, E-learning, Stress checking system, Rounds of 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 \* 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 SumaHo "Driving Capability" diagnostic application.

Fiscal 2014: Number of claims of work related injuries (Unit: cases)					
	Number of worker injuries	Work related accident	Accident during commute	Fatalities	
MS&AD Insurance Group	162	74	88	0	

# Data / Reference Material

The following is the materials and data about CSR approaches of the MS&AD Insurance Group.

Subject period:

FY2014 (April 1, 2014 - March 31, 2015)

Subject organization: (its abbreviation is in parentheses)

Mitsui Sumitomo Insurance Co., Ltd.(MSI), Aioi Nissay Dowa Insurance Co., Ltd. (ADI), Mitsui Direct General Insurance Co., Ltd. (MD), Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (MSA) \*, Mitsui Sumitomo Primary Life Insurance Co., Ltd. (MSP), MS&AD Holdings (HD)

"The Group" indicates above six member companies.

\* The former MSI Kirameki Life and the former Aioi Life merged in October, 2011 and formed Mitsui Sumitomo Aioi Life Insurance Co., Ltd. Its results for April, 2011 to September, 2011 are a simple sum of both companies' results and its results after October 2011 are the sum of new company's results.

# 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
- MS&AD Insurance Group Basic Policy Concerning Antisocial Forces

# Directors (22 Jun 2015)

Chairman of the Board of Directors	Chairman (In the absence of the Chairman, President serves concurrently.)
Number of Directors	12
Number of Outside Directors	4
Number of independent member in Outside Directors	4

## Auditors (22 Jun 2015)

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

#### Incentive

Performance-based remunerations (corporate performance and personal performance) have been introduced to the directors and corporate auditors remuneration system. To raise the awareness of directors and corporate auditors about the improvement of performance, the ratio of performance-based remunerations to the amount of directors and corporate auditors remuneration was raised from about 20% to some 30% in fiscal 2014.

In addition, the Company will introduce a stock option (stock acquisition right) system for directors (excluding outside directors) in fiscal 2015, with a view to allowing them to share with our shareholders rises in stock prices due to performance improvement and risks resulting from fluctuations in stock prices. Under the system, part of corporate performance-based remunerations (pecuniary reward) will be paid in treasury shares (allotment of stock acquisition rights). Specific allotment of share remuneration-type stock options is planned in or after fiscal 2016.

The same stock acquisition rights as those mentioned above will also be allotted to executive officers of the Company and directors (excluding outside directors), executive officers and trustees of major subsidiaries of the Company (Mitsui Sumitomo Insurance Company, Limited and Aoi Nissay Dowa Insurance Company Limited) in or after fiscal 2016.

### Board of Directors' Remuneration, Auditors' Remuneration

1. Amount of directors remuneration

## (1) Decision process

Remuneration, etc. for each director is determined by a resolution of the board of directors made in response to the proposal of the remuneration committee where outside directors account for a majority of votes for the purpose of securing transparency and the proposal is made on a basis of an incentive for potential business performance and the competitive level of remuneration at a global enterprise within the limits set forth by the resolution of the shareholders meeting. Remuneration, etc.

# (2) The upper limit of remuneration

The shareholders' meeting has resolved that director remuneration shall not exceed 500 million yen per year (excluding salaries for officers in the case of directors serving as executive officers) (of which outside directors' remuneration shall not exceed 60 million yen per year).

# 2. Amount of auditors remuneration

#### (1) Decision process

For each auditor is determined by mutual consultation among auditors within the limits set forth by the resolution of the shareholders meeting in consideration of whether the auditor is a full-time or part-time auditor, its assigned share of auditor's responsibility, and director's remuneration and its level, etc.

## (2) The upper limit of remuneration

The shareholders' meeting has resolved that auditor remuneration shall not exceed 110 million yen per year.

# Number of meetings of Board of Directors etc.

Function	Fiscal 2014		
	Board of Directors	15 <sup>*1</sup>	
	Governance Committee	(newly established in FY2015)	
	Group Management Committee	12	
	Task-Specific Committee Meetings		
Execution.	Group Management and Monitoring Committee Meeting	36	
Supervising	ERM Committee	7	
	Group Profitability Enhancement Committee	(newly established in FY2015)	
	Risk Compliance Committee Meeting	5	
	Information Disclosure Committee Meeting	7	
	Brand Committee Meeting	1	
	Group System Committee Meeting	18	
Audit, Supervising	Board of Auditors	12 <sup>*2</sup>	

\*1 Outside Directors average attendance rate 94.6%

\*2 Outside Corporate Auditors average attendance rate 92.9%

# 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 Inform	nation		
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)

Items		Coverage	Fiscal 2012	Fiscal 2013	(Units:case Fiscal 2014
Total		MSI	38,310 (-)	42,646 (11.3%)	39,908 (▲6.4%)
	Contracts, Canvassing	MSI	8,045 (-)	9,166 (13.9%)	8,660 (▲5.5%)
	Management, Maintaining of contracts, Collection	MSI	13,581 (-)	15,219 (12.1%)	12,221 (▲19.7%)
	Insurance payment	MSI	15,133 (–)	16,665 (10.1%)	16,583 (▲0.5%)
	Management of customer information	MSI	191 (-)	206 (7.9%)	213 (3.4%)
	Other	MSI	1,360 (–)	1,390 (2.2%)	2,231 (60.5%)
Total		ADI	52,116 (-)	50,275 (▲3.5%)	42,684 (▲15.1%)
	Contracts, Canvassing	ADI	11,739 (–)	11,189 (▲4.7%)	9,188 (▲17.9%)
	Management, Maintaining of contracts, Collection	ADI	20,884 (-)	17,006 (▲18.6%)	13,294 (▲21.8%
	Insurance payment	ADI	15,989 (-)	19,340 (21.0%)	18,869 (▲2.4%)
	Management of customer information	ADI	666 (-)	902 (35.4%)	781 (▲13.4%
	Other	ADI	2,838 (-)	1,838 (▲35.2%)	552 (▲70.0%
Total		MD	4,617 (-)	4,991 (8.1%)	3,294 (▲34.0%
	Contracts, Canvassing	MD	1,240 (–)	1,367 (10.2%)	1,345 (▲1.6%)
	Management, Maintaining of contracts, Collection	MD	35 (-)	44 (25.7%)	41 (▲6.8%)
	Insurance payment	MD	3,224 (-)	3,315 (2.8%)	1,743 (▲47.4%)
	Management of customer information	MD	4 (-)	1 (▲75.0%)	3 (200.0%)
	Other	MD	114 (-)	264 (131.6%)	162 (▲38.6%)

Total		MSA	10,641 (-)	7,728 (▲27.4%)	4,810 (▲37.8%)
	New contracts	MSA	2,372 (-)	1,400 (▲41.0%)	1,399 (▲0.1%)
	Collection	MSA	1,613 (-)	619 (▲61.6%)	555 (▲10.3%)
	Maintaining of contracts	MSA	2,219 (-)	1,356 (▲38.9%)	1,106 (▲18.4%)
	Insurance payment, Payment of benefits	MSA	1,237 (-)	1,140 (▲7.8%)	1,034 (▲9.3%)
	Other	MSA	3,200 (-)	3,213 (0.4%)	716 (▲77.7%)
Total		MSP	9,341 (-)	12,520 (34.0%)	4,423 (▲64.7%)
	New contracts	MSP	793 (-)	1,081 (36.3%)	264 (▲75.6%)
	Collection	MSP	0 (-)	0 (0.0%)	0 (-)
	Maintaining of contracts	MSP	2,171 (-)	4,023 (85.3%)	1,232 (▲69.4%)
	Insurance payment, Payment of benefits	MSP	1,923 (-)	2,065 (7.4%)	421 (▲79.6%)
	Other	MSP	4,454 (-)	5,351 (20.1%)	2,506 (▲53.2%)

# 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	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	
CO2 gro (Scope1	ss emissions ,2,3)	Domestic + Overseas	The Group	t-CO2	108,903 (▲ 7.0%)	124,068 (13.9%)	961,700 (675.1%)	980,245 (1.9%)
	CO2 emissions	Domestic	The Group	t-CO2	22,923 (▲15.1%)	22,804 (▲ 0.5%)	22,889 (0.4%)	22,823 (▲ 0.3%)
	(Scope 1)	Domestic + Overseas	The Group	t-CO2	23,081 (▲15.1%)	23,005 (▲ 0.3%)	23,057 (0.2%)	22,983 (▲ 0.3%)
	CO2 emissions	Domestic	The Group	t-CO2	63,646 (▲ 6.3%)	79,325 (24.6%)	77,196 (▲2.7%)	87,334 (13.1%)
	(Scope 2)	Domestic + Overseas	The Group	t-CO2	75,880 (▲ 4.9%)	91,241 (20.2%)	88,758 (▲2.7%)	100,581 (13.3%)

CO2	Domestic + Overseas	The Group	t-CO2	9,942 (▲ 1.5%)	9,821 (▲ 1.2%)	849,885 <sup>*1</sup> (-)	855,922 (0.7%)
emissions (Scope 3)	Breakdown: "employee commuting" and "business trip"	The Group	t-CO2	_	9,957 (-)	11,219 (12.7%)	11,741 (4.7%)

\*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.

# Domestic Data of environmental burden<sup>\*1</sup>

(Comparison with last year in parenthesis)

Items	Coverage	Units	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014
Electricity	The Group	MWh	171,528 (▲14.4%)	166,109 (▲3.2%)	163,505 (▲1.6%)	159,793 (▲2.3%)
Heat supply	The Group	GJ	35,699 (▲25.0%)	58,654 (64.3%)	41,043 (▲30.0%)	48,681 (18.6%)
Utility gas	The Group	4 km <sup>3</sup>	1,928 (▲35.4%)	2,038 (5.7%)	2,359 (15.8%)	2,454 (4.0%)
Bunker A	The Group	kl	54 (▲60.6%)	105 (94.4%)	121 (15.2%)	103 (▲14.9%)
Kerosene	The Group	kl	192 (▲34.5%)	202 (5.2%)	189 (▲6.4%)	190 (0.5%)
Gasoline	The Group	kl	7,692 (▲6.2%)	7,437 (▲3.3%)	7,825 (5.2%)	7,467 (▲4.6%)
Paper	The Group	t	16,445 (▲24.1%)	14,445 (▲12.2%)	16,036 (11.0%)	13,282 (▲17.2%)
Proportion of paper on forest certification	MSI, ADI, HD	%	6.1 ( - )	12.0 (96.7%)	15.1 (25.8%)	15.9 (5.3%)
Total water use	The Group <sup>*2</sup>	4 km <sup>3</sup>	818 (3.9%)	691 (▲15.5%)	720 (4.2%)	935 (29.9%)
Total wastage	The Group <sup>*2</sup>	t	6,094 (-)	5,330 (▲12.5%)	6,677 (25.3%)	5,390 (▲19.3%)
Total waste recycling	The Group <sup>*2</sup>	t	4,521 (-)	3,554 (▲21.4%)	4,523 (27.3%)	3,867 (▲14.5%)
Business trip (domestic and abroad)	MSI、ADI、 MSA <sup>*2</sup>	thousand km	92,528 (4.6%)	79,866 (▲13.7%)	112,735 (41.2%)	118,569 (5.2%)

\*1 Data have been updated to the latest ones. "Gasoline" of 2013 was revised based on the merger of affiliated companies.\*2 In fiscal 2011, the scope is MSI and ADI.

# cost reduction effect

Items	Coverage	Units	Fiscal2011	Fiscal2012	Fiscal2013	Fiscal2014
Electricity*1	The Group	thousand JPY	( - )	▲138,210	55,080	▲94,646
Gasoline <sup>*2</sup>	The Group	thousand JPY	( - )	▲38,016	▲48,858	▲56,589
Paper <sup>*3</sup>	The Group	thousand JPY	( - )	▲36,480	▲13,440	▲12,960

 $\ast 1$  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

E	Environmental approaches through Supply chain										
	Items	Coverage	Units	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014				
	Number of Agents, companies with certification under Eco Action 21 *1	MSI, ADI	companies	1,159	1,219	1,261	466				
	Number of maintenance shops implementing Eco-inspection, Eco-maintenance	MSI	companies	440	434	467	400				

\*1 Number of Agents, companies that obtained the certification by the end of March every year

# ISO 26000 Core subjects (Community Involvement and Development )

Items		Coverage	Units	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014
Number of acquirer of Volunteer leave		MSI, ADI, MSA	people	62	10	5	4
Number of acquirer of Temporary retirement for Volunteer		MSI, ADI, MSA	people	2	1	0	0
Social contribution activities at each division / office		MSI、ADI、 HD	%	94.8	99.0	91.5	89.3
Number of employees engaged in social contribution activities		The Group	people	14,864	16,142	11,373	15,124
Number of employees partic Smile Campaign <sup>*1</sup>	cipated in Eco	The Group	people	22,907	24,771	22,556	19,977
MS&AD Unison Smile Club Number of members		The Group	people	9,636	14,795	17,886	17,356
Disaster Relief Donation Matching Gift Program	Donated amount <sup>*2</sup>	The Group	¥	48,362,000	31,191,000	37,248,000	35,739,500
	Number of participants	The Group	people	17,398	14,071	18,086	20,306

\*1 Total participants

\*2 including Matching Gift

# ISO 26000 Core subjects (Human Rights) (Labor Practices)

# Employment\*1

Items			Coverage	Units	Fiscal 2012	Fiscal 2013	Fiscal 2014			
Number of employees <sup>*2</sup>	Total		MSI	people	14,478	14,188	14,859			
	Male and Female	Male	MSI	people	7,202	7,081	7,838			
		Female	MSI	people	7,276	7,107	7,021			
	Total		ADI	people	12,784	12,812	12,973			
	Male and Female	Male	ADI	people	6,911	6,783	6,837			
		Female	ADI	people	5,873	6,029	6,136			
	Total		MD	people	503	528	572			
	Male and Female	Male	MD	people	322	317	324			
		Female	MD	people	181	211	248			
	Total		MSA	people	2,366	2,421	2,544			
	Male and Female	Male	MSA	people	1,372	1,378	1,416			
		Female	MSA	people	994	1,043	1,128			
	Total		MSP	people	342	344	363			

	Male and Female	Male	MSP	people	215	216	226
		Female	MSP	people	127	128	137
	Total		HD	people	107	265	309
	Male and Female	Male	HD	people	85	213	239
		Female	HD	people	22	52	70
	Total		The Group	people	30,580	30,558	31,620
	Male and Female	Male	The Group	people	16,107	15,988	16,880
		Female	The Group	people	14,473	14,570	14,740
Average age <sup>*2</sup>	Total		MSI	age	39.0	39.5	40.4
	Male and Female	Male	MSI	age	42.5	43.0	43.9
		Female	MSI	age	35.4	36.1	36.6
	Total		ADI	age	42.8	43.0	43.0
	Male and Female	Male	ADI	age	45.3	45.4	45.4
		Female	ADI	age	39.9	40.2	40.3
	Total		MD	age	46.3	45.2	45.3
	Male and Female	Male	MD	age	51.2	50.7	51.3
		Female	MD	age	37.6	37.0	37.4
	Total	1	MSA	age	41.4	41.9	41.5
	Male and Female	Male	MSA	age	44.8	45.4	44.8
		Female	MSA	age	36.6	37.2	37.4
	Total		MSP	age	41.1	40.9	40.9
	Male and Female Ma	Male	MSP	age	43.2	43.0	43.1
		Female	MSP	age	37.6	37.3	37.3
	Total	1	HD	age	45.4	46.8	47.0
	Male and Female	Male	HD	age	46.6	47.9	48.1
		Female	HD	age	41.0	42.1	43.2
	Total		The Group	age	41.0	41.3	41.7
	Male and Female	Male	The Group	age	44.1	44.4	44.8
		Female	The Group	age	37.4	37.9	38.2
Number of regular hires <sup>*3</sup>	Total		MSI	people	398	415	513
	Male and Female	Male	MSI	people	112	113	135
		Female	MSI	people	286	302	373
	Total		ADI	people	298	416	487
	Male and Female	Male	ADI	people	102	81	100
	Fema		ADI	people	196	335	387
	Total	1	MD	people	15	17	20

Male and Female	Male	MD	people	2	1	2
	Female	MD	people	13	16	18
Total		MSA	people	67	100	9
Male and Female	Male	MSA	people	33	51	53
	Female	MSA	people	34	49	38
Total		MSP	people	6	7	ł
Male and Female	Male	MSP	people	0	2	:
	Female	MSP	people	6	5	
Total		HD	people	0	0	
Male and Female	Male	HD	people	0	0	
	Female	HD	people	0	0	
Total		The Group	people	784	955	1,11
Male and Female	Male	The Group	people	249	248	29
	Female	The Group	people	535	707	82

\*1 Excludes employees transfering out of the company, but includes employees transferring in. Excludes excecutive officers and employees on leave.

\*2 The end of March of each year

\*3 The number of new hires in April of each year

Diversity					
Items	Coverage	Units	Fiscal 2012	Fiscal 2013	Fiscal 2014
Employment rate of people with disabilities <sup>*1</sup>	MSI	<sub>%</sub> *2	1.96 (271people)	2.12 (273people)	2.18 (309people)
	ADI	<sub>%</sub> *2	1.82 (225people)	2.02 (268people)	1.98 (265people)
	MD	%*2	_	2.73 (11people)	2.47 (11people)
	MSA	%*2	_	2.08 (29people)	2.22 (32people)
	MSP	%*2	_	2.08 (6people)	2.01 (6people)
Rehiring Program after retirement Number of users $^{*3}$	MSI	people	349	394	485
	ADI	people	231	330	385
	MD	people	31	33	33
	MSA	people	15	12	14
	MSP	people	0	0	0
	The Group	people	626	769	917
Share of management positions occupied by women $^{ m \star 4}$	MSI	%*5	2.1 (90people)	2.9 (120people)	4.0 (163people)

### Data / Reference Material

5.3 (191people)	4.4 (159people)	3.9 (141people)	<sub>%</sub> *5	ADI
1.7 (1people)	1.8 (1people)	1.8 (1people)	<sub>%</sub> *5	MD
3.4 (10people)	2.1 (6people)	1.2 (3people)	%*5	MSA
7.4 (12people)	6.7 (10people)	6.4 (10people)	<sub>%</sub> *5	MSP
4.6 (377people)	3.6 (296people)	3.0 (245people)	<sub>%</sub> *5	The Group

\*1 Monthly average in fiscal 2012

\*2 Number employed in parenthesis

\*3 Number of people newly or re-employed

\*4 Management position: manager or higher position

\*5 Number of female managers in parenthesis

# Human Rights

5					
Items	Coverage	Units	Fiscal 2012	Fiscal 2013	Fiscal 2014
Human rights seminars	MSI	%*1	97.1	97.3	97.9
	ADI	%*2	97.7	92.5	99.7

\*1 participation rate of seminars (including employees at affiliated business companies)

\*2 Completion rate of e-learning

# Programs for promoting Work-life Balance

Items			Coverage	Units	Fiscal 2012	Fiscal 2013	Fiscal 2014
Temporary leave before / after childbirth			MSI	people	244	292	262
Number of acquirers			ADI	people	198	209	245
			MD	people	5	4	8
			MSA	people	40	51	29
			MSP	people	9	8	8
			The Group	people	496	564	552
Temporary leave for	Total	Total		people	239	244	315
childcare Number of acquirers	Male and Female	Male	MSI	people	1	2	54
		Female	MSI	people	238	242	261
	Total		ADI	people	206	267	234
	Male and Female	Male	ADI	people	6	5	7
		Female	ADI	people	200	262	227
	Total		MD	people	5	4	5
	Male and Female	Male	MD	people	0	0	0
		Female	MD	people	5	4	5
	Total	Total		people	19	25	25

	Male and Female	Male	MSA	people	0	2	0
		Female	MSA	people	19	23	25
	Total	Total		people	9	7	8
	Male and Female	Male	MSP	people	1	0	0
		Female	MSP	people	8	7	8
	Total Male and Female		The Group	people	478	547	587
		Male	The Group	people	8	9	61
		Female	The Group	people	470	538	526
Flexible working hours for			MSI	people	131	165	166
childcare Number of acquirers			ADI	people	239	305	340
			MD	people	4	4	5
	shorter hours		MSA	people	12	0	12
			MSP	people	6	6	4
			The Group	people	392	480	527
	flextime		MSI	people	14	16	20
			MSA	people	2	25	3
			The Group	people	16	41	23
			MSI	people	1	2	5
			MSA	people	0	1	0
	Finishing time	Change of Starting / Finishing time		people	1	1	0
			The Group	people	2	4	5
Temporary retirement for	Total		MSI	people	5	4	2
nursing Number of acquirers	Male and Female	Male	MSI	people	3	1	0
		Female	MSI	people	2	3	2
	Total		ADI	people	8	8	9
	Male and Female	Male	ADI	people	2	2	1
		Female	ADI	people	6	6	8
	Total		MD	people	0	0	0
	Male and Female	Male	MD	people	0	0	0
		Female	MD	people	0	0	0
	Total		MSA	people	1	2	2
	Male and Female	Male	MSA	people	0	1	1
1	1						

		Female	MSA	people	1	1	1
	Total		MSP	people	1	0	0
	Male and Female	Male	MSP	people	1	0	0
		Female	MSP	people	0	0	0
	Total Male and Female		The Group	people	15	14	13
		Male	The Group	people	6	4	2
		Female	The Group	people	9	10	11
Flexible working hours for nursing Number of acquirers			MSI	people	7	2	1
			ADI	people	3	4	5
			MD	people	0	0	0
			MSA	people	0	1	1
			MSP	people	0	0	0
			The Group	people	10	7	7
Ratio of employees taking pa	iid leave <sup>*1</sup>		MSI	%	25.1	26.0	25.8
			ADI	%	17.1	32.6	33.7
			MD	%	16.6	33.0	45.0
			MSA	%	16.9	34.5	34.5
			MSP	%	26.2	54.8	51.2
			HD	%	14.6	23.0	26.7

\*1 Number of days acquired / granted. Including scheduled / vacation and excluding special vacation such as summer vacation and carrying-over vacation.

Except, thefollowing figures does not include carrying-over vacations. ADI(FY2012), MSA(FY2012), MD(FY2012)

# Health and safety at work

Ileaith and salety at work							
Items			Coverage	Units	Fiscal 2012	Fiscal 2013	Fiscal 2014
Number of claims of work related injuries	Total	Total		cases	80	94	81
		Work-related accident	MSI	cases	32	40	30
		Accident during commute	MSI	cases	48	54	51
		Fatality accident	MSI	cases	0	0	0
	Total Work-related accident	ADI	cases	55	66	63	
			ADI	cases	21	36	36
		Accident during commute	ADI	cases	33	30	27

		Fatality accident	ADI	cases	1	0	0
	Total		MD	cases	0	3	4
		Work-related accident	MD	cases	0	1	0
		Accident during commute	MD	cases	0	2	4
		Fatality accident	MD	cases	0	0	0
	Total	, 	MSA	cases	14	8	13
		Work-related accident	MSA	cases	5	4	7
		Accident during commute	MSA	cases	9	4	6
		Fatality accident	MSA	cases	0	0	0
	Total		MSP	cases	1	1	1
		Work-related accident	MSP	cases	1	0	1
		Accident during commute	MSP	cases	0	1	0
		Fatality accident	MSP	cases	0	0	0
	Total	1	HD	cases	0	1	0
		Work-related accident	HD	cases	0	0	0
		Accident during commute	HD	cases	0	1	0
		Fatality accident	HD	cases	0	0	0
	Total	1	The Group	cases	150	173	162
		Work-related accident	The Group	cases	59	81	74
		Accident during commute	The Group	cases	90	92	88
		Fatality accident	The Group	cases	1	0	0
Consultation rate of Medical	nsultation rate of Medical Checkup <sup>*1</sup>		MSI	%	99.7	100.0	100.0
			ADI	%	99.0	100.0	100.0
				%	100.0	100.0	100.0
			MSA	%	95.4	100.0	100.0
				%	99.2	100.0	100.0
			The Group	%	99.2	100.0	100.0

# 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)



2015 is a major turning point for the international community. In March 2015, the 3rd UN World Conference on Disaster Risk Reduction was held in Sendai, Miyagi Prefecture. The Conference adopted both the Sendai Declaration as well as the Sendai Framework for Disaster Risk Reduction 2015–2030, which sets international disaster reduction policy for the coming 15 years. Furthermore, at the UN General Assembly in September, Sustainable Development Goals will be set for initiatives to be achieved by the international community by 2030. In December, the Conference of the Parties to the UNFCCC will be held in Paris, France, with the aim of agreeing on a new post–2020 international framework for climate change. As the world moves toward the resolution of pressing global issues and creation of sustainable societies, expectations for non–life insurance companies are growing larger than ever before.

Within Japan, alongside the introduction of a Corporate Governance Code meant to strengthen corporate governance in June 2015 and the creation of a Stewardship Code in December 2014, there have been great changes to the way corporate management and institutional investment is done.

With such domestic and international movements at the back of my mind, I would like to share my opinions on the CSR initiatives of MS&AD Insurance Group based on the CSR Report 2015 as a third-party opinion, from the perspective of communicating with stakeholders.

# On Disaster Prevention and Mitigation Initiatives

Work for the dissemination of earthquake insurance and risk countermeasures, awareness activities, and support for corporate business continuity plans all entails projects through which insurance companies can make efforts to resolve social issues via their main business. I would like to commend MS&AD on their commitment to communicating about disaster prevention outside of the company as a non-life insurance business, such as through the joint exhibition, "Disaster Risk Reduction by Organization -Let's try to develop a BCP with Miyagi Model-" held together with Miyagi Prefecture during the aforementioned UN World Conference on Disaster Risk Reduction, and Representative Director, President & CEO Yasuyoshi Karasawa on taking up chairmanship of the Keidanren Committee on National Resilience . I hope that MS&AD Insurance Group will show strong leadership toward the enactment of the Sendai Framework for Disaster Risk Reduction 2015-2030.

# On the Response to Climate Change

The large cyclone that hit Vanuatu in the south Pacific Ocean, and the damage it caused, during the UN World Conference on Disaster Risk Reduction was widely reported on within Japan. MSI continues to be recognized as a partner in the "Pacific Disaster Risk Financing and Insurance Program" set up by the Japanese Government and World Bank. I hope to continue to have great expectations for the initiative support carried out by the MS&AD Insurance Group during times of natural disasters in regions without a substantial insurance industry, such as the Pacific region. I also hope to further enhance the company's social contributions as a non-life insurance company through the provision of products and services that offer appropriate support for adaptation to climate change.

### On Principles for Responsible Investment

I commend MSI and ADI as institutional investors for agreeing with and declaring that they accept the content of Japan's Stewardship Code, and for the move by the entire MS&AD Insurance Group to sign on to the Principles for Responsible Investment. I expect that the company will continue to actively promote investment activities with a concern for ESG issues, such as support for initiatives promoting the propagation of natural energy generation and corporate measures to address ESG issues.

# Strengthening Corporate Governance

Along with its execution of the Corporate Governance Code, the MS&AD Insurance Group acted early to establish a basic policy for group corporate governance. I commend the declaration to deepen recognition of social issues and fulfill responsibilities to the company's seven stakeholders (customers, shareholders, agents, business partners, employees, local/international communities, and the environment) through active dialogue, as noted in "Relationship with Stakeholders" in Article 2, a section directly related to CSR. The Code also shows the company's positive stance on disclosing non-financial information, including information on ESG issues. With interest rising in the sustainability of societies, I hope that the company will continue to bolster corporate governance in a way that is integrated with its CSR activities.

Our Response to the Third-Party Opinion on Our CSR Report

Thank you very much for your valuable insight into the 2015 CSR Report of MS&AD Insurance Group Holdings, Inc.

MS&AD Insurance Group launched 'Next Challenge 2017,' our medium-term management plan, in FY2014. 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, in the midst of rising international interest in disaster prevention, we believe that it is the duty of our Group as to disseminate the knowledge we have accumulated through our experiences with various disasters, including the Great East Japan Earthquake, in order to assist with preparations for disasters and prevent accidents. In 2013, we supported the creation of "Miyagi Corporate BCP Drafting Guidelines (the Miyagi Model)" based on the experiences and lessons of the Great East Japan Earthquake. Following that, in March 2015, during a public forum at the UN World Conference on Disaster Risk Reduction, we created an exhibition area where visitors could get experience with that model, and we signed an agreement with Miyagi Prefecture to further propagate it. Our Group is the only global insurance company with a license to operate in all ten ASEAN countries. Among those countries are many that are vulnerable to disasters. We believe that there are measures we can perform for this region that only an insurance company would carry out, by providing insurance products and risk management services as well as working to educate people about natural disasters and bolster concrete responses to them.

In June 2015, we established our MS&AD Insurance Group Basic Policies on Corporate Governance . In addition to setting our basic way of thinking and stance on corporate governance, toward the realization of Our Mission, these policies state our aim to fulfill responsibilities to our seven stakeholders and increase sustainable corporate value as well as consider the synergistic effect of the environment and society on all of our business activities, and pledge that we will contribute to the creation of a sustainable and resilient society. In addition, we are working on integrated reporting ,which is a tool for dialogue given interest by our stakeholders in non-financial information, as a Group.

Moving forward, we want to continue to deepen communication with all of our stakeholders, provide products and services that contribute to the realization of a safe, secure, and healthy future, and fulfill our role to enhance social resilience.

MS&AD Insurance Group Holdings, Inc. Takaoki Endo, Executive Officer and General Manager, Corporate Planning Department