## MS&AD Insurance Group Holdings, Inc. CSR Report 2012 Index

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## CSR in the MS&AD Insurance Group

CSR in the MS&AD Insurance Group

## Message from Management

Message Representative Director, President & CEO Toshiaki Egashira

Detailed information ()

## Aspiration and CSR

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

Detailed information

## Outline of the Group

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

Detailed information ()

## CSR information Perspective of disclosure

Presents CSR Report 2012 the editing policy, scope of report etc.

Detailed information ()

## Message from Management



A year and a half has passed since the Great East Japan Earthquake. At this time, we offer our deepest condolences and sympathy to those who were sacrificed as well as to those who suffered from the great disaster.

Last year was indeed a year for us when we, as an insurance and financial group, came face to face with the realization of our social mission, with so many natural calamities around the world, typhoon disasters and the flood in Thailand in addition to the Great East Japan

Earthquake. Our Group has tackled the task of prompt payment of insurance money to our customers afflicted by the Great Earthquake to bring assurance as soon as possible. In the Thai flooding where many enterprises were damaged, we mobilized our staff from Japan and other parts of the world to cooperate with the local staff in paying insurance claims as quickly as possible. These activities truly underpin to our missions held since our Group's founding that "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." Our Group is determined to keep on fulfilling our social mission going forward, so we could keep on supporting our clients.

After our business integration in April of 2010, our Group has been holding on to our central principles of "building a sustainable society through our core businesses" and "sharing our management philosophy (mission), management visions and code of conduct (values)" in promoting our commitment to Corporate Social Responsibility and establishment of Group's foundation for CSR. From fiscal 2012, we have set out to reformulate our approaches to CSR and to identify our mid-term priority issues to thereby proceed to the next stage by consideration of our experience of large-scale natural calamities last year.

Furthermore, to visualize the status of our progress with these approaches, we have introduced KPI (Key Performance Indicators) for CSR (for details, refer to the body text). In our Group, we are all ready to maintain our approaches to CSR in the interest of our various stakeholders by means of consolidating the efforts of each and every member of our Group in improving the quality of our products/services and agency business, contributing to build a sustainable environment and society, and putting the code of conduct (values) of our participating employees into practice. It is our sincere wish that we will continue to enjoy your continuing patronage.

Representative Director, President & CEO

J. Egathire

## **Outline of the MS&AD Insurance 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 **Financial Statement Highlights** Presents the outline of the Group. Presents digest information for the performance of the MS&AD Insurance Company Data Group. Organization Chart History Detailed information () Organizational structure of the Group **Development of Group Business** Presents organizational structure of the The MS&AD Insurance Group is promoting holding company. a global development of business mainly in five major fields: domestic non-life insurance, domestic life insurance, overseas business, financial services, and risk-related services. Detailed information Detailed information ()

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# Advancing with you MS&AD MS&AD Holdings

## **Company Data**

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.

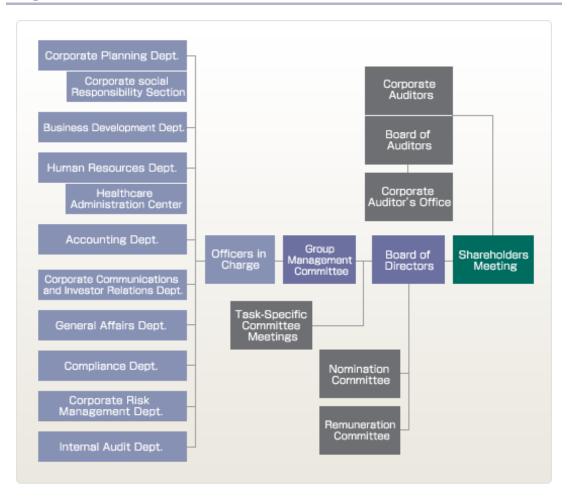
The purpose of MS&AD insurance Group is to achieve sustainable growth and to enhance enterprise value through the creation of a world-class insurance and financial services group that operates globally, by rapidly and significantly improving quality and expanding its operating presence and corporate 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	Yaesu First Financial Building, Yaesu 1-3-7, Chuo-ku, Tokyo, Japan [Map]
Representative	Representative Director, President & CEO Toshiaki Egashira
Board of Directors	Board Members
Paid-in Capital	100,000,000 yen
Number of Employees	94(As of March 31, 2011)
Business Description	<ul> <li>Our activities as a holding insurance 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) Osaka Securities Exchange (First Section) Nagoya Stock Exchange (First Section)

## Advancing with you

## MS&AD MS&AD Holdings

## **Organizational Chart**



# Advancing with you MS&AD MS&AD Holdings

## History

April 2008	MSIG Listed on Tokyo Stock Exchange and Osaka Securities Exchange and Nagoya Stock Exchange
	MSIG is incorporated
September 2009	Aioi Insurance, Nissay Dowa General Insurance, and Mitsui Sumitomo Insurance Group reach basic agreement on business integration. In conjunction, announced integration plan, presidents of the holding companies, addresses, descriptions and corporate name, etc.
April 2010	MSIG changed its name to MS&AD Insurance Group Holdings
October 2010	Aioi Insurance and Nissay Dowa Insurance merged into "Aioi Nissay Dowa Insurance"
April 2011	MS&AD Holdings acquired a 100% stake in Mitsui Sumitomo MetLife Insurance Co., Ltd. and renamed it Mitsui Sumitomo Primary Life Insurance Company, Limited
October 2011	Mitsui Sumitomo Kirameki Life Insurance Co., Ltd. and Aioi Life Insurance Co., Ltd. merged into "Mitsui Sumitomo Aioi Life Co., Ltd."

History of Mitsui Sumitomo Insurance (link to website)

## Outline of the MS&AD Insurance Group Financial Statement Highlights

Presents digest information for the performance of the MS&AD Insurance Group.

## Outline of consolidated financial statements / Fiscal 2011 (MS&AD Holdings)

		( - ) - )
	Fiscal 2010	Fiscal 2011
Net premiums written <sup>(*)</sup>	2,543,786	2,555,551
Ordinary profit / loss(Δ)	21,005	Δ96,211
Net income / loss( $\Delta$ )	5,420	Δ169,469
Net assets	1,633,381	1,512,134
Total assets	11,445,003	14,537,204

\* Key sales item of nonlife insurance business, which is our core business within the Group. It means our gross receipts of insurance premiums directly received from our customers (direct premiums) minus the sum equivalent to accumulated premiums, with addition or reduction of reinsurance premiums (outgoing reinsurance premiums to be deducted and incoming reinsurance premiums to be added). It covers the risks the company has undertaken.

## Net premiums/claims Insurance Category (Group total)

Net premiums written (million yen)				
	Fiscal 2010		Fiscal	2011
		Increase- decrease (year on year)[%]		Increase- decrease (year on year)[%]
Fire and Allied	354,560	Δ4.6	339,636	∆4.2
Marine	89,455	6.2	87,395	Δ2.3
Personal accident	212,790	1.9	219,520	3.2
Voluntary automobile	1,291,900	3.2	1,299,499	0.6
Compulsory automobile liability	273,871	0.4	291,610	6.5
Other	321,208	Δ2.6	317,890	Δ1.0
Total	2,543,786	1.0	2,555,551	0.5

(million yen)

7

Net claims paid (million yen) Fiscal 2010 Fiscal 2011 Increase-Increasedecrease (year decrease (year on year)[%] on year)[%] Fire and Allied 137,343 Δ10.1 473,309 244.6 Marine 39,823 Δ13.9 48,802 22.5 Personal accident Δ2.2 0.7 112,581 113,345 Voluntary automobile 837,013 4.6 848,161 1.3 Compulsory automobile 260,890 0.9 1.1 263,206 liability Other 198,475 Δ17.7 194,546 Δ2.0 Total 1,586,128 Δ1.7 1,941,371 22.4

## (Notes)

- 1. Figures denote amounts after off-setting internal transactions between segments.
- 2. Due to consolidation of Aioi Insurance and Nissay Dowa General Insurance effected by the share exchange on April 1, 2010, the year-on-year rate of change of former consolidated fiscal year are shown in simple comparisons between actual results of one year prior to last fiscal year of the Group total, combined with consolidated actuals of Aioi Insurance and single actuals of Nissay Dowa General Insurance.

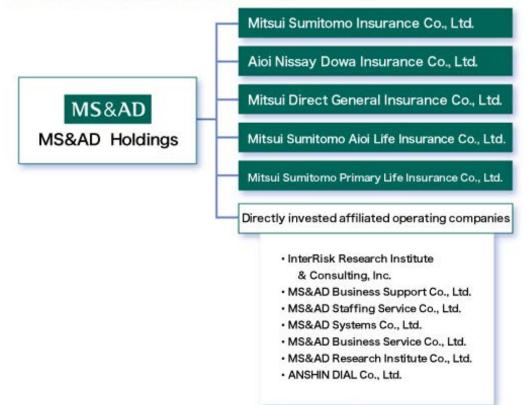
Outline of the MS&AD Insurance Group

## Group Structure

### **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 seven 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. and ANSHIN DIAL Co., Ltd. MS&AD Insurance Group is challenging to be the world's top level insurance and financial group.

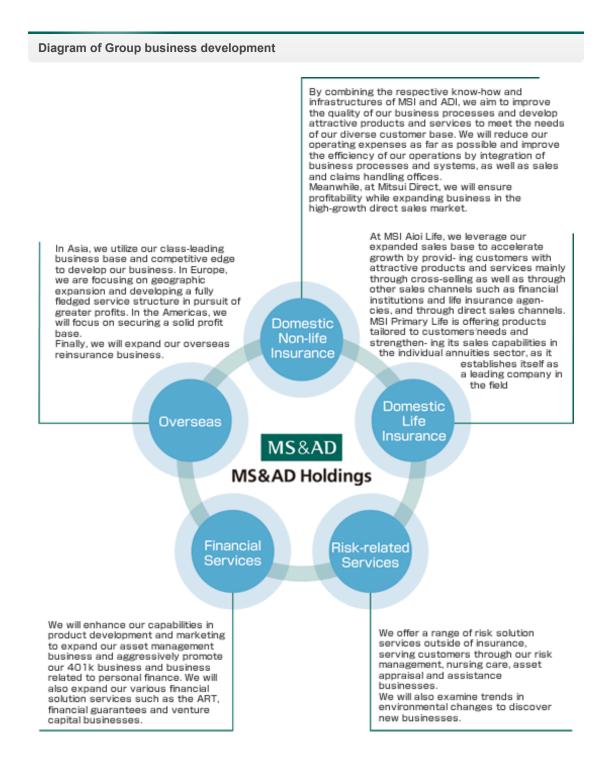
## Group Organization Chart (as of July 1, 2012)



#### Outline of the MS&AD Insurance Group

## **Development of Group Business**

We will pursue group synergies by combining our comprehensive strengths to provide high-quality products and services that meet the needs of individual customers.



## Aspiration and CSR



The MS&AD Insurance Group fulfills our corporate social responsibility to the stakeholders through

all business activities
We conform to our mission and management vision.

- In principle, we commit ourselves to corporate governance, compliance, risk management, information disclosure, respect for human rights and environmental preservation.
- Our stakeholders are our customers, shareholders, business partners, employees, environments, and local /international communities.

#### Aspiration of the MS&AD Insurance Group

Through rapid and significant improvement and expansion of our operational base and corporate resources in both qualitative and quantitative terms, we intend to create a globally operating and world-leading insurance and financial services group, and achieve sustainable growth while enhancing enterprise value.

To paint a vivid portrait of the kind of corporate group we aspire to be, we determined our mission, vision, and values, as follows.

## **Our Mission**

#### Significance of the Group

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**

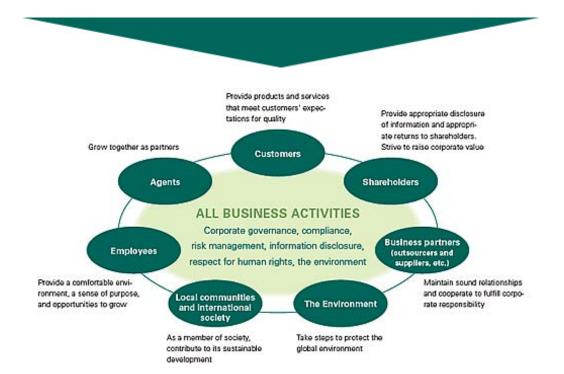
#### Aspiration of the Group

To create a world-leading insurance and financial services group that consistently seeks sustainable growth and to enhance enterprise value

## **Our Values**

Things to be cherished in our daily activities to realize our mission

Customer Focused	We continuously strive to provide security and achieve customer satisfaction
Integrity	We are sincere, kind, fair and just in all our dealings with everyone
Teamwork	We achieve mutual growth by respecting one another's individuality and opinions, and by sharing knowledge and ideas
Innovation	We listen to our stakeholders and continuously seek ways to improve our work and business
Professionalism	We make continuous efforts to improve our skills and proficiency to provide high quality services



## Detailed Information

## Pillars of CSR approaches (priority issues)

The MS&AD Insurance Group, a global business entity, is expected to take approaches to build a sustainable community. We will commit ourselves to build a sustainable society through our business activities by improving quality of our products and services that will meet the demands of our local and international communities.

Intangible products such as insurance and finance are crystallization of our individual employee's thoughts held for our customers. Each employee of the MS&AD Insurance Group shares the Group's missions, visions and values to provide our customers with assurance and security by means of practicing these.

the MS&AD Insurance Group, on the basis of above, tackles the following three tasks as pillars of mid-term CSR approaches:

Pillar of approach () We will earn the trust of customers through the improvement of quality of products and services.	Strive to improve the quality of products and services at all times, and promote better business practices based on feedback from stakeholders, thereby earning trust
	Promote social contributions and global environmental pres
Pillar of approach () We will contribute to create the sustain- able environment and society.	<ul> <li>Promote social contributions and global environmental preservation through the provision of products and services</li> <li>Conduct activities to support the restoration of areas hit by natural disasters, such as the Great East Japan Earthquake, and promote social contribution activities tailored to local needs</li> <li>Promote various solutions to environmental issues, such as reducing the environmental burden relating to our business activities and conserving biodiversity</li> </ul>
Pillar of approach ()) We will practice the values by all employ- ees in the Group.	All Group employees shall remain constantly aware of the connections between their work and the Groupls stake- holders, and practice Our Values

## Key performance indicators(KPIs) to promote our 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 its holding company, MSI and ADI, and aims to further its approaches effectively in line with the PDCA cycle

Stakeholder		Index	Fiscal 2012 Goal	The relationship with the central pillar of the MS&AD Insurance Group.
Customers	(1) Improvements of p customers' voices.	products/services initiated by	approaches	Pillar I of our approaches: We will win customer trust by improving the quality of our products/services.
	(2) Customer satisfaction (as evidenced in questionnaire	Ratio of customers satisfied with accident response in automobile insurance.	89.5%	
	results) for overall response to accidents.	Also the ratios of customers satisfied with accident response in fire, health and accident, and new types of insurances.	90.0%	
	(3) Ratio of customer recommendation (as evidenced in questionnaire	Ratio of customers who are willing to recommend either MSI or ADI to their friends and acquaintances.	90.0%	
Agents	results) for company/agents.	Ratio of customers wishing to recommend any agents to their friends and acquaintances.	90.0%	
Employees	(4) Employee satisfaction (questionnaire results)	Ratio of employees feeling pride or job satisfaction (all-employee average on a 6-point scale).	4.4-point	Pillar III of our approaches: All Group employees will put
		Ratio of employees, regardless of sex and age, feeling free and lively at work places (all-employee average on a 6-point scale).	4.3-point	the Code of Conducts (Values) into practice.
	(5) Number of female manager or above)	managers (section	225	
Local and International Communities	(6) Releasing new tasks/risks confronting our society, and developing and improving our products dealing with such new tasks/risks.		Continuous approaches	Pillar II of our approaches: We will contribute to
	(7) Ratio of department social action program	nts/branches practicing s.	100%	build a sustainable environment/society.
	(8) Number of employ activities (*1)	ees practicing social action	Year-on-year increment of the number of employees practicing above activities.	
Environment	(9) Selection rate of Web policy clauses (*2)	Ratio of customer selection of Web policy clauses in automobile or fire insurances.	60.0%	
	(10) CO2 emission	Carbon dioxide emissions (domestic) resulting from energy consumption of electricity, city gas, gasoline, etc. for business activities.	79,882t-CO2	
		(Sub index) Electricity consumption (domestic)	168,538,000kWh	
	(11) Paper consumption	Copy paper, prints, machine tabulation (domestic)	13,619t	9t
	(12) Consumption rati (*3) (domestic)	o of forest certified paper	20.6%	
	(13) Number of employees participating in waterside activities of Biodiversity preservation.		Year-on-year increment of the number of employees participating in above activities.	

All stakeholders	(14) Consolidated net revenue of nonlife insurance premiums	2,630 billion yen
including shareholders, business	(15) Annual premiums of life insurance contracts in force (*4)	320 billion yen
partners	(16) Group core profits (*5)	80 billion yen
	(17) Group ROE (*6)	5.3%

(\*1) Number of employees participating in or contributing to volunteer activities at work or in private.

- (\*2) Former brochure type covenants are replaced with "Environment-friendly covenants" which are available on the company website.
- (\*3) Paper made of pulp from woods properly managed for the purpose of sustainable forest utilization and environmental preservation.
- (\*4) Actual figures of MSI Aioi Life (excluding collective insurance). MSI Primary Life is excluded.
- (\*5) Group core profits = Deducting (1)Equity capital gain or loss (sales gain or loss, etc.), (2) Credit derivative evaluation gain or loss, (3) other special factors from Consolidated current profits, and adding equity method income of non-consolidated Group companies.
- (\*6) Group ROE = Group core profits divided by Consolidated net assets at the beginning/end of term (excluding minority shareholders' equity)

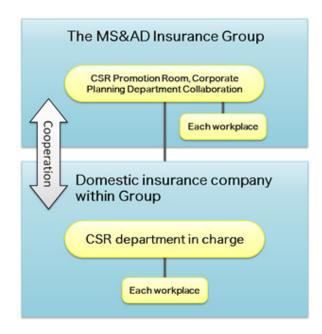
Promoting system of CSR

The MS&AD Insurance Group has set up a specific department (CSR Promotion Room, Corporate Planning Department) in its holding company for the promotion of CSR activities throughout the entire Group and supports individual CSR activities within each Group company.

## Approaches in fiscal year 2011

- Review of "Pillars of CSR approaches (key CSR tasks)" common in all Group companies for fiscal 2012 and onward.
- Introduction of KPI for the promotion of CSR approaches.
- Preparation of Group's common tools for penetration of and putting management philosophy (mission), management visions and code of conducts (value) into practice.

Each insurance company within the Group, with its CSR department in charge, has been promoting CSR activities in line with the holding company initiatives, upon 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 United Nations Global Compact in June, 2004, by MSI as the first financial organization, will keep its active participation.

\* U.N. Global Compact is the initiative advocated by former UN Secretary-General Annan that 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.

## U.N. Global Compact Japan Network

## Signature to sustainable insurance principles

MSI and ADI have participated in UN Environment Programs Financial Initiatives (UNEP FI) to search, prevail and promote a desirable business in a financial institution that considers environment-friendly and sustainability. In June, 2012, UNEP FI published the "sustainable insurance principles", requiring insurance companies to consider in their business activities issues related to environment, society and governance and to play their roles in developing a sustainable environment on earth.

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

## 🔊 Signature to Principles of Financial Behaviors Toward Building Sustainable Societies

In October, 2011, "Principles of Financial Behaviors Toward Building Sustainable Societies (21st Century Financial Behaviors Principles)" and "Guidelines by Businesses (Insurance, deposit/loan/lease, fund management/security/investment banking)" were published in Japan. These principles have been designed to provide behavioral guidelines for financial institutions desiring to play their required roles and responsibility in building sustainable societies. Both MSI and ADI participated in formulating the guidelines. MSI, ADI, MSI Aioi Life and InterRisk Research Institute & Consulting have signed the principles.

## **External Evaluation**

Socially Responsible Investment(SRI); a method that assessing the company not only through the profitability but from a viewpoint of Corporate Social Responsibility(CSR) and investing in the company is practiced widely. The MS&AD Insurance Group is utilizing the assessment provided by major SRI evaluation organization for improvement of approaches. As of July, 2012, The MS&AD Insurance Group is included in the following components of SRI Index.

- FTSE4Good index series
- · Ethibel PIONEER and EXCELLENCE Investment Registers
- Morningstar Socially Responsible Investment Index(MS-SRI)



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

## Medium-term Management Plan

MS&AD Insurance Group Medium-Term Management Plan

## **MS&AD New Frontier 2013**

#### 1. Basic Strategy of the Group

Win customer's trust and realize growth through quality improvement.

- •Make every operation customer focused and deliver to all variety of customers products and services of the highest quality.
- •Establish virtuous cycles and realize sustainable growth by injecting profits obtained from growth back into quality improvement.

Integrate all the power of the Group and pursue group synergies to enhance profitability even further.

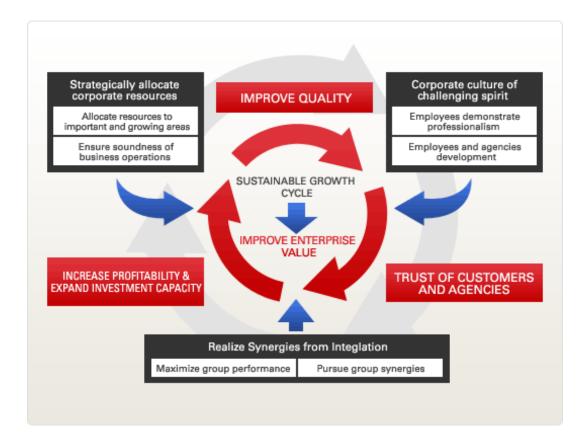
- •Aim to enhance efficiencies and increase group profitability by pursuing synergies within the Group.
- •Revise all of the Group's operations from the perspective of maximizing performance of the Group, utilizing integration of operational processes and computer systems and development of shared services, and capitalize on economies of scale.

Allocate resources strategically to selected and focused areas, as well as secure soundness of business operations.

- •Allocate expanded corporate resources into important and growing areas and aim to make an efficient use of resources and to accelerate growth of the Group.
- •Secure the soundness of the entire Group, by conducting business operations in each group company with the soundness required in the insurance and financial service businesses and by establishing a Group-wide corporate governance structure with the core of the holding company.

Foster a corporate culture of challenging spirit as professionals and grow with employees and agencies.

Foster a corporate culture under which every single employee tackle challenges as a professional.
Create a group that its members are proud of and want to work for and in which employees and agencies can grow with the Group.



## 2. Business Domain and Individual Strategies

To grow as a group with business domains of domestic non-life insurance, domestic life insurance, overseas business, financial services, and risk-related services by expanding each of these businesses.

#### **Domestic Non-life Insurance Business**

### Mitsui Sumitomo Insurance, Aioi Nissay Dowa Insurance, Mitsui Direct General Insurance

- •To develop and provide attractive products and services suitable for the various operational bases and customer bases.
- •To enhance sales capabilities by developing business models that can satisfy customers' needs in each market, and by concentrating resources in growing areas.
- •To improve quality of business processes and to create best practices by utilizing know-hows and infrastructures of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance.
- •To reduce business expenses significantly and to improve efficiency by integrating operational processes and by consolidating offices for sales and claims handling.
- •To ensure profitability while simultaneously expanding business in the high-growth direct sales market.

## Domestic Life Insurance Business

#### Mitsui Sumitomo Aioi Life Insurance, Mitsui Sumitomo Primary Life Insurance

- •To accelerate growth by providing customers with attractive products and services mainly through cross-selling as well as through other sales channels such as financial institutions, life insurance agencies, and direct sales on expanded operational bases.
- •To establish the Group's position as a leading company in the area of individual annuities business by providing products that meet customers' needs and by enhancing sales capabilities.

#### **Overseas Business**

- •To expand business actively in the Asian region through the Group's extensive operational bases and superiority.
- •To pursue expansion and profits in Europe by enhancing the Group's services structure, and to ensure solid profits in the Americas.
- •Active investment in new business in selected and focused strategic regions and areas.
- •To expand overseas reinsurance business.

## Financial Services Business

- •To expand asset management business by enhancing the salability of products and sales capabilities.
- •To actively promote 401k business that responds to both corporate and individual needs.
- •To expand retail loan business leading to stable profitability and steady customer base.
- •To restructure financial guarantee business, ART (Alternative Risk Transfer) business and venture capital business in response to the changes in the market environment.

## **Risk Related Services Business**

- •To provide services other than insurance services, that contribute to customer's risk solutions. (Risk management business, nursing care business, asset valuation and appraisal business, and assistance business)
- •To promote new businesses in light of changes in the business environment.

## 3. Medium-Term Targets (Numerical Targets)

#### **Target Business Portfolio**

	(unit: billion yen)
	Fiscal year 2013 (Target)
Profit Indicators for the group*	110.0
Domestic non-life insurance	60 (55%)
Domestic life insurance	15 (14%)
Overseas business	30 (27%)
Financial services/Risk related service business	5 (4%)

The figures in the () indicate breakdown.

. ....

## **Numerical Targets**

(unit: billion yen)

	(ante billion you)
	Fiscal year 2013 (Target)
Non-life consolidated net premiums written	2,700
Life annualized premium in force*1	330
ROE based on Group Core Profit*2	7%

\*1: The Annualized premium in force of Mitsui Sumitomo Aioi Life(excluding group insurance)
\*2: ROE based on Group Core Profit=Group Core Profit ÷ Consolidated shareholders'equity (excluding minority interest; average of starting and ending amounts)

## \*Profit Indicators for the group

Group's Core Profit = consolidated net income - net capital gains/losses on stock portfolio (gains/losses from sale, etc.) - net evaluation gains/losses on credit derivatives - other incidental factors + equity in earnings of the non-consolidated group companies

## **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 resource saving, main knitting is provided through the web. The Digest version is also issued so that overall pictures of the approaches could be more understandable.

- Implemented actions(main items) for achieving the social responsibility that the MS&AD Insurance Group is required by stakeholders are reported by subject.
- 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

## FY2011 (April 1, 2011 - March 31, 2012)

\* The report also includes some activities that began in April 2012 or later.

Subject organization and abbreviation

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

#### MS&AD Insurance Group

MS&AD Insurance Group Holdings, Inc.

```
>> The holding company
```

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(★)

Mitsui Sumitomo Primary Life Insurance Co., Ltd.
 >> MSI Primary Life(★)

The former Mitsui Sumitomo Kirameki Life Insurance Co., Ltd.
 >> The former MSI Kirameki Life (★\*1)

The former Aioi Life Insurance Co., Ltd.
 >> The former Aioi Life (★\*1)

\*1 MSI Kirameki Life and Aioi Life integrated on October 1, 2011 and formed Mitsui Sumitomo Aioi Life Insurance Co., Ltd.

### **Publication**

**Publication of This Issue** 

October 2012

Previous Publication

October 2011

**Next Publication** 

October 2013 (planned)

#### **Reference Guidelines**

- GRI, Sustainability Reporting Guidelines (Version 3.0)
- Index for GRI guidelines
- 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 (before 2009)
- CSR reports of Aioi Nissay Daiwa Insurance Co., Ltd. (before 2010) (Japanese only)

## Inquiries

CSR Section, Corporate Planning Department MS&AD Insurance Group Holdings, Inc.

Yaesu First Financial Building, Yaesu 1-3-7, Chuo-ku, Tokyo 103-0028, Japan TEL:+81-3-6202-5269 / FAX:+81-3-6202-6882

Mail : Mail : aaa703\_csr@ms-ad-hd.com

## Management

The MS&AD Insurance Group has set following 6 principles in discharging our corporate social responsibility through all our business activities.

## **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.

- Compliance
- Information Management
- Responsibilities in Transactions

Detailed information ()

## Detailed information

## **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.

#### Detailed information

## **Respect for Human Rights**

As a supporting Group on the U.N. Global Compact, we educate our employees to respect basic human rights and act conscientiously and with an awareness of them.

Detailed information

#### 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.

- Basic Policies on Disclosure
- Information disclosure for shareholders

Detailed information

#### **Environmental Protection**

Based on our Mission Statement and Group Basic Environmental Policy, we view that approaches to all types of global environmental problems as part of our social mission, we promote them through a concerted effort by all of our employees.

Detailed information ()

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

## **Corporate Governance**

Our basic philosophy on corporate governance and management structure.

- Basic Policies on Corporate Governance
- Board of Directors and Board of Corporate Auditors
- ▶ Items regarding Execution , Audit, Monitoring, Nomination, and Remuneration.
- MS&AD's Basic Policy Regarding Internal Control System

### **Reference Material**

Articles of Incorporation (PDF file 21KB/7pages) Displays our corporate articles of incorporation.

# Advancing with you MS&AD MS&AD Holdings

Corporate Governance

## **Basic Policies on Corporate Governance**

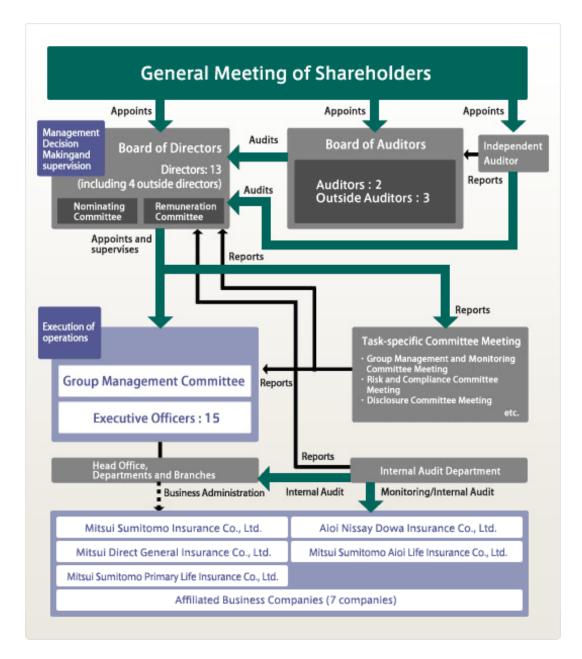
### **Basic Policies**

In line with its Management Philosophy, MS&AD, as a holding company overseeing all group businesses, has established a transparent management framework that incorporates internal checking functions. The Company's objectives are to sustain consistent growth over the long term by using corporate resources efficiently and managing risks properly and ultimately, to further increase corporate value.

### **Corporate Governance Structure**

As a company whose operations are reviewed by corporate auditors, MS&AD is working to improve corporate governance in large part by reinforcing the functions of the Board of Directors and Board of Corporate Auditors, and through the active disclosure of information.

MS&AD has introduced an executive officer system and is strengthening the control of MS&AD management by clarifying the roles of the Board of Directors, who are responsible for management decision-making and supervision, and the Executive Officers, who are responsible for business execution. Moreover, MS&AD believes that in order to reinforce the management monitoring and supervision functions, and thereby making the management highly transparent, it is crucial to incorporate perspectives independent of the management. Consequently, 4 of the 13 members on the Board of Directors and 3 of the 5 Corporate Auditors are selected from outside. In addition, the Board of Directors has two internal committees: the Nomination Committee and Remuneration Committee, which are chaired by outside directors who also account for the majority of the members.



### Management structure for group business

MS&AD has a business management agreement with its directly invested insurance subsidiaries (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.) to provide business administrative support.

MS&AD believes that obtaining timely and accurate information regarding the business of its subsidiary companies is beneficial to the smooth operations of the group. Therefore, MS&AD board members concurrently serve as directors of the subsidiary companies. Furthermore, directors from the subsidiary companies participate in Group Management Committees depending on the topic. MS&AD also has a business management agreement with each of its directly invested affiliated business companies to do business administration and management of them as the parent company.

## Corporate Governance Top page

- Basic Policies on Corporate Governance
- Board of Directors and Board of Corporate Auditors
- ▶ Items regarding Execution , Audit, Monitoring, Nomination, and Remuneration.
- MS&AD's Basic Policy Regarding Internal Control System

# Advancing with you MS&AD MS&AD Holdings

Corporate Governance

## **Board of Directors and Board of Corporate Auditors**

Corporate Relationship with Outside Directors - Applicable supplemental Information

Akira Watanabe: Attorney at Seiwa Meitetsu Law Office. Daiken Tsunoda: Attorney at Law of Nakamura, Tsunoda and Matsumoto Law Firm. Tadashi Ogawa: Director-Chairman of The Bank of Yokohama, Ltd. Mari Matsunaga: President & Director, Mari Matsunaga Office

#### **Cooperation between Auditors and Accounting Auditor**

Plans, operations and outcomes of auditing shall be reported by Accounting Auditors at regular meetings.

Additionally, various issues surrounding accounting audit shall be discussed when necessary.

#### **Cooperation between Corporate Auditors and Internal Audit Department**

Regular liaison meetings shall be convened to discuss issues such as audit policy and its operations.

All audit results from Internal Audit Department shall be reported to Corporate Auditors.

## Relationship between Outside Corporate Auditors and MS&AD - supplement to terms of compliance

Sousuke Yasuda: Senior Adviser of Gyosei & Co., Former Managing Partner of Gyosei & Co. Kuniaki Nomura: Attorney at Nomura Sogo Law Office Hiroyuki Tezuka: Attorney at Nishimura Asahi Law Office

## Supplement to Information Disclosure of Board of Directors' Remuneration (total of all Directors combined)

The total remuneration of all Board of Directors combined as well as the total remuneration of all Corporate Auditors combined shall be disclosed. Of the amounts involved, each shall also disclose the total remuneration of Outside Directors and that of Outside Corporate Auditors respectively. Directors and Auditors of the Board receive compensation in cash. We have obliged eight Directors who execute businesses of MS&AD or MSI out of the nine internal Directors to buy our stocks monthly at the market price by a specified amount of money or more based on the remuneration rules that apply. We have no stock option grants. We do not make any loans to Directors and Auditors of the Board, and do not make any lump-sum payments to them upon retirement.

## Support system of Outside Directors (Outside Corporate Auditors)

Outside Directors shall be supported by the Corporate Planning Department and Outside Auditors shall be supported by the Corporate Auditors' Office.

The Corporate Planning Department, serving as the administrative office of the Board of Directors, shall explain the agenda of Board of Directors meeting to Outside Directors and Outside Auditors prior to the meeting. In addition, information regarding risks shall be reported as needed to all Directors and Auditors, including those from outside.

- Corporate Governance Top page
- Basic Policies on Corporate Governance
- Board of Directors and Board of Corporate Auditors
- ▶ Items regarding Execution , Audit, Monitoring, Nomination, and Remuneration.
- MS&AD's Basic Policy Regarding Internal Control System

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

Corporate Governance

# Items regarding Execution , Audit, Monitoring, Nomination, and Remuneration

## **1. Execution and Monitoring Functions**

## (1) Board of Directors

To strengthen the functions of decision-making and monitoring of important business operations, the Board of Directors appoints 4 Outside Directors.

The Chairman chairs the Board and does not serve as the chief executive officer from the standpoint of separating supervision and execution.

## (2) Group Management Committee

The Group Management Committee is responsible for deliberating certain key issues of the Company and MS&AD, including management policy and strategy. It also monitors specific business operations by receiving reports on approved matters from the director in charge.

## (3) Task-Specific Committee Meetings

The Task-Specific Committee Meetings have been set with the aim to deliberate various key issues in management when executing operations as well as to coordinate perspectives across various departments. The main committees are listed as below.

- Group Management and Monitoring Committee Meeting (basically twice a month) Upon receiving reports on matters related to board of directors and management committee of direct subsidiaries of MS&AD, the committee meeting ensures healthy finance of the group companies and insures appropriate risk management and operation.
- Risk Compliance Committee Meeting (basically 4 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 Meeting (basically 4 times a year)
   With the aim to appropriately disclose MS&AD corporate information including the financial data, it examines in-house operation procedures and evaluates the effectiveness of internal control.

#### 2. Functions for Nomination and setting Remuneration

The Nomination Committee and Remuneration Committee have been established as internal committees of the Board of Directors, to ensure transparency.

Nomination Committee

It advises the Board of Directors by deliberating important personnel matters such as nominees for MS&AD Directors and Corporate Auditors or the appointment of Directors and Corporate Auditors for subsidiaries directly invested in by MS&AD.

Remuneration Committee

It advises the Board of Directors on matters related to remuneration of MS&AD's Directors and Executive Officers as well as the director compensation system of subsidiaries directly invested in by MS&AD.

In order for the Remuneration Committee to function sufficiently, there are no overlaps between Directors or Auditors of the Board of MS&AD and the entities to which the outside Directors of the Remuneration Committee belong.

## 3. Audit and Monitoring functions

## (1) Board of Auditors

The Board of Auditors consists of 2 full-time and 3 part-time Auditors (Outside Auditors). Following the principles and plans of audit laid out by the Board of Auditors, each Corporate Auditor audits the performance of the Directors, internal control and other affairs, by attending key meetings including the Board of Directors Meeting as well as consulting important settlement documents, monitoring each in-house department, and inspecting the subsidiaries.

In addition, an Auditor of the Board may utilize outside advisors at MS&AD's expense as required.

## (2) Audit Committee

KPMG AZSA & Co. is to be the appointed accounting auditor, which does not have any conflict of interest with MS&AD.

## Orporate Governance Top page

- Basic Policies on Corporate Governance
- Board of Directors and Board of Corporate Auditors
- ▶ Items regarding Execution , Audit, Monitoring, Nomination, and Remuneration.
- MS&AD's Basic Policy Regarding Internal Control System

# Advancing with you MS&AD MS&AD Holdings

Corporate Governance

## MS&AD's Basic Policy Regarding Internal Control System

The system stipulated in this policy was established to be in alignment with the Corporation Law in addition to holding "securing trust on financial reporting" as its top priority. The summary of the basic policy is as follows.

## 1. System to ensure appropriate operations of corporate group comprised of MS&AD and its subsidiaries

- (1) From the perspective of maximizing the corporate value of the whole group, the Company shall control business affairs of the whole group and shall exercise its shareholder's right accordingly to its direct subsidiary ("direct investment subsidiary").
- (2) The Company shall conclude a management agreement with its direct investment subsidiary. Based on that contract, the Company shall call for the direct investment subsidiary to comply with the Group Basic Policy as well as to seek approval from and report to the Company on any important matters related to direct investment subsidiary. Additionally, in relation to subsubsidiary, the direct investment subsidiary shall, in principle, manage its own subsidiaries accordingly as agreed in the contract.

#### 2. System to ensure the assignments of the Directors are carried out efficiently

- (1) As well as formulating the Group management plan, the Company shall set the task-specific numerical targets and appropriately distributes the managerial resources needed to realize that plan. In addition, the Company and its subsidiary's execution of business operations shall be reported to the Board of Directors.
- (2) To realize rapid decision-making and appropriate monitoring, the Company shall introduce an executive officer system, appoint outside directors and set the number of Directors at 15 or less.
- (3) To ensure assignments of Directors and Executive Officers are carried out appropriately and efficiently, the Company shall establish rules of organizational and administrative authority and clarify the assignments to be implemented and the relevant authority.

## 3. System to ensure that the assignments of the Directors and the employees adhere to laws and the article of incorporation

- (1) In accordance with the MS&AD Insurance Group Basic Policy on Compliance set out by the Holding Company's Board of Directors, the Company and its Group companies shall make sure that each and every director and employee is aware of the importance of compliance, ensure compliance with all applicable legislation and internal regulations, etc. and maintain high ethical standards as part of all business activities.
- (2) To promote and complete compliance program in the Company and the Group companies, MS&AD shall maintain organizational structure of Compliance Department and report regularly on overall compliance promotion situations of the Group to the Board of Directors. To monitor compliance promotion, it shall set Risk Compliance Committee and take necessary measures on issues identified by it.
- (3) The Company and the Group companies shall set up an internal report system so that all directors and employees may directly report to in-house contacts or outside lawyers on individual or group behaviors that are unjust, illegal, or unethical.

## 4. Regulation and System Related to Managing Risks of Losses (Integrated Risk Management System)

- (1) In addition to establishing a shared basic understanding in accordance with the MS&AD Basic Policy on Risk Management set out by the Company's Board of Directors, the Company and its Group companies shall formulate company-specific risk management policies and take appropriate risk management measures in line with circumstances at each company.
- (2) The Company's Board of Directors shall establish a risk management department and put in place the necessary organizational framework to identify the full range of risks inherent in the Group's activities and effectively implement integrated risk management. To monitor risks and risk management activities, the Company shall also establish a Risk Compliance Committee and take all necessary measures to avoid and minimize risks, based on the results of consultations held by the Committee (including the results of integrated risk management evaluation (quantitative analysis)).
- (3) The Company shall evaluate risk management and business contingency plans at Group companies and establish a risk management and business contingency plan for the Group as a whole.

## 5. System to ensure credibility of Financial Report

- (1) Out of the Corporate Auditors, the Company shall nominate at least one person who is equipped with sufficient knowledge of accounting or finance.
- (2) In accordance with the MS&AD Insurance Group Basic Policy on Disclosure Regulation set out by the Company's Board of Directors, the Company and its Group companies shall put in place the necessary framework to ensure the timely and adequate disclosure of financial information and other information relating to the Group.
- (3) To secure fair disclosure of information, the Company shall set Information Disclosure Committee to maintain internal control regarding financial reports of the Company and the Group, as well as to examine the effectiveness of disclosure system.

## 6. System to ensure effective Internal Auditing

In line with the "MS&AD Insurance Group Basic Policy on Internal Audit", the Company and its direct investment subsidiary shall maintain internal audit systems tailored to all the business activities of MS&AD in order to ensure efficiency and effectiveness of internal audit. The Internal Audit Department shall report all important items from the internal auditing results of the Company and its direct investment subsidiaries, as well as improvement progress in the audited departments, to the Board of Directors.

## 7. System to manage and store information related to Directors' duties

The Company shall establish regulations for document management to appropriately store and manage information as well as documents that are related to Directors' and Executive Officers'duties. Directors and Corporate Auditors shall be able to browse the information at all times.

## 8. System to ensure that audits by the Auditors are carried out effectively

- (1) System related to an employee hired to assist the duties of the Corporate Auditors To accommodate the duties of Corporate Auditors, the Company shall set a Corporate Auditor Room with an assisting employee. Respecting the independence of the Corporate Auditor Room, organizational change of the Room as well as transfer or discharge of the hired employee shall only take effect upon reaching a consensus at the Board of Auditors. Employee evaluation shall also take place upon consultation with an Auditor assigned by the Board of Auditors.
- (2) Systems of report to the Auditors
  - Directors and Executive Officers hall report to the Board of Auditors without delay about matters governed by law, decisions that greatly influence business operations and organizations, and the results of internal audits and the internal reporting system.
  - Employees shall be able to directly report to the Board of Auditors about managerial acts that are seriously fraudulent or illegal, and about facts that may have extremely negative impact on the Company.
- (3) Other systems
  - Auditors shall attend important meetings including the Group Management Committee Meetings.
  - Chairman of the Board, President, and Representative Director shall convene regular consultations with the Board of Auditors. Additionally, Internal Audit Department is to cooperate with the audit upon request from the Auditors.

## Corporate Governance Top page

- Basic Policies on Corporate Governance
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## MS&AD Insurance Group Holdings, Inc. Articles of Incorporation

## Chapter I. General Provisions

(Trade Name) Article 1. The name of the Company shall be *MS&AD INSHUARANSU GURUPU HORUDINGUSU KABUSHIKI KAISHA*, which in English shall be MS&AD Insurance Group Holdings, Inc.

(Purpose)

Article 2.

The purpose of the Company shall be to engage in the following businesses as an insurance holding company:

- management and administration of non-life insurance companies, life insurance companies and companies that it may own as its subsidiaries under the Insurance Business Law; and
- (2) any other business incidental to the business provided for in the preceding item.

(Location of Head Office)

Article 3.

The Company shall have its head office in Chuo-ku, Tokyo.

(Governance Structure)

Article 4.

The Company shall have in place, in addition to shareholders meeting and directors:

- (1) a board of directors;
- (2) corporate auditors;
- (3) a board of corporate auditors; and,
- (4) one or more accounting auditors.

(Method of Public Notice)

Article 5.

The method by which public notices are made by the Company shall be electronic public notice, which shall be substituted by publication in the *Nihon Keizai Shimbun* published in Tokyo and Osaka if an electronic public notice is impracticable for such reason as an accident or unavoidable event.

## Chapter II. Shares

(Total Number of Authorized Shares)

Article 6.

The total number of authorized shares of the Company shall be 900,000,000.

(Acquisition of Company's Own Shares)

Article 7.

The Company may acquire its own shares through market transactions, etc., upon a resolution of the Board of Directors under Article 165, Paragraph 2, of the Companies Act.

(Number of Shares Constituting One Unit and Non-Issuance of Share Certificates for Less Than One Unit)

Article 8.

The number shares of the Company constituting one unit shall be 100.

(Rights Pertaining to Shares Less Than One Unit)

Article 9.

No shareholder of the Company shall be entitled to exercise any right with respect to shares less than one unit held by such shareholder except for any of the following rights:

- (1) the rights provided in the items in Article 189, Paragraph 2, of the Companies Act;
- (2) the right to allotment of the right to subscribe for shares and stock acquisition rights that are proportionate to the number of shares already held by the shareholder; and
- (3) the right to demand as provided in the following Article.

(Purchase of Shares Less Than One Unit)

Article 10.

Each shareholder may demand the Company to sell to such shareholder such number of shares that, together with the number of shares less than one unit already held by such shareholder, will constitute a unit in accordance with the Share Handling Regulations.

(Administrator of Shareholders Registry)

Article 11.

- 1. The Company shall have in place an administrator of shareholders registry.
- 2. The administrator of shareholders registry and the place of its office shall be designated by resolution of the Board of Directors and the Company shall give public notice of them.
- 3. The preparation, maintenance and other administration relating to the Company's shareholders registry and stock acquisition rights registry shall be delegated to the administrator of shareholders registry; they shall not be handled by the Company.

### (Share Handling Regulations)

Article 12.

The administration of, and handling and fees concerning, the Company's shares, and the procedures for exercising shareholder rights and other related matters shall be governed by the Share Handling Regulations, as set out by the Board of Directors, except as otherwise provided by laws and regulations or the Articles of Incorporation.

### Chapter III. Shareholders Meetings

(Convening of Shareholders Meetings)

Article 13.

Annual shareholders meetings of the Company shall be convened within 3 months of the close of each business year; extraordinary shareholders meetings shall be convened from time to time when necessary.

(Place of Convocation) Article 14. Shareholders meetings of the Company shall be convened within the area of the 23 wards of Tokyo.

(Record Date for Annual Shareholders Meeting)

Article 15.

The record date for the annual shareholders meeting of the Company shall be March 31 every year.

(Chairman of Shareholders Meeting)

Article 16.

- 1. The President and Director shall chair shareholders meetings. If the President and Director is unable to do so, the Director next in the order previously determined by the Board of Directors shall act in his or her place.
- 2. The chair of a shareholders meeting convened at a shareholder's demand shall be mutually elected by and from among the shareholders present.

(Reference Documents for Shareholders Meeting, Etc. Deemed Provided) Article 17.

The Company may deem information relating to matters required to be specified or recorded in reference documents for shareholders meetings, business reports, financial statements, and consolidated financial statements as having being provided to shareholders when such information is disclosed via the Internet in accordance with laws and regulations.

### (Manner of Resolution)

Article 18.

- 1. Except as otherwise provided by laws and regulations or by the Articles of Incorporation, resolutions of shareholders meetings shall be adopted by a majority of votes of the shareholders entitled to exercise their voting rights and present.
- 2. The resolution provided for in Article 309, Paragraph 2, of the Companies Act shall be adopted by a two thirds or more of votes of the shareholders present at the meeting where the shareholders holding one third or more of the voting rights of the shareholders entitled to exercise their voting rights are present.

### (Voting by Proxy)

Article 19.

1. A shareholder may vote through a proxy, who must be a shareholder who has a voting right.

2. A shareholder or his or her proxy, shall at each shareholders meeting submit to the Company document evidencing the authority of proxy.

### Chapter IV. Directors and the Board of Directors

(Number of Directors) Article 20. The Company shall not have more than 15 Directors.

(Election of Director)

Article 21.

- 1. Directors shall be elected at shareholders meeting.
- 2. Resolutions to elect Directors shall be adopted by a majority votes of the shareholders present at the meeting where the shareholders holding one third or more of the voting rights of the shareholders entitled to exercise their voting rights are present.
- 3. Cumulative voting shall not be used in elections of Directors.

(Term of Office)

Article 22.

The term of a Director shall expire at the close of the annual shareholders meeting for the last business year ending within 1 year of the Director's election.

(Election for Filling a Vacancy)

Article 23.

A vacancy in a Director's position need not be filled unless the number of remaining Directors violates the minimum number of directors provided by laws and regulations.

(Representative Director and Director's Title)

Article 24.

- 1. The Board of Directors shall by its resolution appoint one or more Representative Directors.
- 2. The Board of Directors may by its resolution appoint one or more Chairman and Directors, Vice Chairman and Directors, President and Directors, Vice President and Directors, Senior Managing Directors, and Managing Directors.

(Convocation of Board of Directors Meetings)

Article 25.

- 1. Board of Directors meetings shall be convened by the Chairman and Director except as otherwise provided by laws and regulations.
- 2. If the office of Chairman and Director is vacant or the Chairman and Director is unable to do so, the President and Director shall act in his or her place. If the President and Director is unable to do so, the Director next in the order previously determined by the Board of Directors shall act in his or her place.

 The convocation notice for a Board of Directors meeting shall be sent to each Director and each Corporate Auditor at least 3 days prior to the date of the meeting. However, that period may be shortened in the event of an emergency.

(Omission of Resolution of the Board of Directors) Article 26.

The Company shall deem that a resolution of the Board of Directors has been adopted when the requirements provided for in Article 370 of the Companies Act have been satisfied.

(Regulations of the Board of Directors)

Article 27.

The administration of the Board of Directors shall be governed by the Regulations of the Board of Directors as set out by the Board of Directors, except as otherwise provided by laws and regulations or the Articles of Incorporation.

(Remuneration of Director)

Article 28.

Compensation and other proprietary interests received from the Company as consideration for performance of duties ("Remuneration") of Directors shall be determined by resolution at a shareholders meeting.

(Exemption of Director's Liability) Article 29.

- 1. The Company may, in accordance with Article 426, Paragraph 1, of the Companies Act and by resolution of the Board of Directors, exempt to the extent permitted by laws and regulations a Director (including retired Director) from liability for damages arising out of breach of the Director's duties.
- 2. The Company may, in accordance with Article 427, Paragraph 1, of the Companies Act, enter into an agreement with an Outside Director limiting the Outside Director's liability for damages arising out of breach of the Outside Director's duty. However, the maximum amount to which that liability may be limited by such an agreement shall be the sum of the amounts set out in the items in Article 425, Paragraph 1, of the Companies Act.

### Chapter V. Corporate Auditors and the Board of Corporate Auditors

(Number of Corporate Auditors) Article 30. The Company shall not have more than 6 Corporate Auditors.

(Election of Corporate Auditor)

Article 31.

- 1. Corporate Auditors shall be elected at shareholders meeting.
- 2. Resolutions to elect Corporate Auditors shall be adopted by a majority votes of the shareholders present at the meeting where the shareholders holding one third or

more of the voting rights of the shareholders entitled to exercise their voting rights are present.

(Effectiveness of Election of Substitute Corporate Auditor) Article 32.

The effectiveness of the election of a substitute Corporate Auditor shall expire on the commencement of the annual shareholders meeting for the last business year ending within 4 years of such substitute Corporate Auditor's election, unless the period is shortened at such resolution.

(Term of Office)

Article 33.

The term of a Corporate Auditor shall expire at the close of the annual shareholders meeting for the last business year ending within 4 years of the Corporate Auditor's election.

(Election for Filling a Vacancy)

Article 34.

A vacancy in a Corporate Auditor's position need not be filled unless the number of remaining Corporate Auditors violates the minimum number of corporate auditors provided by laws and regulations.

(Full-time Corporate Auditor and Standing Corporate Auditor) Article 35.

- 1. The Board of Corporate Auditors shall by its resolution appoint one or more full-time Corporate Auditors.
- 2. The Board of Corporate Auditors may by its resolution appoint one or more standing Corporate Auditors.

(Convocation of Board of Corporate Auditors Meeting) Article 36.

The convocation notice for a Board of Corporate Auditors meeting shall be sent to each Corporate Auditor at least 3 days prior to the date of the meeting. However, that period may be shortened in the event of an emergency.

(Regulations of the Board of Corporate Auditors) Article 37.

The administration of the Board of Corporate Auditors shall be governed by the Regulations of the Board of Corporate Auditors as set out by the Board of Corporate Auditors, except as otherwise provided by laws and regulations or the Articles of Incorporation.

(Remuneration of Corporate Auditor)

Article 38.

Remuneration of Corporate Auditors shall be determined by resolution at a shareholders meeting.

(Exemption of Corporate Auditor's Liability) Article 39.

- 1 The Company may, in accordance with Article 426, Paragraph 1, of the Companies Act and by resolution of the Board of Directors, exempt to the extent permitted by laws and regulations a Corporate Auditor (including retired Corporate Auditor) from liability for damages arising out of breach of the Corporate Auditor's duties.
- 2 The Company may, in accordance with Article 427, Paragraph 1, of the Companies Act, enter into an agreement with an Outside Corporate Auditor limiting the Outside Corporate Auditor's liability for damages arising out of breach of the Outside Corporate Auditor's duty. However, the maximum amount to which that liability may be limited by such an agreement shall be the sum of the amounts set out the in the items in Article 425, Paragraph 1, of the Companies Act.

### Chapter VI. Accounts

(Business Year)

Article 40.

The business year of the Company shall start on April 1 of every year and end on March 31 of the following year.

(Dividends)

Article 41.

- 1. The record date for year-end dividends of the Company shall be March 31 ever year.
- 2. The Company may, by resolution of the Board of Directors, pay interim dividends, the record date for which shall be September 30 every year.
- 3. The Company may fix a record date and pay dividends otherwise than as set out in the preceding two paragraphs.
- 4. If the dividend is payable in cash and 3 full years passes after the date it becomes payable, the Company shall be exempt from any obligation to pay the dividend.
- 5. No interest shall accrue on the dividend provided for in the preceding paragraph.

Last amended on April 1, 2010

## MS&AD MS&AD Holdings

# Management Outline of 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 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

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

## 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 Compliance Department carries out unified management of compliance matters. Departments in charge of compliance at MS&AD insurance companies plan and implement measures and policies for employees and agencies, as well as operational rules for insurance sales. Particularly the relevant departments inquire and investigate the activities that violate the laws and company including those suspected cases.

#### 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 compliancerelated 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.

# Advancing with you MS&AD MS&AD Holdings

Compliance

## MS&AD Insurance Group Basic Compliance Policy

Apr. 1, 2010

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

#### 1. Basic Policy

- (1) We intend to achieve our mission by ensuring compliance in every aspect of our corporate activities and by establishing corporate ethics.
- (2) We define compliance as "taking sincere, fair, and proper actions to respond to the expectations and requests of society, by complying with all laws and regulations related to our corporate activities, relevant guidelines issued by competent government agencies, and regulations of the holding company and Group companies ("laws and regulations, etc.")."

#### 2. Development of Compliance Structure

#### (1) Development of systems

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

#### (2) Enforcing compliance

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

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

#### (1) Faithful conduct

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

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

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

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

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

## MS&AD MS&AD Holdings

# Management Information Management

#### **Basic perspective and policy**

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

- MS&AD Insurance Group Basic Policy on Information management
- MS&AD Insurance Group Basic Policy on Sharing Customer Information

#### Structure of Information Management

In accordance with the aforementioned Basic Policies, the domestic insurance companies in the Group determine guidelines and internal rules related to information management, 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.

#### Nonitoring Activities

The holding company monitors the status as regards arrangements for information management at domestic insurance companies in the Group, and reports on the same 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.

#### Policy for protection of personal information (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 observance of related laws and regulations, appropriate acquisition, and limitation of the purposes of use. They have disclosed these policies on their respective websites.

Privacy policy (policy for protection of personal information) 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.

# Advancing with you MS&AD MS&AD Holdings

## MS&AD Insurance Group Holdings, Inc. Basic Policy on Information Management

Apr. 1, 2011

#### Handling of Personal Information

Given the importance of protecting customer information, and seeking to maximize public confidence in its business, MS&AD Insurance Group will strictly adhere to laws regarding the protection of customer information (Act on the Protection of Personal Information), as well as other laws and ordinances to properly handle personal information and take appropriate measures for secure management. The "customer" means those who are associated with all the activities in MS&AD Insurance Group, and indifferent to individual persons, corporations whatever.

- 1. MS&AD Insurance Group will obtain customer information to the extent necessary for business in a fair and legitimate manner. We will also report or make public our purpose for using the personal information, and use it only for the stated purpose.
- 2. MS&AD Insurance Group will not offer customer's personal data to third parties without prior permission, unless stipulated by law.
- 3. MS&AD Insurance Group may share personal data to introduce the products and services best suited to customers, and to manage the businesses of the Group companies. (Click here for our Policies of Shared Use).
- Policies of Shared Use
- 4. MS&AD Insurance Group will endeavor to prevent leakage, damage, or defamation of customer data. It will also ensure adequate security measures such as the maintenance of policies regarding use, as well as implementation of systems for the maintenance of policies regarding use of data and secure management. We will also offer the necessary and relevant supervision when personal data is trusted to external parties on behalf of the Group.
- 5. MS&AD Insurance Group will ensure that customer information is not mishandled, and will properly educate and supervise employees on the appropriate handling of customer information. We will also continue to review and improve our handling of customer information and our methods for secure management.
- 6. MS&AD Insurance Group will respond quickly and appropriately to complaints and requests for consultations regarding its handling of customer information. If customers request the disclosure or correction of their own personal information held by the Group, we will promptly respond in compliance with the law.

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

## MS&AD Insurance Group Holdings, Inc. Basic Policy on Sharing Customer Information

Apr. 1, 2010

MS&AD Insurance Group accords the greatest priority to customer satisfaction in its activities and offers risk solutions of the highest quality. For this reason, we occasionally share information about our customers when necessary, within the boundaries noted below.

To handle customer information appropriately, we will strictly comply with laws for the protection of personal information (Act on the Protection of Personal Information) as well as other laws and ordinances.

#### Note

1. 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

- 1) Shareholder information (name, address, number of shares etc)
- 2) 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

Group companies sharing information are domestic and overseas insurance companies, reinsurance companies, and related business companies of the MS&AD Insurance Group (click here for the list).

The management representative for the shared use of information will be the Holding Company.

 To introduce or offer products and services of MS&AD Insurance Group companies to customers, personal information may be shared among Group companies based on the following conditions.

#### (1) Items of personal data

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

Please click here for a list of Group companies sharing information. The management representative of the shared use of information will be the Holding Company.

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# Advancing with you MS&AD MS&AD Holdings

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

- MS&AD Insurance Group Holdings, Inc. Basic Policy on Information Management
- MS&AD Insurance Group Holdings, Inc. Basic Policy on Sharing Customer Information

October 1, 2010

#### **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**

- For corporate management of group companies
- · 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

- 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 here to see the users.) The management representative for the shared use of information will be the holding company.

#### 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.

(Click here for details of the procedure.)

#### 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: 03-3297-4841 Business Hours: 9:00-20:00 (Monday through Friday)

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

## MS&AD MS&AD Holdings

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

The Company 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". The domestic insurance companies in the Group 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. The company is striving for on-going advancement and fulfillment of social responsibilities with its business partners.

#### **MSI Policy in transactions**

- 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.

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

### **Risk Management**

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

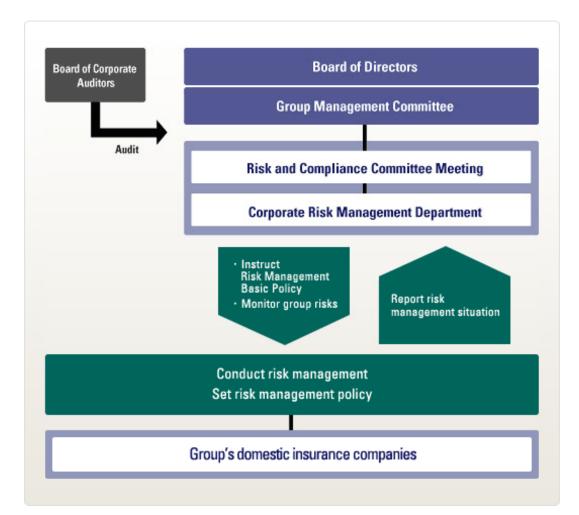
The MS&AD Insurance Group has set out the "Group Risk Management Basic Policy" which stipulates the basic processes and the group wide framework for risk management. The policy stipulates the basic processes and the Group-wide framework for risk management, and defines the categories of risks which the Group should identify and manage. The Group companies under our holding system set out their own "Risk Management Policies" and

## manage risk by their own responsibilities in line with the "Group Policy".

#### **Risk Management Structure**

The Group insurance companies implement risk management on an individual basis. The Holding Company implements an enterprise-wide risk management program and monitors integrated risk and group companies' risk management activities.

The Corporate Risk Management Department obtains and analyzes the enterprise-wide risk reported from group insurance companies on a regular basis. Important issues in the reports are discussed at the Risk Compliance Committee and reported to the Board of Directors.



#### **Enterprise Risk Management**

Based on risk reports and risk management activities at the Group's insurance companies, the Company manages risk in both the ways of a quantitative and qualitative approach, covering risk that is difficult to quantify.

#### Quantitative approach

Based on quantitative analysis (VaR), the Company periodically measures insurance underwriting risk, asset management risk, and operational risk to confirm that the risk threshold is in alignment with group capital.

The Company also monitors the risk of the Group insurance companies to confirm it does not exceed the set-up limit on a monthly basis.

Furthermore, the Company monitors influence of changes in the market environment to the Group on a daily basis, which enables the Company to recognize a state of emergency or its preliminary step early and to take a necessary measure agilely.

To ensure that risk is within capital adequacy, the Company confirms financial plans and an impact on uncertainty of an anomalistic but probable event such as a large-scale natural disaster or turmoil in the financial markets by stress tests.

\* VaR (Value at Risk) is the particular level of maximum loss in terms of its chance of occurrence.

Qualitative approach

To evaluate insurance underwriting risk, asset management risk, liquidity risk, and operational risk, the Company assess Group insurance company's risk management activities and risk management framework.

The Company also regulates the accumulation of loans and investments, and monitors transactions between Group companies. This is to ensure that propagation, maldistribution and concentration of risk shall not have an impact on the soundness of MS&AD Insurance Group.

#### **Risk of Insurance business**

There are a variety of risks inherent in the insurance business. Given that the insurance business engages on the payment of insurance claims and benefits, insurance underwriting risks and asset management risks which arise within insurance business must strike a proper balance with capital adequacy and return. Liquidity Risk shall be managed based on funding requirements in presence and future. By ensuring appropriate operation, operational risks stemming from issues such as clerical errors and system failures need to be minimized to prevent losses as far as possible. The MS&AD Insurance Group takes precise action in response to these risks and regards risk management as its foremost priority in business in order to achieve its corporate vision and management target.

Insurance Underwriting Risk	Insurance underwriting risks relate to the possibility of a decline in insurance income as a result of unexpected changes in the frequency and damageability of accidents, or natural disasters.
Asset Management Risk	Asset Management risks relate to the possibility of a decline in asset value (including off-balance assets) or income. The major causes are fluctuation of interest rates, stock prices, exchange rates, real estate values, rents, or financial difficulties of investments and loans. Risks stemming from the inability to matching the mix of assets and the liabilities of payment of insurance claims.
Liquidity Risk	Cash Flow Risk is risk that the group may incur losses due to being forced to sell assets at a price considerably lower than normal in order to maintain funds, owing to deteriorating cash flows as a result of such event as an outflow of funds in the aftermath of a large-scale disaster. Market Liquidity Risk is risk that the group may incur losses due to the inability to trade on a market or being forced to trade at a price considerably less advantageous than normal owing to a market disruption, etc.
Operational Risk	Operational risks is risk that group may incur losses due to loss resulting from inadequate or failed internal processes, people and systems, or from external events.

#### **Crisis Management System**

To prepare for the development of risks as well as for the potential of these risks to spread within the group, the Group's companies have formulated a crisis management manual and a business continuity plan, and will ensure effectiveness by conducting field training on a regular basis to prepare for actual adverse situations. The Company verifies the status of such preparations in the Group's companies at Group Crisis management meetings held regularly.

Moreover, the Company also evaluates the Business Continuity System and a business continuity plan in the domestic insurance companies of the Group every year and confirms the feasibility of these.

Crisis Management System of each company of the Group	Each company of the Group is carrying out timely and suitable measures at the time of crisis by organizing operational structure for crisis management and formulating a crisis management manual. We require each company 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. We shall draft policies for settlement of an identified Group Crisis based on discussions among its members by creation of a Group Crisis Measures Division.
Business continuity System and a business continuity plan in the domestic insurance companies of the Group	The domestic insurance companies of the Group have completed formulating the Business Continuity System (instituting the policies, development of rules for management, establishment of management structure), and a business continuity plan for the capital city strong local earthquake and super-flu. We shall continuously review the system through the PDCA cycle, Group Crisis management meetings and having shared field training on a regular basis to prepare for actual adverse situations of trainings in each management system of member companies. We also evaluate the Business Continuity System and a Business Continuity plan in the domestic insurance companies of the Group once a year in collaboration with InterRisk Research Institute & Consulting. Through the evaluation, we confirm the feasibility and undertake the necessary revision.
Group Crisis management meetings	We hold Group Crisis management meetings once in the quarter on the theme of the Crisis Management System and a business continuity plan for the Crisis Management Department of each group company,We confirm the constant review situation by the PDCA cycle in the management organization of each group company through periodical management of those meetings, and we promote the consolidation of systems for timely and appropriate handling of crisis by sharing information between each group company.

## MS&AD MS&AD Holdings

# 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 Policies on Disclosure

#### Information Disclosure for Shareholders

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

Detailed information of Information Disclosure for Shareholders / Investors

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

## **Basic Policy for Disclosure**

Oct. 1, 2011

MS&AD Insurance Group Holdings, Inc. and its domestic subsidiaries (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.) shall disclose information as outlined below with aim of ensuring that all important information relating the Group's operations is communicated fairly, accurately and in a timely manner.

#### 1. Basic Attitude toward Information Disclosure

MS&AD Insurance Group will disclose information so that customers, shareholders, investors and others can accurately grasp and appraise the situation of the Group.

#### 2. Disclosure Criteria

MS&AD Insurance Group will disclose information in a timely manner in accordance with laws and regulations, as well as securities listing regulations and rules on timely disclosure of corporate information of listed companies set out by stock exchanges.

In addition, MS&AD Insurance Group will disclose any other information that would be helpful for customers, shareholders, investors and others with their policy interpretation or their investment decisions.

#### 3. Disclosure Manner

By utilizing diverse media, such as annual reports, news releases and official websites, MS&AD Insurance Group will strive to ensure fair disclosure to customers, shareholders, investors and other interested parties.

## MS&AD MS&AD Holdings

Information Disclosure

### Information Disclosure for Shareholders

The MS&AD Insurance Group is conducting 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.

#### IR Policy

#### Basic position on disclosure of IR information

Besides disclosing such corporate information as we are required to under statutes or regulations of stock exchanges, we 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.

#### Setup for information disclosure

#### 🔊 Disclosure committee

The Disclosure Committee was instituted by determination of the Board of Directors. The Committee is composed of corporate officers and general managers assigned to divisions related to information disclosure such as the planning division and accounting division, and outside directors. It is regularly convened for the purpose of assessing the efficacy of information disclosure control in the entire Group, taking action for improvement of this efficacy, and checking the appropriateness of disclosure.

#### 💎 Outline of the setup for timely disclosure

Outline of the setup for timely disclosure The outline of the setup for timely disclosure is provided in the Corporate Governance Report.

#### Corporate Governance Report (Japanese only) (PDF 261KB/10 pages)

#### Stock overview

This section introduces securities codes, number of issued shares and other basic matters on our stock.

#### Stock overview

#### Dividends

This section shows the history of dividend payouts in recent years.

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

While providing information through our website and presentation meetings on a broadly disseminated basis, we 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.

#### Holding of information meetings (for institutional investors and analysts)

In fiscal 2011, we held meetings on financial results and strategy for institutional investors and analysts (information meetings) in June and December. In addition to the outline of our previous period and the projected result, it presented the Group strategy and policy for related approaches based on MS&AD New Frontier 2013 (our medium-term management plan). And since fiscal 2011, at the announcement of quarterly results, we hold the telephone conference for institutional investors and analysts and explain about the financial result and have question-and-answer session. The video and



Holding of information meetings (for institutional investors and analysts)

documents at the meeting (presentation) are published on our website for promoting the information disclosure.

#### Holding of separate meetings inside and outside Japan

We promote closer communication with institutional investors and analysts inside and outside Japan through separate meetings and response to inquiries. In fiscal 2011, we held about 170 of separate meetings and endeavored to improve the good communication with institutional investors.

#### Information provision through booklets

We not only report on our business and financial results to our shareholders when sending out invitation of general meetings of shareholders; we also furnish detailed information on these areas when sending out dividend notices. We provide the MS&AD Report twice in a fiscal year, after the announcement of financial statement of previous financial year and interim financial statement.

We also publish a Disclosure Magazine (in Japanese) and Annual Report (in English) for more widespread knowledge of the MS&AD Insurance Group.

#### The video, documents and each brochure at meetings

#### Improvement of the IR website

We are making efforts to improve the IR section within the official website of the MS&AD Insurance Group to give shareholders and investors a timely disclosure of corporate information and financial results information. The site also displays information, in both Japanese and English, on our financial statements and the substance of information meetings, for perusal by shareholders and investors in Japan and other countries.



Nikko IR "Best Corporate Website 2011"

Daiwa IR "Internet IR Best Company Prize 2011"

We should add that our IR website has received the "Best

Corporate Website 2011" from Nikko IR and "Internet IR Best Company Prize 2011" from Daiwa IR.

#### Feedback to management

The needs and ratings we receive from our shareholders, investors, and analysts through our IR activities are shared in the Group and applied in efforts to heighten our corporate value.

# Advancing with you MS&AD MS&AD Holdings

## **IR Policy**

#### Japanese

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 MS&AD MS&AD Holdings

### **Stock Overview**

#### ▶ Japanese

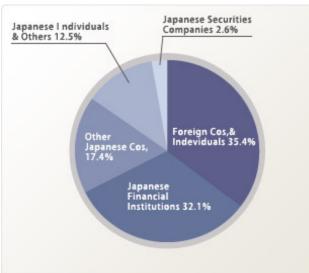
As of Apr. 1, 2012

Stock Exchange Listings	Tokyo, Osaka 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 (Marunouchi 1-4-1, Chiyoda-Ku, Tokyo)
Place of Business of Administrator of Shareholders' Registry	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Dept. (Marunouchi 1-4-1, Chiyoda-ku, Tokyo)
Contact	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Dept. (Nikko-cho 1-10, Fuchu-shi, Tokyo 183- 8701, Japan)

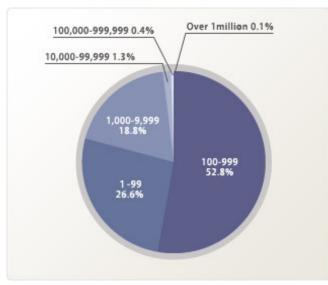
#### **Shareholding Profile**











As of Mar. 31, 2012

Large Shareholders

As of Mar. 31, 2012

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
Japan Trustee Services Bank, Ltd. (Trust account)	30,018	4.74
The Master Trust Bank of Japan, Ltd. (Trust account)	27,746	4.38
STATE STREET BANK AND TRUST COMPANY	24,936	3.94
SSBT OD05 OMNIBUS ACCOUNT - TREATY CLIENTS	12,426	1.96
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	10,540	1.66
STATE STREET BANK AND TRUST COMPANY 505225	9,069	1.43
NATSCUMCO	8,923	1.41
MELLON BANK, N.A. AS AGENT FOR ITS CLIENT MELLON OMNIBUS US PENSION	8,700	1.37
Total	221,297	34.94

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 11,389 thousand shares (1.80%) as treasury shares.

# Advancing with you MS&AD MS&AD Holdings

### **Dividends**

▶ Japanese

#### **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.

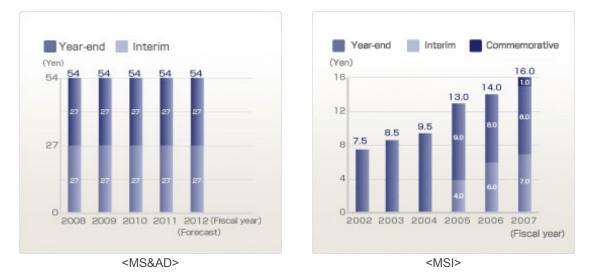
#### **Capital Management Policy**

- Allocate resources to high-growth areas both in Japan and overseas, aiming to become a global insurance and financial services group, while seeking to enhance the growth and business diversification of the Group.
- Enhance the risk/capital management structure to secure financial soundness of the Group, while going on with further reduction of risk-weighted assets and good use of capital, with a view to improving the capital efficiency of the Group.
- Return to shareholders approximately 50% of Group Core Profit over the medium-term through dividends and share buyback.

(Extract from the Master Integration Plan (PDF file 329KB/22pages))

#### **Track Record of Dividends**

The charts below show the track record of the Company in dividends per share. The Company forecasts its dividends per share of 27 yen for FY2012 year-interim. The Company forecasts its dividends per share of 27 yen for FY2012 year-end.



\* The FY2007 dividend per share of ¥16.0 is equivalent to ¥53.3 on an MS&AD basis.

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

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

## MS&AD MS&AD Holdings

Pillars of CSR approaches

## Pillar I We will earn the trust of customers through the improvement of quality of products and services.

Strive to improve the quality of products and services at all times, and promote better business practices based on feedback from stakeholders, thereby earning trust.



Pillar | Earning trust through the improvement of quality of products and services

#### Improvement of quality of products and services

Our basic strategy for the mid-term management plan is to win customer trust through quality improvement and materializing growth.

- Quality improvement in response to stakeholder view
- Develop products from customers perspective
- Improve the simplicity and convenience for customers
- Payment of insurance claim service preferable to customers
- Quality improvement of Contact Center
- Overseas approaches (products and services)

#### 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.

Detailed information ()

#### Growth of our employees

We determine to listen to our stakeholders and continuously seek ways to improve our work and business (Innovation) in Our Values. Our employees practice the Values and strive to improve the quality of products and services.

## MS&AD MS&AD Holdings

### Pillar | Earning trust through the improvement of quality of products and services Quality Improvement in response to stakeholder view

To remain a corporate group that is truly needed by society, we consider it important to know what our stakeholder views for improving the quality of products and services. The MS&AD Group Insurance Group has constructed various schemes for absorbing the views of stakeholders, and is reflecting them in efforts to improve our products and services. And stakeholder views are being reflected not only in the processes of all work, but also in discussions on the management level.

#### Schemes of absorbing the views of customers

The MS&AD Insurance Group has formulated "Basic Policy for Responding to Customer Communications" and takes widely and utilizes various views from customers such as consultation, requests, and complaints, for improvement of qualities. Domestic insurance companies in the Group utilize customers views in business improvement to provide products and services that satisfy customers based on this policy.

#### 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
  - 1.All officers and employees shall respond to all customer communications quickly, appropriately and in good faith.
  - 2.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."
  - 3.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
  - 1.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."

- 2.Domestic Group insurance companies shall prepare rules, manuals and the like regarding the procedures and specific individual actions for responding to customer communications.
- 3.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 insurance companies in the Group: 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)

#### Questionnaires with customers

Through questionnaire surveys we conduct with customers, we ascertain their views and reflect them in business improvement.

MSI, ADI ask their customers to answer the questionnaire when sending the insurance policies. The questionnaire asks about the degree of satisfaction with the services at the time of contract provided by our company / agents, and the advisability of the products and services to others, and confirm whether the customer could have appropriate services.

And we confirm the satisfaction level to accident response through the questionnaire, we reflect those answers for the improvement of our services and development of new products to heighten quality even more.

Since 2012, those results were incorporated into Key performance indicators(KPIs).

Key performance indicators(KPIs) to promote our approaches

#### Structure for Responding to Customer Communications

Domestic insurance companies in the Group has formulated its response policies in accordance with the "Basic Policy for Responding to Customer Communications" and is carrying out responses to customers' voices including complaints and managing measures for improvement.

The personnel assigned to customers' voices response at each of these companies regularly hold meetings to confirm that the system for customers' voices is being properly operated. They also make reports the situation of complaints from customers to the Management Committee of the holding company each quarter. We at the MS&AD Insurance Group perceive information from customers' voices as vital for efforts by all employees to earn and keep the trust of customers, achieve business growth, and further improve quality. Furthermore we are actively collecting and analyzing information regarding customers' voices in order to reflect it in our initiatives for improvement of quality and customer satisfaction.

MSI had a total of 34,432 complaints in fiscal 2011, dropping 85.5% from previous fiscal year (decrease of 5,834 complaints).

To prevent complaints due to "delay and failure in procedure" and "lack of explanation/confirmation", "3 actions leading to trust building" were taken throughout the year, resulting in steady decline in "material complaints\* ".

\* Complaints reducible by "3 actions leading to trust building".

ADI received 69,079 complaints in fiscal 2011, with year-on-year rate of 101.3%, an increase of 883 complaints over the previous year. In fiscal 2012, under the "No. 1 Customer Satisfaction" movement, "kinder and politer response to customers" will be provided.

#### 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)

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

MSI and MSI Aioi Life run a complaint response system in conformance with the international standard ISO 10002 (Quality management-Customer satisfaction-Guidelines for complaints handling in organizations).

At MSI, we will review our business procedures, behaviors and perceptions and plan to implement company-wide programs responding to complaints to materialize "quality improvement in dealing with our customers", on the understanding that self-improvement is critical.

< Objectives >

(1) Aim to respond to customer's voices (complaints) speedily, properly and sincerely to resolve issues.

(2) Strengthen our approaches to quality improvement (by PDCA cycles), starting on customer voices.

<Concrete measures>

To prevent complaints due to "delay and failure in procedure" and "lack of

explanation/confirmation", all employees will keep on tackling "3 actions leading to trust building" thoroughly. For "material complaints", we will see that PDCA cycles are spun definitely to grasp causes of complaints and plan recurrence prevention schemes and measures.

Since start-up of the new company in October, 2011, MSI Aioi Life has implemented complaintresponse arrangements and declared on April 1, 2012, its comformance to standards.\* Hereafter, we will further promote "improvements in customer satisfaction" by means of strengthening our complaint-response arrangements and integrating customer voices including complaints into betterment of our business practices.

(\*)The former Kirameki Life Insurance was in practice of declaring its conformance to standards in July, 2007.

- Mitsui Sumitomo insurance Co., Ltd. (Japanese Only)
- Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (Japanese Only)

### Schemes of listening to agents' voice

As one of its measures for closer communication with agents, MSI has instated the MSA (Mitsui Sumitomo Insurance Agent Association) Product Monitor Program. The 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. By the end of fiscal 2011, the program has been held a total of 23 times.

ADI runs Agents voice system which receives the request of improvement from our agents through our offices. Those requests to the system are being fully utilized for new product development and revision, making forms simpler and improvement of agent system.

### Schemes of listening to the external experts views

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 specialist organizations 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 issues.

At this periodic meeting, "Customer's Voices" and "Customer Questionnaire" are used as a basis for collection/analysis of quality information, identification of tasks for business quality improvement, validity evaluation and effectiveness assessment of measures proposed by relevant departments, and verificaton of each measure from consumer's standpoint, so that satisfactory services are provided to our customers. Agenda deliberated at the periodic meetings are reported, as appropriate, to the management.

At MSI Aioi Life, outside lawyers 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.

### Examination of insurance payment

At MSI and ADI, 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.

State of examination is disclosed at the company's website.

- Mitsui Sumitomo insurance Co., Ltd. (Japanese Only)
- Aioi Nissay Dowa Insurance Co., Ltd. (Japanese Only)

### Schemes of listening to employees' voice

At each company in the 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 solve.

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 2011, they held 23 meetings.

ADI is conducting a program to receive the posting from employees regarding the quality improvement requests from the customer viewpoint that leads to the improvement of customer satisfaction. Under this program the proposed issues are studied in the head office divisions, the consultations are disclosed on the bulletin board, and regularly undergo the monitoring of long-term issues. And each head office division conducts questionnaire on the website which collects employees' opinions about corporate initiatives, strategies.

Furthermore, dialogue between the top management and employees is maintained at large on a continuous basis in respect to the concept of "making use of voices from the field". Dialogue is mostly conducted with young staffs and chiefs at field levels, whose voices are reflected in the management.

At MSI Aioi Life, every employee approaches to practice PDCA cycles at each workplace to improve "quality" at every aspect of operations by seeing things from the vantage point of customers and executes the "No. 1 Customer Quality Movement".

Moreover, for tasks that are not resolved at workplace, "Posting Box for No. 1 Customer Quality" is set for employees to turn in various tips and proposals, which are systematically reviewed by the headquarter departments to be fed back to the field.

And "management meetings" are held for the management to listen to the voices of the sales department staffs after the business integration, where employee's opinions and requests are reviewed by the headquarter departments and fed back to them later.

Communication with employees

## Pillar | Earning trust through the improvement of quality of products and services Develop products from customers perspective

Domestic insurance companies in the Group are developing readily understandable products from the stakeholders' perspective including our customers.

### Non-life insurance

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

At MSI, a series of key products under the common brand of "GK~ Wishing to be your assurance Goal Keeper" are offered for personal customers. "GK Automobile Insurance New Long" is a long-term automobile insurance which adopts the mechanism in which a premium of the next year was decided according to the existence of the accident of the previous year. It was awarded the grand prize in the "Nikkei Best Product and Service Award of 2010", which was selected in recognition of its advantage of premium, the facilities which can exclude an annual continuous procedure and the track record of over 1.2 million contracts in the first year after its release.



Product pamphlets GK Automobile Insurance

ADI has marketed "TOUGH" which is leading products of automobile, fire and other insurance under the basic concept of Quick, Reliable and Kind. It puts up a brand slogan of "Tough security to you", and provides our customers with "assurance for responding to accidents", "utmost compensation and services" and "opportunities for social contribution through our products".



Product pamphlets TOUGH Automobile Insurance

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

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 Clause" 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" only and flat payments, the product offers quick payments of the insured amounts at times of large-scale earthquakes.

### 陝 Direct Insurance

At Mitsui Direct, which specializes in direct-sales, emphasizes the importance of "customers understanding the product/services and proceeding to contract on websites" as its featured business model. Therefore, with the concept of offering "easy-to-understand, simple products", its products are designed with ease of contracting, providing truly essential coverage. And with another concept of "convincing the value to as wide a range of customers as possible", it offers discounts and insurance premiums that are only possible with Internet trading.



website

### Life insurance

### 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 bright future. The color blue, symbolizing "&LIFE", means water, air and the earth that are indispensable in our life. "Naturally be with you and provide you with assurance" is what we intend our insurance is to be.



Product pamphlets &LIFE Income Security Insurance

### Rixed Amount Insurance for Whole Life in Foreign Currency

At MSI Primary Life, "Happiness, Ever", a fixed amount insurance for whole life in foreign currency, has been put on sale, responding to the needs in this low-interest age to help bequeath valuable assets to next generations and to secure enough funds for livelihood in later stages of life. This product is the industry's first whole life insurance that has the "automatic securement of assets in Yen currency" function combined with the whole life insurance in foreign currencies, providing automatic securement of promising assets denominated in Yen currency at the timing of "exchange fluctuations" which pose many worries in financing operations in foreign currencies.



"Happiness, Ever" leaflet

## Pillar | Earning trust through the improvement of quality of products and services Improve the simplicity and convenience for customers

We develop the business process with utilizing Internet and personal computers, and improve the understandability and convenience for customers. We also have structure to provide information about Insurance and services to wide range of customers regardless of their ages and disabilities.

### Provision of understandable explanatory documents

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 policy clauses and pamphlets with plain terms and figures. Furthermore, "Web agreements" are easily accessible by personal computers, etc. without having to worry about loss, where functions like enlarged prints and searching engine can be used.

### "Insurance Proposal Application" for tablet terminals

At ADI, "Tough Automobile Insurance Proposal Application" and others has been launched since October, 2011, for agents and dealers for use on iPad and similar tablet devices. This application features a combination of easy-to-watch screen and moving images, making it possible to provide easy-to-understand explanations to customers.

### Numberstandable 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.

This pamphlet was evaluated so highly for its comprehensible and rich information that it has been honored with the "UCDA Award\* ", the utmost award in the pamphlet category of nonlife insurance promotion in "UCDA Award 2012".

\* Hosted by Universal Communication Design Association, a general incorporated association, the award evaluates and commends information activities conducted by enterprises. In fiscal 2012, its theme was "A design that protects livers".

At ADI, a simple, spread-sheet pamphlet is provided, listing outlines of "Tough Automobile Insurance", its flagship automobile insurance. It appeals in easy terms the three charms of Tough Automobiles; "Full compensations",



"Book to answer your questions on automobile insurance" pamphlet

"Assurance of accident-handling services" and "Environment-friendly social contributions".

### Improve the convenience for customers in contracts

### Electronic contracting procedure

MSI is promoting electronic contracting procedures. Under these procedures, the policy contents are displayed on the screen of a computer brought along by the agent, and the customer signs the policy electronically after confirming the contents. In fiscal 2011, portable tablet PC has become available for the contracts. This procedure eliminates the need for customers to have pens and seals on hand. Because changes in content and premium estimates can be easily made on the computer, there is also no need for filling out and submitting paper application forms. Electronic procedures are applied for automobile insurance and fire insurance. As of the end of fiscal 2011, about 56% of the personal policies (i.e., excluding corporate and group policies) were being contracted electronically. 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.

### 陝 Internet Service

At each domestic nonlife insurance company in the Group, a number of Internet services are provided to cater to customer's convenience.

An extended total of more than 1 million customers are registered for use of "Customer Web Service" provided to individual customers on the MSI website. Customers can use the service to check the contents of GK Automobile Insurance, file changes of address, submit notices of vehicle replacement, and perform other procedures on the Internet. They can also check policy contents and perform change of address procedures from their mobile phones.

ADI provides customer dedicated service "My Page" (service for PC/smartphone/cell phone). The service enables customers to view the policy contents and course of accident response. And it also provides presenting prizes which are available after earning points, various contents that are useful for driving. More than 4.14 million customers are registered on the service as of June 2012.

At a specialized direct sales organization, Mitsui Direct, services are fully utilized by the Internet functions with an easy product explanation, convenient estimate service and a simple contracting procedures. Moreover, "My Home Page" is provided to those customers contracted on Internet, whereby customer information, procedure to change compensation package, confirmation of accident-handling information, and application for related leisure services are dealt with. Preparations are now under way for making these services available on smart phones.

### Policy clauses on CD-ROMs

In place of the conventional paper policy clauses, MSI Aioi Life instated policy clauses on CD-ROMs. The CD-ROMs contain the policy explanation and clause. Compared with the conventional paper policy clauses, this compact and convenient method is chosen by 90% of customers who contract newly.

In the CD-ROMs are compacted better convenience and ease of understanding for our customers. As a result, its "easier-to-



'Policy clauses on CD-ROMs' and 'UCDA certification'

read, -understand and -comprehend" feature was highly evaluated by Universal Communication Design Association, a general incorporated association, and the association has awarded us "UCDA certification". We were the first to receive such certification in the insurance industry.

### Books and vouchers made-to-order

MSI Primary Life started using "Books and vouchers made-to-order" in April 2012, and improved customer convenience by pre-printing in the invoice partial fill-in items.

#### **Consideration for challenged persons**

### Adoption of SP code

MSI has adopted SP codes, which were developed with the aged and visually impaired in mind, on the pamphlets for its GK Automobile Insurance, GK Home Insurance and GK Personal Accident Insurance products. When the codes are read with a special reading unit, the recorded information is reproduced by voice.

\* Of the "GK Automobile Insurance" pamphlets, "Book to Answer Questions on Automobile Insurance" applies.

### SP code (website of Kosaido Publishing Co., ltd.)



Pamphlets for GK Home Insurance

### Printed material in consideration of color universal design

We prepare pamphlets certified by 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, among its "GK Automobile Insurance" pamphlets, "Book to Answer Questions on Automobile Insurance" lists "SP Code" and users' points of view are well taken into consideration for colors and designs.

MSI Primary Life's disclosure magazine was made neater and more legible by design combining differences of shape as well as color, patterns distinguished by lines and colors, and other features enabling conveyance of information properly. The company seeks higher levels of legibility, readability of the annuity payment requests sent to policyholders, and it obtained certification from the CUDO for these as well.



Certificate of verification

### 陝 Web Road Services for the Hearing Impaired

At MSI and ADI, Web road services for hearing impaired people are offered for our customers hard of hearing, utilizing the e-mail and Web functions of mobile phones that they can call for without depending on voices. By following guidance on the screen and transmitting required information, they can use the services with ease and convenience. This service is available also on smart phones (iPhone and Android terminals).

### **Road Service**

The domestic non-life insurance companies in the Group provide various services in towing/transferring a car in the event of accidents and breakdowns, and emergency work on the spot in response to breakdowns and trouble.

Car rescue QQ team(Road service) offered by MSI enables customers to receive a wide range of service such as reducing individual payment by combining the service and special contract of conveyance, transferring, taking-over payment. Under this contract, it enables 1) towing/transferring a car over 200km, and covers



Towing service

2) the payment of towing/transferring a car of accident, and 3) "GK automobile insurance for home use" provides transferring support services and accommodation support services as well.

The Road Assistance Service offered by ADI was the first service in the industry and has been offering for about 10 years, Since October 2010, the service offers ; 1) the distance of free towing/transferring a car from the scene of accident and with the breakdown was extended to 60km, and 2) free quick repairing service at the place of accident within 30 minutes.

Companies that were consigned by MSI and ADI for road services were integrated in October 2011, and became a Group member of MS&AD Holdings. Through ANSHIN DIAL Co., Ltd. that has been upgraded to a general road assistance company of the industry's top level, they will provide speedy and high-quality services as ever as a unified Group company.

## Pillar | Earning trust through the improvement of quality of products and services **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 permanently be given high ratings and trust by all customers, through provision of claim services that gratify them with high levels of accuracy, speed, and integrity.

### Reliable receipt system for accident report and provision of the course of accident response

At the domestic non-life insurance companies in the Group, each company accepts all the accidents reports such as car accidents, fire accidents 24 hours a day, 365 days a year at accident report reception center.

And during midweek night and holidays, in response to the customer's request, the reception center provides initial support such as contacting with the counterparty of the accident, arrangement of substitute vehicle, contact with medical agency, repair shop, and arrangement of investigation of fire accident, and feedback of handling the incident. In case of hospitalization due to injury, the company also provides service for visits by special-assignment staff after receipt of the accident report.

The assigned personnel gives information on the state of progress after accidents and making efforts to mitigate the anxiety of our customer and reply to their queries in customers standpoint.

MSI is promoting the innovation around a revision of all work processes from receipt of accident reports to payment of claims.

The company instated 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 Claim Payment Centers nationwide. MSI also developed the SPM System (patent pending), 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", "Gentle" and "Reliable", aims to provide better services to our customers.

ADI instated "Ensemble", a forerunning system that is the first of its kind in the non-life insurance industry, based on a computer telephony integration (CTI) function integrating the accident response system with telephones, provides "speedy" response with the objective of starting accident-response within an hour from the consummating acceptance of an accident report. And to relieve customer's anxiety, periodic status reports are made in a sincere and "gentle" manner by a number of staffs in charge of specific matters respectively per one accident, working on a team, to provide secure handling of our customers as professionals and prove that we are a "reliable" presence.

### "Communication Site" opened for accident-response services

At Mitsui Direct, a communication site has been opened 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. We



accident services with their photos in place. We Communication Site are putting our best effort so that many of our customers may share their feelings of assurance.

### Mitsui Direct "Communication Site"

### 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\* in collaboration with Belfor Asia and Recovery Pro, the world's top class disaster recovery specialty companies. 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.

\* In Japan, we offer the services to those customers of property master (corporate assets floating insurance) who contracted in a set for emergency treatment cost coverage.

- Affiliation with Belfor Asia (Japanese Only)
- Affiliation with Recovery Pro (Japanese Only)

### Improvement of skills of personnel

Whether the claim service satisfies our customer depends on the handling level of the assigned personnel. The MS&AD Insurance Group engages in the quality improvement of the personnel of claim service.

### Good Job Campaign

MSI is engaged in activities for qualitative improvement in pursuit of higher levels of customer satisfaction in its Good Job Campaign. A variety of approaches are in place for improving telephone call-handling quality and for implementing role-playing training programs for employees assigned to total loss support department that deals with customers with high-quality uniform services.



In fiscal 2011, we won high evaluations: No. 1 position of customer satisfaction in the

Scenes at Customer-Response Role-Playing Contest

after sales service ranking by Nikkei Business and a high ranking in accident-response customer satisfaction by an outside evaluation organization.

### Business improvement project (LIPS\*)

ADI is promoting business improvement activities at each workplace in order to heighten customer satisfaction in claim handling. With the promotion staffs taking the lead, each workplace confirms, improves and reviews the progress of their approaches. At the annual national meeting, results of such activities are presented to be deployed across the entire department.

\* Lady Improvement Project



LIPS group discussion briefing papers

### Examination of insurance payment

At MSI and ADI, in order to make a fair payment of insurance to our customers, 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.

State of examination is disclosed at the company's homepage.

MSI (Japanese only)

ADI (Japanese only)

Pillar | Earning trust through the improvement of quality of products and services

## Quality improvement of Contact Center

The Contact Centers of the MS&AD Insurance Group serve as the windows of dealings with customers, and their personnel play a vital role as its "face" in their eyes. The whole Group is taking action to further raise the quality of dealings with customers, such as provision of education for communicators in direct dialogue with customers by phone and reconstruction of related systems. Through these measures, they strive to achieve the Group values, which post the "customer focused" and "integrity" principles.

### Quality improvement in the Group

### 🕽 Group Contact Center Strategy Meetings

The Group holds the Group Contact Center Strategy Meetings and the Group Contact Center Quality Improvement Committee on regular basis, which is composed of representatives of each Contact Center in the Group. Besides the sharing of information, the meetings are held for the purpose of making the work of all Contact Centers more efficient and improving its quality.

### Call handling contest in the Group

At all Group's contact centers, about 3,000 staffs are engaged in handling telephone calls. To "improve call-handling skills" and "enhance motivation" of all contact center staffs, The MS&AD Group is conducting annually a call-handling contest.

The contest is positioned as a place for cross pollination between contact centers within the Group, where every participating staff goes beyond workplace borders and refine their skills in a friendly competitive climate.

In fiscal 2011, 10 finalists participated in the contest after elimination bouts to compete their callhandling skills.



Call handling contest in the Group

## Mai Nakajima Supervisor, Contact Center Dept. MSI Primary Life

Our staffs are handling telephone calls with the "Customer First" mindset which is imbued in the company name Primary. Each call is listened to courteously, taking heed of the customer's feelings, and responding to the caller's situation. At Contact Center Department, each employee is striving to devise better response manners day in and day out, working at improvements through monthly monitoring, information exchange



and sharing know-how. We will keep up our works to provide assurance and satisfaction to our customers.

### Naring Information structure

MSI and ADI integrated contact center telephone systems in January 2012, and have started shared use. The integration of telephone system infrastructure has gone ahead of the integration of trunk systems of both companies scheduled for fiscal 2013 and has resulted in bringing a synergistic effect in reducing system maintenance costs.

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. Other Group companies have started taking to the shared use of telephone system infrastructure sequentially to add to the Group synergy.

Pillar | Earning trust through the improvement of quality of products and services

## Growth with our agents

We strive to maintain and improve quality through on-going dialogue with agents. And we aspire to grow with them while supporting to improve quality of work by agents and delivering high-quality products and services to customers of all types.

### Improvement of Quality in Agent Work

### Scheme and system for Improvement of Quality in Agent Work

At MSI and ADI, the headquarters' department in charge of agent education has formulated education policies and educational programs for the agents to gain knowledge essential 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.

Also these 2 companies participate in the Non-life Insurance Canvasser Exam Updating Program and Insurance Product Education Program to improve canvassers' \*1 quality, operated by the General Insurance Association of Japan.

\*1 Canvassers: Persons who are qualified to sell insurance and have made notification of engagement in insurance sales to the Financial Services Agency

### Support for Improvement of Skills in Agent Work

### Learning through internet

MSI also makes effective use of MS College, a system for centralized management of information for each canvasser on items such as insurance sales qualifications, participation in group seminars, and history of e-learning. MS College makes it possible to support each canvasser to improve the skills in line with each level of them. By the end of fiscal 2011, the total of 100 e-learning courses had been utilized by about 30,000 agents.

ADI has been offering ADWeb Lecture, this Internetbased system is being utilized by about 95,000 canvassers of agents.

The learning contents transmits training programs that lead to quality improvement for canvassing such as compliance, contents of products and also offer learning programs and exams to obtain qualifications. And since April 2012, a new program "News ADvance" has started with the view to providing useful information to agents.

MSI Aioi Life provides contents to MSI's MS College and ADI's "News ADvance" to improve knowledge and skills in life insurance, those contents are being utilized by agents.

### Trainings in response to the needs of agent

To respond to diversifying customer needs, MSI Primary Life is enhancing various training programs for agents and reinforcing its setup for sales support through agent education.

At this time, "Consulting Sales Training" has been developed and offered as a new agent training program for agents to solve problems which even customers are not aware of and obtain sales methods (consulting sales) that meet customer's expectations.



Training in sales communication

### Feedback of Customer's Voices (Complaints and Compliments)

At MSI, business procedures, behaviors and awareness are reviewed on the basis of customers' voices (complaints and compliments) and points of improvements to be tackled are fed into the "three actions leading to trust building", a tool used for agent workshop sessions. The workshop tool is used at the regular workshop session, etc. held once a month or other agent trainings.

At ADI, a system is in place for customers' voices (complaints and compliments) to be fed back to agents and canvassers, and the approaches to quality improvement by making use of customers' voices are widely publicized through information activities in agent magazines and educational tools to help the approaches take root.

### Framework to secure quality in agent work

### **Basic perspective**

The domestic insurance companies in the Group 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.

### Agent Quality Certification System

MSI has established an Agent Quality Certification System (Q Mark system) to make arrangements enabling sure provision of services of uniform quality to customers. The system operates as a standard for certification of proper execution of various insurance procedures that suit customer's requests and on accurate knowledge regarding insurance products and claim handling.



Q Mark logo

To maintain and improve quality through dialogue with agents, ADI created "Customer satisfaction No1 - guidebook of quality standard in Agent Work". These standards are centered around customer handling through a proper canvassing procedure. The company regularly examines tasks and furnishes support for qualitative improvement.

\*An organization of dedicated agents consisting of 1,900 members



Guidebook of quality standard in agent work

**Communication with agents** 

### Regular training and seminar

MSI and ADI hold "Regular Monthly Workshop", a collective training session regularly held for agents in order to strengthen mutual communication and help improve their quality effectively and efficiently. The workshop programs contain other things among the latest information on products, office work/system revisions, and measures for reducing customers' voices.

### 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 garages, have been active. 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, we put up our philosophy that "We are devoted to provide assurance and satisfaction to our customers through mutual efforts among agents together with the company" and founded "The Nation-wide Professional Group\*" in October 2010. Our activities are geared to refine our capabilities as professional agents together with the company by research and training, and contributions to environmental, social activities, etc. designed to provide "high quality" insurance services.

\* An organization of dedicated agents consisting of 1,900 members.

### Management assistance of agents

Accompanying the growth in size of career agents, more specialty and objectivity as well as middleto long-term perspective are required in providing high-level support for agent management. Therefore, MITSUI SUMITOMO INSURANCE Agency Service Co., Ltd., a MSI's affiliate company has assigned about 80 specialist staffs in support of agent management (in 12 branches) to provide practical management support mainly to career agents. In providing management support, the envisioned career agent is shown in the "certified system (professional special class certification system)" which is promoted for materialization through periodical meetings (once a month) "directly" and "continuously" to drive supported agents to sustain growth and accomplish its goal.

At ADI, Aioi NDI Support BOX Co., Ltd., an affiliate established in October 2002, as the industry's first agent support company, is proposing professional know-how, the most promising business process and business model to professional agents to help them grow to attain the targeted presence. And training programs are aggressively offered to boost their agent sales power and improve their customer-handling quality as well as business quality at large.

### Pillars of CSR approaches

## Pillar II We will contribute to create the sustainable environment and society.

- Promote social contributions and global environmental preservation through the provision of products and services
- Conduct activities to support the restoration of areas hit by natural disasters, such as the Great East Japan Earthquake, and promote social contribution activities tailored to local needs
- Promote various solutions to environmental issues, such as reducing the environmental burden relating to our business activities and conserving biodiversity



### Pillar II Contribution to create the sustainable environment and society

### Response to large scale disasters and support of affected areas

With the management philosophy of providing assurance and security through our business of insurance/financial services, we will streamline our insurance payment arrangements and tackle Groupwide support to contribute to the recovery of affected regions.

### Detailed information ()

### For resolution of issues in the society

We make various efforts for contribution to customers and local communities with full application of its technology and know-how of each group company.

- Contribution to the Global Environmental Protection through our core business
- resolution of issues in the society

### Social contribution

For the growth of each employee as a citizen of the local community we establish various systems and perform local and social contribution activities in the field of sports and culture, and overseas as well.

- Support activities of social contribution by employees
- Social contribution in the field of sports and culture
- Overseas approaches (building of sustainable environment and society)

## Response to Climate Change, Preservation of Biodiversity

Based on 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", we set the guideline for our action and make an effort for it.

- Environmental Basic Policy
- Reduce the environmental burden incurred in conjunction with our business activities
- Approaches for preserving biodiversity
- Coexistence with society through awareness activities

Pillar II Contribution to create the sustainable environment and society

# Response to large scale disasters and support of affected areas

Response to	Response to	Response to
large scale	the Great East	the floods in
disasters	Japan Earthquake	Thailand

As a member of local communities and the international community, we engage in the activities of social contribution through our insurance and financial service businesses. And our employees voluntarily paricipate in the activities for environmental protection and local communities for contributing their sustainable growth.

### Response to large scale disasters

At the MS&AD Insurance Group, we are committed to prepare our company-wide insurance payment arrangements by setting up local disaster-response rooms and dispatching additional supportive staffs to the fields, in order to fulfill our missions as an insurance company to "pay insurance claims as sooner by a day as possible to our afflicted customers".

On the basis of our experiences in Great Eastern Japan Earthquakes, we are preparing relevant infrastructures for disaster from ordinary times and beefing up preparatory trainings in anticipation of disasters.

### **Disaster Relief Donation Matching Gift Program**

Under this program, the MS&AD Insurance Group matches the amount of funds collected from employees for victims of disasters.

Types of disaster	saster Domestic: disasters covered by the Disaster Relief Act, for which donations	
covered	e 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

### Response to the Great East Japan Earthquake

### Payment status of claims

The payment status of claims by the MS&AD Insurance Group is as follows. (as of March, 2012)

### Non-life insurance (earthquake insurance)

Number of reception (Note1)	Completion number of investigation (Note2)	Number of payment case	Payment amount (thousand yen)
211,846	210,579	187,186	325,953,606

Note1: Number of reception includes the requests of investigation of accidents, consultation, inquiries of the contents of the contract regarding the coverage of the earthquake insurance.

Note2: completion number of investigation includes the completion number of investigation, the number of cases which insurance was paid and which were not payment target, and the number of consultation by which the issue were solved.

### Life insurance

Number of payment case (Note) (*)	Payment amount (thousand yen) (Note) (*)
207	1,447,153

Note: Including the death insurance, hospital coverage



### Reconstruction assistance volunteer activities of rice field by employees

The MS&AD Insurance Group has instituted "reconstruction assistance program" and mobilized 104 employees of our Group from July 2011 to September in Minami Sanriku-cho, Miyagi Prefecture, where Tsunami devastated rice fields, to restore the fields to a rich, lively "Fuyumizu Tambo" of biodiversity. In 2012, we will assist rice planting and harvesting with our volunteers.

"Fuyumizu Tambo" is one approach to biodiversity. The MS&AD Insurance Group has started waterside environmental conservation activity since 2010 and will sustain our support activities to restore the rice fields not only for rice production but also to revive biotope and to assist with rice planting, etc. as well.

### Detailed information of reconstruction assistance volunteer activities



Clearing the rubble July - September 2011



Cooperation to rice planting June 2012

### Charity

The donation was collected from employees and 94,173,715 yen gathered from 21,156 employees in the whole MS&AD Insurance group and a total of 150 million yen were contributed as a group.

### Exhibition of products from affected area

MSI, ADI and MSI Primary Life Insurance held a total 25 exhibitions (corporate marche) at various points nationwide for food products made in afflicted Tohoku District, which will be continued hereafter.

### **Charity concert**

MSI Cultural Foundation, in collaboration with local municipalities, sponsored a total 56 classic concerts at evacuation camps in Iwate, Miyagi, Fukushima and Ibaraki Prefectures, schools, hospitals, city halls, museums, etc. with the support of more than 30 musicians.



Mitsui Sumitomo Insurance Cultural Foundation classic concert

ADI held a classic concert "Sachiko Takashima and 12 violinists" in March 2012, in Sendai city, Miyagi Prefecture, inviting 1,000 audience for free from affected areas. In holding the concert, the company appropriated the ticket revenues from "Charity concert in support of reconstruction (voluntary performance)" held in the first half of fiscal 2011 at its Phoenix Hall (Osaka city).



"Sachiko Takashima and 12 violinists" Classic Concert

### Support of world's children through charity Christmas cards

On the charity Christmas cards that MS&AD Unison Smile Club has started since 1992, in cooperation with a specific non-profit organization Children's Earth Fund, pictures drawn by children in Fukushima Prefecture were employed in fiscal 2011, with part of the proceeds appropriated to sponsor an art workshop for children in the regions afflicted by Great East Japan Earthquakes.



Art workshop by Children's Earth Fund in Wataricho, Miyagi Prefecture

### Supporting schools in affected area through the donation of the collected Bell Marks

At ADI, collection boxes for Bell Marks have been installed since January 2011 in its offices to donate the collected Bell Marks to elementary and secondary schools within the region. After the Great East Japan Earthquakes, doners were changed to affected schools as a step for reconstruction assistance, with the concerted efforts by all concerned. The activity has resulted in accumulating over 10,000 collection boxes, with the support of our agents/canvassers and business partners, where more than 2.8 million Bell Marks were collected.



### Donation from Online publication of policy clauses

MSI contributes some parts of donation of "Green Power Supporter" program as the charity. ADI contributes for the construction of wooden temporary houses in stricken area by the donation through the approaches of Online publication of policy clauses.

### Green Power Supporter

### **Future tasks**

On the basis of our experiences in responding to customer requirements in Great East Japan Earthquakes, we now deal with setting up systems against disasters by strengthening preparatory trainings in advance of disasters.

### Support the preparation of disasters

That earthquake disaster brought about the serious damage far beyond imagination and prediction of us. Although we can not predict a natural disaster and cannot prevent it, we offer the preparation and know-how for emergency, and the restoration at the time of disaster.

### Promotion of Earthquake Insurance

Based on "Act for Earthquake Insurance", earthquake insurance is managed by both government and the non-life insurance companies, and aims to contribute for building the disaster victims' stability of a life. 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 that customers understand the necessity and the contents of earthquake insurance correctly, and many of people to have earthquake insurance, we are offering advice about risks of earthquake risks to our customers and making efforts for the promotion.

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

At MSI and ADI, responding to the voices of those who desire compensations for their automobiles damaged in Great East Japan Earthquakes, a new automobile insurance "Earthquake, Eruption, Tsunami 'Flat Payment for Total Loss of Automobiles' Special Clause" 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 for by commercial insurance companies. By limiting compensations to "total loss" only and flat payments, the product offers quick payments of

the insured amounts at times of large-scale earthquakes and is intended to be marketed stably and widely.

### **Countermeasure for risks**

Due to the Great East Japan Earthquakes, it became obvious to many enterprises that, at times of earthquakes, measures to protect human lives, emergency response systems, caring for hard-to-return-home refugees, etc. were not sufficiently in place. Also, problems such as stoppage of commercial activities by disruptions in supply chain, shortage of electricity that affected business continuation were taken up for discussion.

MSI and ADI, along with Group's consulting company InterRisk Research & Consulting, have conducted over 200 seminars nationwide on corporate measures against earthquakes and Business Continuation Programs (BCP) and advised hundreds of companies on disaster prevention and assisted customers' risk management. We will continue to provide useful information on the most urgent issue of countermeasures against earthquakes.

### InterRisk Research Institute & Consulting, Inc. BCP support (Japanese Only)

### Response to the floods in Thailand

The monsoon season in Thailand in July 2011 brought flooding that persisted for over three months. Seven major industrial areas were inundated, affecting over 800 companies.

### Response system / Dispatching supporting party

MSI and ADI set up special response organizations at the headquarters and local offices, mobilizing a total of over 450 employees from across the world to be dispatched to Thailand. All assembled members, in cooperation with local staffs, loss adjusters and appraisers, exerted their efforts in respective specialty fields to make speedy assessment of afflicted damage and timely payments of insurance claims.



Roads leading to industrial parks



Employees transporting by boats

### Support from Japan (sending messages)

Group's 5,067 employees donated funds which, combined with the matching gifts of disaster relief moneys, amounted in total to 15,596,000 Yen. The relief funds were presented to Flood Refugee Relief Program of the Thai Finance Ministry to be used for the relief supplies provided to those affected.

And our local staffs, themselves threatened by the disaster and feeling anxious, carried on dealing with their customers, to whom encouraging messages were sent from colleagues across the world to boost their struggling efforts.

### Mitsuaki Tateno Manager, Mitsui Sumitomo Marine Management (USA)

As Japanese-affiliated companies never cease their thrust of internationalization, more companies are faced with compounded risks. While missions and roles given to our company are changing, as our businesses develop globally, we were confronted with challenging opportunities in providing damage services at the time of flooding in Thailand. Determined to live up to our proud global standards as one of the world's top insurance/financial groups, we are committed to contribute to business recovery of our customers afflicted in the disaster as sooner by a day as possible.



Pillar II Contribution to create the sustainable environment and society

# Contribution to the Global Environmental through our core business

Offer of products and services Products and Loan Environmentally Awareness Activities ORisk Consulting

If global warming continues at the current pace, the world will reportedly be at risk of higher rainfall intensity in the event of torrential rains and stronger typhoons. As a provider of insurance and financial services, it is a vital part of our role to convey the risks of climate change accurately to customers and offer products to prepare for related damage, including insurance products for natural disasters, and climate derivative products for abnormal and unfavorable weather. As we see it, however, our role is not limited to preparing for damage; we consider the discharge of our responsibility to mitigate the worsening of global warming, even if only a little, to be one of our most important tasks for contribution to the building of sustainable societies.

Toward the end of mitigating global warming through our core business, the MS&AD Insurance Group is working to devise and develop new products and services not bound by conventional frameworks.

### Offer of products and services

### 陝 Weather Derivative

MSI develops in response to the needs of customers and sells the products of weather derivatives and Earthquake Derivatives which have positive effects for hedging or mitigating the loss caused by unfavorable weather or earthquakes. Especially, we intend to keep on supporting much-expected renewable energy industries such as solar energy generation and wind-generated power through undertaking derivative products. Also in United States, it provides hedging scheme of weather risks through affiliate company.

Its worldwide active works of Weather Derivatives and numbers of weather-related transactions intended for not only temperatures but various weather elements were awarded the prize in the "Best Dealer, Asia" award, which is held by "Environmental Finance", UK monthly magazine, 4 times in the past.

### Support of renewable energy projects

Following the government initiatives for promoting development of renewable energy in the wake of the Great East Japan Earthquake, the "whole-volume purchase plan at fixed prices" system was put into practice. Against this backdrop, an increasing number of large-scale construction projects of photovoltaic stations (hereafter called the "mega-solar") are under way across the nation. At MSI, "Mega-Solar General Compensation Plan" has been put on sale since June 2012, which comprehensively covers various risks (fire, indemnity liability, lack of sunlight, etc.) surrounding mega-solar business enterprises. The plan is comprised of fire insurance/facility indemnity liability, derivative, etc., and is available to cover risks according to the needs of business enterprises, providing support for diffusion of renewable energy on the side, while responding to the indemnity risks of mega-solar enterprises.

### Environmentally friendly automobile insurance

The MS&AD Insurance Group offers following products in the fields of automobile insurance for reducing environmental burden.

### Automobile insurance with Eco Mark

MSI and ADI obtained Eco-Mark\* certification through the promotion of Online publication of 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 offer insurance premium discounts for environment-friendly automobiles such as hybrid vehicles, electric vehicles, CNG (Compressed Natural Gas) vehicles.

### "Dohn! to Omakase"

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. ADI offers premium discounts on environment-friendly automobiles that is the first of its kind in the non-life insurance industry.

### PAYD

ADI developed and is selling a landmark type of automobile insurance in which premiums are linked to the driving distance. In PAYD policies, drivers pay premiums only for the distance actually driven, as determined by vehicle-mounted terminals. The premiums are lower for customers who drive less monthly distance. The insurance is therefore environment-friendly, in that it encourages



PAYD, automobile insurance linked to driving distance

less use of gasoline and consequently reduction of CO2 emissions.

### Reducing environmental burden in business processes

At the MS&AD Insurance Group, we are pushing forward approaches to resource conservation and prevention of global warming through our environment management system by means of determining environmental impacts of business processes.

### Online publication of policy clauses

As part of environmental protection activities, MSI and ADI introduced paperless online publication of policy clauses which helps to save paper resources. Both companies participate in a program where they make donations to global environmental protection activities corresponding with the number of customers who elect to view their policy clauses paperlessly online.

MSI plans to introduce "eco-insurance certificates" for automobile insurance effective October 2012, in a bid to promote paperless insurance certificates.

- MSI Green Power Supporter / Online publication of policy clauses (Japanese only)
- ADI Donation activities through Online publication of policy clauses (Japanese only)

### Use of recycled automobile parts

The MS&AD Insurance Group suggests customers whose automobiles must be repaired because of accidents to use recycled parts in doing repairs for promoting recycling-oriented society and reducing environmental burden.

MSI gives repair shops and customers explanations about recycled parts in an easy-to-understand manner and encourage to make extensive use of recycled parts in line with the wishes and requests of customers.

### Green Power Supporter / Recycled parts (Japanese only)

ADI developed a wreck network auction system together with an NGP group\*1 to promote use of recycled automobile parts. The system, which is the first of its kind in the non-life insurance industry, is operated to encourage use of recycled parts and proposal of the same to repair shops, toward the ends of lawful disposal of wrecked automobiles and commercialization of recycled parts. In fiscal 2011, the auction drew



eco action points

about 23,300 vehicles and about 1,600 participating businesses. In June 2009, "eco action points\*2" started to be given to customers holding automobile physical damage insurance policies who had repairs done with recycled parts. Such customers all get 500 points (equivalent to 500 yen) per accident.

\*1 NGP group: a nationwide network of dismantling businesses

\*2 a program promoted by the Ministry of the Environment, under which points are awarded for purchase of environment-friendly goods and services and energy-saving acts. The accumulated points can be exchanged for goods and services.

### **Green Power Supporter**

Under the Green Power Supporter program MSI engages in the global environment protection with customers through Insurance.

Corresponding with the number of cases of the 4 approaches; Online publication of policy clauses which help to reduce levels of paper consumption, Electronic contracting procedures, Eco-maintenance and ecoinspection which helps to reduce CO2 emissions and toxic gas, Use of recycled automobile parts which helps repairing automobiles with environment-friendly part, MSI donates to environment protection activities MSI donated 31.4 million yen during a year from February 2011 under its Green Power Supporter program.



Green Power Supporter

### Electronic contracting procedure

At MSI, we have been contributing to global environmental protection by computerizing contract procedures (paperless) since fiscal 2007 for automobile insurance and fiscal 2009 for fire insurance, while at the same time materializing efficient accounting procedures. At the end of fiscal 2011, approximately 56.6% of personal insurances have been dealt in computerized accounting, except for corporate and group insurances.

### Environmentally 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, solar loans, etc.

### Environment Investment

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 (ESG funds) are also made, upon evaluating investment opportunities for individual enterprise's response to environment and society issues.

At MSI Capital, 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 MS Asset Management, 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. Moreover, we have agreed to the UN Principles for Responsible Investment (PRI) and executed them by signing in March 2010.

### 陝 Solar Ioans

Photovoltaic (PV) power generation systems are the system that converts the energy of solar light into electricity. An environment-friendly energy source free of CO2 emissions, they are indispensable for building the low-carbon society. Because they can also be installed in ordinary homes, the systems meet the needs of consumers who want to use green power and have heightened conscious of energy saving. MSI and ADI offer credit affiliated loan for purchasing and installation of household solar power system to meet the needs of those consumers and contribute to promote the spread of those system.

### **Environmental Awareness Activities**

### 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 Partner companies greening program in which auditors in each areas hold seminars and make follow up for the members of Advance Club who engage in the Eco-maintenance. As of March 31, 2012, 312 firms were certified under Eco Action 21. ADI also participates 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. About 850 agents and firms has obtained the certification so far, they are working together for the prevention of global warming.

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

### 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 CO<sub>2</sub> emissions because it improves fuel efficiency and thereby decreases fuel use. As of March 31, 2012, the number of repair shops performing engine washing reached 440.

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.

### **Risk Consulting**

At InterRisk Research Institute & Consulting, specialists qualified with professional expertise in environmental issues are putting into practice advanced and highly specialized expertise to provide our customers with high-quality risk solutions by means of consulting services to analyze environmental risks and prevent/mitigate risks that cause damage to enterprises, building environment management systems and providing various types of researches and studies.

### Provision of consulting services in the areas of biodiversity

Analysis of biodiversity risks in the whole process of business life cycles is conducted to propose business chances to derive therefrom. Especially, in the area of land utilization, we have over 10 years of practical accomplishments. In May 2010, InterRisk Research Institute & Consulting developed Japan's first tool for assessment of the biodiversity potential of business establishments, together with Regional Environmental Planning Inc. and Sumitomo Forestry Landscaping Co., Ltd. It has been used by many customers for the formulation of action plan of sustainable land use.

### Provision of energy saving consulting service

Due to revisions in energy conservation laws, regulations by local municipalities in their ordinances, and further to the impacts of deficient electricity supply in the wake of the Great East Japan Earthquake, needs for energy conservation and electricity-saving measures in corporations are mounting, calling for services provided as follows:

\* Analysis of energy conservation/electricity saving measures: Visualize electricity consumption patterns proper to the facilities and propose sustainable measures that can reasonably be taken. Proposals for abating electricity bills and support for utilizing subsidies provided for introduction of energy-saving equipment, etc. are also given.

\* Analysis of indoor comfort: Service and retails industries where customers' visits to stores count, there are needs to minimize discomfort caused by energy conservation. We advise reasonable and viable energy conservation/electricity saving measures by digitizing the indoor comfort for users.

### Provision of ISO 14001 certification consulting service

Not only ISO 14001 certification consulting, but other consulting services are provided to companies already certified to advice on improving environment management, in light of corporate social responsibility (CSR). Further, training/education of internal auditors and consulting for environment CSR reports are also given. As a member of the MS&AD Insurance Group, we fully support Group's approaches to ISO 14001 certification.

Web page of InterRisk Research Institute & Consulting (Japanese only)

Pillar II Contribution to create the sustainable environment and society

## **Resolutions of issues in the society**



The MS&AD Insurance Group has been dealing with a number of approaches to contributing to customers and local communities by utilizing Group's technology and know-how. As a non-life insurance provider of automobile insurance, we help prevent accidents, and as a life insurance provider associated with life and medication, we help impart right medical knowledge and make adequate preparations as a part of our important social missions.

Approaches Related to Traffic Safety

### Provision of automobile risk management services to corporate customers

For companies, reduction of automobile accidents is linked to a decrease in the cost of insurance premiums and other items as well as economic loss. MSI and ADI provide various services in automobile risk management to corporate customers. Besides collaborating with the InterRisk Research Institute & Consulting, Inc., a member of the Group, in various consulting services with the aim of preventing and reducing traffic accidents, the companies send instructors to seminars and makes assessments of driving aptitude.

automobile risk management services (Japanese Only)

### Campaign for education in safe driving for customers

At MSI, we have been providing driver's diagnosis services through agents to our individual customers since fiscal 2010, utilizing simplified driving recorder. Starting from August 2012, we will provide a diagnostic function of driver's propensities (SumaHo "driving capability" diagnosis) as a main function of our new service "SumaHo" designed for customers using smart phones.

The function of this service is available by downloading an application for smart phones and provides a diagnosis of driver's propensities by analyzing information of tremors which is detected by the G sensor embedded in smart phones during driving of a vehicle.



SumaHo

Since fiscal 2005, ADI has been conducting nationwide campaign for the prevention of traffic accidents, furnishes all sorts of know-how and tools such as "3 months traffic safety promotion calendar" for the purpose of publicity and education about accident-free driving promotion and safe driving. In the campaign of zero-accident promotion, it interweaves elements of "safe eco-driving" based on measures to preserve the global environment, in fiscal 2011, more than 12,000 companies and organizations participated in the campaign.



Supporting tool "calendar"

### Presents of Yellow pennants

ADI, in a campaign to prevent/decrease traffic accidents as a social contribution activity required of a non-life insurance company, has donated a total of 4.3 million "yellow pennants" since 1971 to kindergartens, elementary schools, police stations and community circles during traffic safety movement periods in spring and autumn across the nation. Also, using the yellow pennants, we have been participating in the traffic safety activities on the streets to oversee the safe commuting of elementary and junior high school students in early mornings.



Yellow pennants

### Promoting activity of driving manner, "MUJICOLOGY! Project"

At Mitsui Direct, "MUJICOLOGY! Project" is under way that is designed to publicize the concept of aiming for an accident-free society. Characters "Mujikoro" and "Mujikorin", symbolizing Mujiko (no accident), are introduced to soften the somewhat hard image of "aiming for Mujiko", accompanied by "Mujicology exercise" which appeals for the mindset of giving way, are supporting the springtime national traffic safety campaign, a tied-in movement with the police. The activity has been recognized by the police



Mujicology exercise

chief of Tokyo Bay Area Police and the chairman of Tokyo Bay Area Traffic Safety Association with a certificate of appreciation.

MUJICOLOGY! Laboratory (Japanese Only)

#### Activities to conveying the medical information to customers

#### **Stroke Project**

MSI Aioi Life works on the campaign of prevention of strokes activity as part of the activities of publicity about prevention of strokes. Upon marketing this policy, the company has concluded a joint project agreement with the Japan Stroke Association and is conducting this campaign, which is called "Stroke Project".

The company held seminars on strokes for the general public together with the chapters established by the Association in all prefectures of Japan. These seminars have been held 75 times by the end of March 2012 and attended by 8,000 customers so far. And it also operates the website "Stroke Report" that contains interviews to the doctors of the Japan Stroke Association and columns for approaches to therapy.

#### Activities conveying the advanced medical technology

MSI Aioi Life is taking approaches to information provision and publicity activities related to leadingedge medical services. As a part of these activities, it distributes, free of charge, a guidebook for knowledge of advanced medical technology (a pamphlet describing mainly care with the latest medical technology) and a visual DVD on the same subject.

The company also provides information on advanced medical treatment through "Advanced Medical Technology.net", an IPoriented dedicated website offering information in the form of in-depth reports and columns by medical institutions performing such treatment, and operates "Advanced Medical Technology Navi", a search-oriented dedicated website allowing visitors to find basic knowledge about advanced medical treatment and medical institutions where it is available. In addition, the company holds nationwide seminars on particle beam treatment for cancer, which provide simple explanations of this form of advanced medical care. As of the end of March 2012, these seminars have been held 124 times since December 2006 and attended by over 18,000 customers.

#### Campaign for the diffusion of and publicity about tests for cervical cancer

Out of its desire to promote the health and happiness of customers and communities, MSI Aioi Life is conducting a campaign for the diffusion of and publicity about physical examinations for cervical cancer. As a part of this campaign, it distributes "Cervix?Choosing not to Get Cervical Cancer", an information magazine prepared for the spread of the testing.

Campaign for the diffusion of and publicity about tests for cervical cancer (Japanese Only)



Cervix

#### Donation to activities of sending vaccine for the World's Children

Donation to activities of sending vaccine for the World's Children



Donation to activities of sending vaccine for the World's Children

#### **Approaches Related to Welfare Fields**

#### Approaches by Fureai Do-Life Service

ADI, through the operation of ambulatory nursingcare 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 openhouse of welfare training center (training and practical rooms) to volunteer bodies in the community (173 times in fiscal 2011) and holding public lectures. On its home page, the company makes available "First time nursing care, easy



Event of Do-Life Ibaraki

and cozy care", a nursing care training video for general public to promote their understanding.

Fureai Do-Life Service (Japanese Only)

#### 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. In fiscal 2007, it began a program of aid for overseas research targeting Southeast Asia. By the end of fiscal 2011, it has furnished 2,091.47 million yen in aid for 1,735 projects (cumulative totals since its establishment).

#### Mitsui Sumitomo Insurance Welfare Foundation (Japanese Only)

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

#### **Approaches of 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 other insurance. At present, more than 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)

#### Endowed lectures in the Waseda University

ADI and the MS&AD Research Institute Company Limited have held endowed lectures in the Waseda University School of Commerce under the title "Insurance Business in the New Age? Facing Global Standards and the Low Birthrate, Aged Society" since 2007.

The lectures 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.



Endowed lectures in the Waseda University

In fiscal 2011, a total of 13 lectures were given on

themes like coping with the Great East Japan Earthquake and the roles of insurance companies in meeting expanding and diversified risks. The series is coordinated by the university faculty, and the lectures were delivered by experts in the respective fields as well as the employees of the MS&AD Insurance Group by utilizing the know-how it has been cultivating 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 of Health and Welfare are given scholarship grants by the time of their graduation as a general rule. A total of 106 students have graduated by fiscal 2011, they are active in each specialized field.

#### **Approaches Rooted in the Community**

#### No. The Regional AD Club

The Regional AD Club has been instituted at ADI. The club is engaged in the activities with three pillars, provision of information, interchange among participating companies, and activities of community contribution. Through these activities, it hopes to be of service to all in the community.

More specifically, it plans and stages various seminars, meetings for exchange among different industries, and events for environmental protection, accident prevention, disaster prevention, and



Meeting of "cooperative(love), support each other(love)"

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.

In fiscal 2011, for the support of stricken area after the Great East Japan Earthquake, the company carried out the "Cooperative (love), Support Each Other (love) Project" in a series across the nation and conducted Bell Mark fund-raising campaign and other corporate support programs, utilizing online sites for assisting the afflicted areas. In 2012, "Bell Mark collection activities" will continue as a measure to assist the afflicted areas, calling for support not only from within the company but from local corporations and organizations in wider areas at large.

"Pillar II Contribution to create the sustainable environment and society"

### **Environmental Basic Policy**

MS&AD Insurance Group Environmental Basic Policy

April 1, 2010

#### Basic policy

MS&AD Insurance Group Holdings, Inc. ("MS&AD") 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 plan

- 1. Contribute to global environmental protection through our insurance and financial service businesses
- 2. Reduce the environmental burden incurred in conjunction with our business activities and preserve biodiversity
- 3. Improve our environmental management system (EMS)
- 4. Coexistence with society through environmental awareness activities

Pillar II Contribution to create the sustainable environment and society

# Reduce the environmental burden incurred in conjunction with our business activities

#### Medium- and long-term reduction goal of CO2

The MS&AD Insurance Group set up medium- and long-term reduction goal of CO<sub>2</sub> in September, 2010

Fiscal year		Reduction target of CO2 (compare to base year)	CO2emissions*
[Base year]	Fiscal 2009	-	101,906t-CO2
[Medium-term reduction goal]	Fiscal 2012	4%	97,830t-CO2
[Long-term reduction goal]	Fiscal 2020	30%	71,334t-CO2

Based on this reduction target of CO<sub>2</sub>, the domestic insurance companies in the Group set up CO<sub>2</sub> reduction goal with concrete measures respectively and promoting their approaches for CO<sub>2</sub> reduction.

- \* 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)
- $\cdot$  Gasoline consumption of domestic company-owned cars of MS&AD Insurance Group
- As for CO<sub>2</sub> 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. (As for the CO<sub>2</sub> emission quantity by electricity user, recalculation is required by changing the emission coefficient from the default value to an emission coefficient by electricity user that allows for better grasp of actual data.

#### 🔊 CO2 emissions in our business activities

The MS&AD Insurance Group, with the purpose of preventing global warming, is trying companywide to reduce energy consumption by all employees to attain the mid- to long-term goals of CO2 emission reduction. In fiscal 2011, we were successful in reducing CO2 emission by 18.6% against the reference fiscal value through business-wide reduction efforts in energy consumption.

Fiscal year	CO2 emissions	Compare to base year
Fiscal 2011	82,993t-CO2	▲18.6%
Fiscal 2010	94,934t-CO2	▲ 6.8%

#### **Reduction status of Environmental Burden**

#### Status of effort for Reduction of Environmental Burden

The MS&AD Insurance Group is promoting a Group-wide campaign for energy conservation and saving resources by reducing consumptions of energy and paper in our business activities.

While obtaining the certification under ISO 14001, an international standard for environmental management systems, efforts are under way to maintain and improve the status, and in coping with the requirements for resources saving and energy conservation, major tasks of bringing out issues and implementing measures have resulted in movements for reducing consumption of energy such as electricity and gas and of paper resources.

And, to deal with the electricity supply shortage in the summer of 2011 due to the aftermath of Great East Japan Earthquake in the areas supplied by Tokyo Electric Power, Tohoku Electric Power and Kansai Electric Power, thorough approaches to saving electricity were put into practice Group wide. Switching off lights at the office and communal areas, regulating air-conditioner operation, closing training facilities and equipment during summer, wearing cooler business wear, scrupulous shutting off lights by employees, etc., all contributed to saving electricity cuts at peak times and reducing the overall consumption.

Energy	Fiscal 2011	Fiscal 2010	Compare to previous fiscal year
Electricity	166,655MWh	200,276MWh	▲16.8%
Heat supply	35,699GJ	47,582GJ	▲25.0%
Utility gas	1,928,000m <sup>3</sup>	2,983,000m <sup>3</sup>	▲35.4%
Bunker A	54kł	137kł	▲60.6%
Kerosene	236kł	293kł	▲19.5%
Gasoline	7,692kł	8,197kł	▲ 6.2%
Paper	16,445t	21,680t	▲24.1%

(Fiscal 2011 Domestic Environmental burden data of the MS&AD Insurance Group)

#### Purchasing Green Power Certification

MSI has used electricity generated from natural energies for all electricity consumed in Surugadai Building since October 2008, which is 7.6million kilowatts per year, by utilizing Green Power Certification system. We reduce 3000 t-CO2 per year through this approach.

#### 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.

<sup>\*</sup> Paper made of wood pulp from forest lumbers properly managed for the purpose of sustainable use and conservation of forest resources.

#### 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, with the natural ventilation system in place, it provides energy saving, while utilizing natural energy. Lightings in the office are controlled by sensors for automatically switching on and off, sensitive to lightness and human presence, thus saving energy. On roof-tops, solar battery panels are installed.



MSI Surugadai Building New Annex

#### **Environmental management**

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, with the natural ventilation system in place, it provides energy saving, while utilizing natural energy. 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.

#### 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 December 2000, the former Mitsui Marine and Fire became the first financial institution doing business nationwide to obtain the certification, and has been expanding the range of application. In fiscal 2010, our Group formed the environmental policy management manual. In fiscal 2011, MSI Primary Life Insurance obtained ISO14001, thereby all member company of the Group have attained the certification.

#### **Participation to Initiatives**

#### Participation in the Carbon Disclosure Project

The Carbon Disclosure Project (CDP) 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 UN Environmental Program Finance Initiative (UNEP FI) Principles for Sustainable Insurance

MSI and ADI are participating in UN Environmental 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 around Asia, we will widely contribute to the development of sustainable society by our insurance products and services.

#### 🗰 Signing the Japanese Principles for Sustainable Society

In October 2011, in Japan, "Principles of Financial Behaviors for the Development of Sustainable Society (21st Century Financial Behaviors Principles)" 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 and Consulting have executed the principles.

Pillar II Contribution to create the sustainable environment and society

### Approaches for preserving biodiversity

Non-life insurance businesses consume paper in large quantities while managing the contracts with our customers and during the sure procedure of the payment of insurance. The MS&AD Insurance Group endeavors the reduction of consumption of paper as a part of its efforts to discharge its responsibility as a big paper consumer.

And 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.

We also realized that risks related to biodiversity could possibly become global risks in the future. For this reason, we also set about constructing a corporate network for joint research on preservation of biodiversity. Besides stepping up Group approaches in this area, we are engaged in activities to deepen understanding of the need for preservation of biodiversity among companies and in research regarding mitigation of risks.

#### **Consulting service, Research**

#### Provision of consulting services in the areas of corporate greening and biodiversity

InterRisk Research Institute and Consulting, provides services in simple diagnosis of use of land associated with business establishments, factories, and company-owned forests from the perspective of preserving biodiversity.

In May 2010, it developed Japan's first tool for assessment of the biodiversity potential of business establishments, together with Regional Environmental Planning Inc. and Sumitomo Forestry Landscaping Co., Ltd. This tool enables quantitative assessment of local ecosystem networks around the factories and it provides one-stop service such as supporting the formulation of action plan of land use that contributes the development of the network, coordination for enhancement of partnership with local stakeholders.

#### Environment risk management service (Japanese only)

#### Approaches through the 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. (As of April 2012, the JBIB had a membership of 50 companies.) JBIB is producing research outcome that would be helpful to lead environmental approaches by domestic companies. In fiscal 2008, the JBIB developed an interrelationship diagram as a tool for visual representation of the impact of corporate activities on biodiversity. And In fiscal 2011, it prepared Guidelines for use of company-owned land that is favorable to biodiversity and developed the Collection of Hints as the supporting tool to promote the approaches to preservation of biodiversity in the company.

#### Activities for preservation of biodiversity

#### The Story of Biology Told by Corporations

Since 2007, MSI has been holding a biodiversity symposium "The Story of Biology Told by Corporations" for corporate staffs as an enlightenment for corporations in approaching biodiversity. In February 2012, with the co-sponsorship of Environment Ministry and special cooperation of JBIB, the 5th series were conducted. The latest information on COP 11 to be held in India In October 2012, were provided and such themes corporations had high interest in were discussed with participating members as biodiversity tasks facing corporations and solutions. A total of 212 members participated in and highly evaluated the symposium.

Symposium "The Story of Biology Told by Corporations"

#### Activities for preservation of biodiversity

The MS&AD Insurance Group promotes various activities of preservation of biodiversity in the country and overseas based on the MS&AD Basic Environmental Policy.

#### Ramsar Supporters

We also promote the work of the MS&AD Ramsar Supporters, who are involved in conserving the biodiversity of waterfront areas, particularly focusing on the wetlands registered under the Ramsar Convention. In fiscal 2011, a total of 837 employees and family members conducted activities to protect ecosystems, clean up, and survey wildlife at 8 wetland sites in Japan.

Mitsunori Kuno Sub-manager, General Affairs Dept. Mitsui Direct

I had an opportunity to discuss with my family about environment as our child's school task. At that time, I wished them to study continuously by joining the MS&AD Insurance Group's parent-child environmental lectures and environment preservation activities. That triggered our participation. In the activity to preserve wet land, I was really surprised to discover many living creatures there. I also realized with my child together the importance of the activity and significance of mutual help.



This experience really kicked off our children's enthusiasm for environment preservation and eco activities in our area.

#### Project for tropical reforestation

Since April 2005, MSI has been working for the rehabilitation and regeneration of the Paliyan Wildlife Sanctuary (in Java, Indonesia). The project is aimed at restoration of lost plant and animal wildlife and economic contribution to the local area. At the end of March 2011, the first step has completed and from April 2011 MSI has been conducting the second step program which aims to the economic contribution to the local residents through helping to improve their agriculture that

leads to income increase and self-support. This project has been highly valued by

Indonesian government, the visitors have been increasing.

Indonesia reforestration project



Helping to improve their agriculture

#### Activities for preservation of coral reef

At ADI, its officers and employees' fund raising club "MS&AD Unison Smile Club", one of the employees' social contribution activities, is providing support to Shiraho Coral Village, which is a coral reef preservation study center on Ishigaki Island, through the Public-Interest Corporation World Nature Preservation Fund Japan. At Shiraho Coral Village, we are grappling with activities for preservation of coral reefs and sustainable marine resource utilization.



Protection of coral reef

#### The green area favorable to biodiversity

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 2012 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.

The roof garden to be 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.



SEGES Superlative Stage Certification label

With the integration of Surugadai Building and its new wing, these green areas will form an ecological network, linking the Palace ground with Ueno Park, providing a wide living area for wild birds, etc.

#### Green area of Surugadai Building

Pillar II Contribution to create the sustainable environment and society

### Coexistence with society through awareness activities

#### Awareness-enhancement among employees, their families and agents

Global environmental problems cannot be resolved by the efforts of a single business working alone. As a first step, the MS&AD Insurance Group is furnishing all of the various stakeholders, including our employees, their families, agents, and local communities, with opportunities to deepen their environmental understanding.

#### 陝 MS&AD Eco smile

The MS&AD Insurance Group conducts a campaign, "MS&AD Eco smile" 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, volunteer works, donation activities. And the scores are added up and converted to a monetary amount, we donate to groups working for environmental protection in the following fiscal year. In fiscal 2011, the campaign garnered the participation of an extended total of 102,062 employees.

Detailed information including donation destinations of fiscal 2011 (Japanese only)



Eco smile Logo

#### 陝 Education to employees

Environmental problems are becoming more serious around us, with the global warming and reduction in living species. The MS&AD Insurance Group, in tackling these environmental problems, is conducting e-learning session once a year for environmental education where all our employees are expected to share common awareness.

#### Implementation of MS&AD Family Environmental Classes

To bring environmental problems in their midst to the attention of our employees and their families, we hold MS&AD Family Environmental Classes at locations across the country.

By visiting the work place and considering environmental issues with their families they could enjoy closeness and that aims to develop the environmental activities at home.

In fiscal 2011, the classes were held at five locations and a total of 175 participated in the classes.



Experience TV conference systems



Tour of the rooftop green area



Making the toy powered by solar battery

#### Environmental statement of ADI

Towards the preservation of global environment concentrating on the preventing warming, ADI released the ADI Statement (the former IOI Environmental Statement) in April 2009. The dedicated agents group likewise released an environmental statement at the same time. The company is therefore promoting the Eco Challenge Campaign and the Eco Smile Campaign for preservation of the global environment by its executives, employees, and agents.

#### Environmental statement of ADI (Japanese Only)

#### 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



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

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 2011, 40 and 17 children participated respectively in the entry course and the elementary course. A total of over 100 children have so far been certified internationally in the elementary course, with the program having won Special Awards of the Minister of Education, Culture, Sports, Science and Technology and the Minister of Environment as well as an award of the Governor of Saitama Prefecture.

#### Local Communication

#### Information provision from ECOM Surugadai

At the new wing of MSI's Surugadai Building completed in February 2012, a public environment communication space "ECOM Surugadai", was open to local community. Panel displays for transmission of information, lectures, gardening lessons, and other events on themes of environmental topics are held as a forum for communication with the local populace.

ECOM Surugadai (Japanese only)



ECOM Surugadai

Pillar II Contribution to create the sustainable environment and society

### 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, bonemarrow donation.

**Employee-participation Social Contribution Activities** 

#### Rice fields Reconstruction assistance activity

The MS&AD Insurance Group instituted "reconstruction assistance program". During July 2011 to September 2011, 104 employees in the Group participated in the reconstruction activity by restoring the rice fields in Minami Sanriku-cho in Miyagi Prefecture hit by the disaster to the rich rice fields with various living things "Fuyumizutambo". In 2012, we will support rice planting and harvesting in the restored rice fields by our volunteers. The MS&AD Insurance Group, having promoted waterside environment preservation activity (Ramsar Supporters) since fiscal 2010, will carry on supporting rice planting, etc., wishing for the restoration of rice fields as biotope for living creatures.

#### "Day of Fukko mai (Restored Rice)" to be observed at company canteens

MSI, since March 2012, has inaugurated the "Day of Fukko mai" as an activity to link rice producers with consumers, by taking advantage of our experiences and network for the rice field restoration activities that were originated in 2011 by the MS&AD Insurance Group in Minami Sanriku-cho, Miyagi Prefecture. Each 11th day of the month is set as the "Day of Fukko mai" and at five company canteens Fukko mai of the Sasanishiki brand, nurtured with 50% less chemical fertilizers and agrichemicals, will be served in different menus. 200 yen per one rice bag will be donated as a fund for restoring rice



bag will be donated as a fund for restoring rice Fukko mai fields devastated by Tsunami, which campaign is planned to continue for 10 years in a long-term support for the restoration.

#### Nationwide activities of community contribution

At MSI and ADI, each office actively engages in the global environmental protection and social contribution activities in accordance with the local needs. Those activities are called "One activity a year at each office-activities for contribution to the global environment and community" at MSI and ""Month of gratitude" at ADI.



MSI Cleanup activity in waterfront areas throughout the nation

Social activity supporters appointed at each office (MSI) and CSR promoting members (ADI) were in charge of planning and actual operations for activities in various fields such as clean-up movements at seashores and river banks at localities, visits to children's nursing homes, holding of Marche to assist the afflicted areas in the Great East Japan Earthquake and others. At the end of fiscal 2011, departments and branches that were engaged in such activities accounted for 94.8% of all.

ADI was awarded "Third Make a CHANGE Day" (The day for volunteers and civic activities one day in a year in many parts of the country or overseas all together) of Executive committee Encouraging Prize in its recognition of these activities.

At MSI Aioi Life, employees, agents and their families participate in the activities for protection of the environment and community contribution, in forms such as the planting of flower beds and green areas on the grounds of Zoorasia Yokohama Zoological Gardens, preservation activities of satoyama in the garden. These activities have been undertaken twice a year (in the spring and autumn).



ADI Traffic safety activity at the headquarters



MSI Aioi Life Support for greening and flower-bed planting

#### MS&AD Unison Smile Club

Since 2011, the former MS&AD Smile Heart Club and the former Unison Donation Program were united to MS&AD Unison Smile Club and proceeding the communalizing the activities such as offering aid funds to NPOs.

At the MS&AD Insurance Group, employees who agree with the activity donate 100 yen apiece from the employee's salary to contribute to donation activity and social contribution activities. The number of the members in the whole Group is about 9,636 as of the end of March 2012. In addition to the activities as the Group, each business company implements their activities such as donating wheelchairs, welfare vehicles, school bags and donation to supporting groups of nurturing assistance of assistant dogs.

(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
- Child line Support Program (supporting activities across the country)
- MS&AD Unison Smile Club



Let's present knitted goods to children around the world project





Charity Christmas cards

### Pillar II Contribution to create the sustainable environment and society Social contribution in the field of sports and culture

Each company in the MS&AD Insurance Group performs local and social contribution activities in the field of sports, welfare and culture.

#### Support for Sport

#### Noman judo club and woman's track-and-field club

MSI's woman judo club and woman's track-and-field club have taken part in sports promotion, they have produced players who play at forefront of sporting world such as Olympic athletes, participating in various competitions, Not only participating in those competitions but they are active in social contribution activities such as parent-and-child judo class for local residents held by woman judo club and participation of charity run by woman's track-and-field club.

#### Support for Sport (Japanese Only)



Yoshie Ueno, Misato Nakamura



Yoko Shibui, Ikuyo Yamashita

#### 🗰 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. Over 3,000 runners participated in the 65th race held in January 2012.

#### 陝 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.

2 soccer players, belonging to JEF United Ichihara, Chiba Ladies, of the Women's Soccer Nadeshiko League, are employees of MSI Aioi Life, actively working on the job and in sports in parallel.



JEF United Ichihara Chiba Ladies

#### Support of sports for the physically challenged

#### 🗭 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 and participation. Out of this desire, the company supports all sorts of tournaments such as becoming an official sponsor for the Japanese national wheelchair basketball team, cooperating with wheelchair twin basketball national convention.



Cheer for the wheelchair basketball team

#### Cheer for the wheelchair basketball team (Japanese Only)

#### All Japan visually impaired person judo convention

MSI Aioi Life is working for the diffusion and reinforcement of sports for the physically challenged. It supports the activities of the Japan Sports Association for the Disabled, the Japan Judo Association for the Visually Handicapped, and the Japan Association of Athletics Federations for the Disabled. The company also helps the challenged to get back into the community life and find fulfillment. It is committed to continuous support for improvement of the quality of life. In fiscal 2011, our employees



Support for Judo match of visually handicapped

participated in the All Japan visually impaired person judo convention as volunteers and it was covered in a webcast and watched by many of within and outside of the company.

#### Support of sports for the physically challenged (Japanese only)

#### **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.

It holds various events, "Premium series" performed by the first-class artists in the world, and supporting program of local orchestra and original exhibition such as Nagoya Philharmonic Orchestra and Central Aichi Philharmonic Orchestra, children education project etc. 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.

Mitsui Sumitomo Insurance Shirakawa Hall (Japanese only)

#### **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 of its own planning. In fiscal 2011, proceeds from the ticket sale of "the Great East Japan Earthquake Restoration Charity Concert" (a voluntary performance in the first half term) were used to hold the "Charity Concert in Support of Restoration by Chisako Takashima and 12 Violinists" in March 2012, in Sendai, Miyagi Prefecture, and to donate musical instruments to elementary and junior high schools in the afflicted areas through the Brass Band Federation.

#### The Phoenix Hall (Japanese only)

#### Mitsui Sumitomo Insurance Cultural Foundation

The Mitsui Sumitomo Insurance Cultural Foundation\* engages in activities aimed at supporting efforts to promoteculture 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 2011, as for "Concerts for local residents", a total of 619 concerts were held in 549 cities, towns, and villages, and as for "Assistance for programs of international cultural interchange", it furnished 399 programs (total of 261 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

#### 🔊 Exhibition of owned arts, "Tsubaki"

ADI shows its owned arts, "Tsubaki" in public at museums all around the country. Tsubaki is one flower cherished by the Japanese from olden times, which used to be the corporate symbol for the former Dai-Tokyo Fire and Marine. In 2011, 61 and 2 masterpieces were respectively put on exhibition in the "Tsubaki Blooms, Exhibition of Paintings and Artifacts" at the Chigasaki City Art Museum and the "Charity Event, Exhibition of Art Collections in Support of Restoration of the Great East Japan Earthquake" held at Hotel Okura Tokyo, where Tsubaki flowers rendered in varied presentations were admired by many art fans.



Okumura Togyu, "Benitsubaki"

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

MSI Primary Life sponsored the Tokyo performance of the "12 Cellists of Berlin Philharmonic Orchestra" held at Suntory Hall in July 2012, as an event for its cultural activities.

The "12 Cellists of Berlin Philharmonic Orchestra" form the ensemble of cello section of the world's highest ranking orchestra Berlin Philharmonic Orchestra. The ensemble performance in Japan, held once in two years since 1990, was the fourth of the company's sponsorship.



12 Cellists of Berlin Philharmonic Orchestra

# Pillar III We will practice the values by all employees in the Group

All Group employees shall remain constantly aware of the connections between their work and the Group's stakeholders, and practice Our Values



Pillar III Practice of values by all employees in the Group

#### **Practice of values**

To realize the mission, vision we believe it is important that employees always consider the linkage of their each work with the society and to practice the value.

#### Growth of employees

MS&AD New Frontier 2013, the Group's medium-term management plan, positions the growth of employees as one of its basic strategies and we strive for it with high values.

- Employee's situation
- Human asset development
- Communication with employees
- Approaches to Human Rights
- Building a Friendly Working Environment
- Promotion of the diversity
- Overseas approaches (Practice of values)

Detailed information

Pillar Practice of values by all employees in the Group

### Practice of values

The products in intangible insurance and financial services are crystallized in the thoughts of our individual employees held for our customers. Each employee of the MS&AD Insurance Group provides our customers with assurance and security by means of sharing and practicing our missions, visions and values.

#### Approaches to practice the Mission, Vision, and Values as the Group

At the MS&AD Insurance Group, there are a variety of approaches taken to share and practice the Group's missions, visions and values. In fiscal 2012, in Group companies in and out of Japan, DVD material designed as a means to reconfirm and discuss the Group's missions are in use so the understanding is furthered among the Group's employees.

#### The Mission, Vision, and Values of the MS&AD Insurance Group

#### Interview with Employee

Mana Samukawa Service Center.4th, Kansai Automobile Claims Dept. MSI

Paying the insurance moneys alone is not our job. Those of our customers affected by accidents are full of anxieties. Our mission is to set customers' negative feelings back to nil and give "assurance" and eventually "satisfaction". To that end, we have been sharing opinions with people around us and training ourselves to grapple with new tasks. We will keep our customer-oriented scrupulous response, so that hopefully our customers would say, "Lucky that you are in charge of us".



Aoi Tachibana Kashiwa Sub-Branch.1st, Toukatsu Branch ADI

With the thought that "we stand for our customers in time of need", we are carrying on our sales activity. So, we always remind ourselves to view things from customers' standpoint, not from an insurance company's.

Furthermore, together with our agents, we listen to customers' thoughts cautiously and try to propose most optimum products to mitigate customers' anxieties and risks.

We'll keep on our sincere, polite and speedy services to help our customers as ever.



Hirokazu Morimasa Assistant Manager, Information Technology Planning Dept. Mitsui Direct

Through development and operation of our main system "Contracting System", we are dealing with our jobs with three credos in mind: "Don't disregard the positions of our customers, employees and users", "Determine the substance as a professional in systems" and "Deal with glitches as speedily and scrupulously as possible". Everyday poses some challenges, like introducing new technology and responding to unexpected emergencies. Our goal is to construct systems that bring assurance to our



customers by adding to these experiences and putting them into practices.

Tomonori Maruyama Deputy Manager, Cross sell Promotion Section Marketing Promotion Dept. MSI Aioi Life

We are assisting agents in their sales of insurance products. To win the top position with customers' satisfaction, it is imperative that "we secure our agents' No.1 satisfaction". If you keep on working with conviction that "How lucky we are an MSI Aioi Life's agent" and "We love life insurance!", you get ideas and proposals for cooperation coming from different departments and sections. We are a newly born company, but we feel encouraged that our peers share our feelings.



### Kaoru Kodaira Deputy Manager, Expense and Cash Management Group Accounting Dept. MSI Primary Life

Accounting Department is the window to our customers where we take custody of their valuable assets. And, on their request, we make accurate and prompt payments which are transferred to their accounts. Our Accounting Department does not deal directly with our customers but has the closest tie with them where it is not visible.

By completing transfers accurately, we perform our daily jobs with a sense of mission that "we deliver trust and assurance to our customers".



### Akihiro Mochizuki Deputy Manager, Consolidated Accounting Section Accounting Dept. MS&AD Holdings

Our holding company is the only public company within the Group, listed on the stock exchange. As such, our Accounting Department, dealing with disclosure of the Group's corporate information, has the most ties with customers indirectly.

Recently, introduction of new accounting standards and institution of revised relevant laws are much talked about. We are tackling with daily business to contribute to gaining trust in our Group by means of disclosing properly the Group information.



Pillar III Practice of values by all employees in the Group

### Employee's situation

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

#### The number of employees

the whole MS&AD Insurance group 31,081 (as of March 31, 2012)

#### Detailed information

#### **Hiring of New Graduates**

MSI engages in transparent, fair, and people-centered hiring practices under the watchwords "tough spirits, big heart". The company aims to secure human assets\* endowed with an international perspective, good powers of independent thought and action, and an ability to help pioneer the new age.

ADI bases its hiring practices on the recognition that talented human assets are the most important factor in building a company that places customer-satisfaction level-No.1 focused, and improving the quality of our services. The company is committed to hiring diverse human assets with individuality regardless of nationality, gender.

\* Human assets: The MS&AD Insurance Group uses this term instead of "human resources", in keeping with its intention of cherishing each and every employee.

#### 陝 Internship

MSI is implementing internship from the standpoint of nurturing human resources in collaboration between industry and academia. In fiscal 2011, we instituted a 5-day internship where participants learn about non-life insurance industry and experience day-to-day operation of non-life insurance sales, and realize its social significance. Approximately 2000 students across the country participated in the program.

ADI is conducting a 5-day internship "Boss' bag-



Internship

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 2011, 96 students from universities throughout Japan took part in the internship.

#### Employment for the elderly

MSI and ADI have a program to rehire employees who desire to exercise their talents by applying the experience and skills after they have reached retirement age. As the company's operating needs and the nature of the job, they could work until a maximum age of 65. By setting different work patterns in jobs, days and hours of work, we try to offer various options in work style to choose from.

#### Detailed information

#### **Employment of the Challenged**

The MS&AD Insurance Group companies continue to engage in hiring activities to expand and anchor places of employment for the challenged. They are also conditioning workplaces and developing duties to facilitate work by challenged persons.

Detailed information

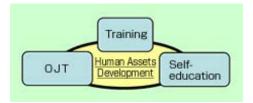
Pillar III Practice of values by all employees in the Group

### 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.

#### **Education and Training**

MS&AD Insurance Group set its target vision, Employees who learn and think by themselves, take up challenges, and continue to grow. Domestic insurance companies in the Group have full assortment of education and supports through the measures such as Training, OJT (On the Job Training), Self-education so that employees can work professionally with a sense of pride and fulfillment.



#### Education content

MSI, Mitsui Direct, MSI Aioi Life and MSI Primary Life offer various opportunities for self-education in training sessions, outside correspondence courses, etc., to assist employees with their voluntary learning and growth. They provide trainings for unit heads for reinforcement of management skills, communication skills in workplace that sustain the human resources development. And OJT program was constructed to help newly hired employees for smooth familiarization with the workplace utilizing the experience of the work and acquisition of the requisite knowledge and skills. And trainings with the goal of development of managerial talent and making other arrangement for nurturing the proper awareness of female employees.

MSI provides its employees with "Competence Development Map" that lays out guidelines for employees to develop their capability in mid-term and assists their growth.

ADI provides group seminars of layer-specific or specific theme such as Master program for all employees, Challenge academy, those help to breed the environment of learning by themselves. And FT(Family Training) program, company-wide approaches of guidance and training, is being implemented for the purpose of education and build up of new employees who have been with the company one to three years. And training to groom female employees for management positions, and human resource assessment program aimed at developing candidates for next-generation executive positions are being conducted. Insomuch that it became the first financial institution to be awarded the Main prize of fiscal 2010 (23rd) JMA HRD Excellence Award hosted by Japan Management Association (JMA).

Mitsui Direct provides trainings for unit heads for reinforcement of management skills every year. The company also provides training by ranks for the newly appointed staffs; new entry-level employee training, senior staff training, assistant manager training, etc.

MSI Primary Life provided layer-specific trainings for reinforcement of management skills of all employees.

#### Support taking up the challenge

#### 陝 Trainee systems

MSI, Mitsui Direct, MSI Aioi Life, MSI Primary Life have the In-house Trainee System that enables employees to have short time experience in which they have not engaged so far and workplaces they have interest. Through this system, employee can experience the work of other division or the work of other company. And MSI has the Global Trainee System that enables Japanese employees to experience the work of overseas offices and local employees in overseas office can experience the work in Japan. It contributes to deepen mutual exchange between domestic and overseas employees.

At MSI, Trainees numbered 591 in the In-house Trainee System, 49 in the Intercompany Trainee System and 11 in the Global Trainee System.

ADI started in fiscal 2011 a short-term on-the-job training by headquarter staffs at sales offices and services centers in metropolitan areas, which program is scheduled to be extended into other areas.

#### 陝 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.

#### 陝 Goal challenge program

The domestic insurance companies in the Group have the Goal Challenge Program that helps each employee to take up challenge new work and realize their growth 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.

#### Upgrading the roles

MSI is engaging in the Role innovation which promotes the innovation of existing way of the challenges. Also in personnel system which is the basic support for the way of work of employees, it will abolish categorizing by their roles. If the role innovation is realized, it would be a large step for promoting the success of female employees by helping to open the way of promotion as well as increasing the fields female employees could be active.

#### **Global human resources**

To produce specialists in each field equipped with an abundance of cosmopolitan sense and expertise, MSI has established MS Business University. Under the training program, it sent 20 employees to overseas subsidiaries for one year as a general to learn their works, business skills and their language. And for the expansion of the lower end of global human resources, it has Global human resources class. The training class helps to understand the minds and skills which are required to the global human resources.

ADI has a program for overseas training to develop human resources with the wide vision and challenging spirits with international minds. It also has MBA Study Program. Under the program it sends employees who have passed the in-house screening to the universities to earn MBA degrees (two-year course). And it also provides their employees the chances to experience overseas works to develop the good human resources that could success in foreign countries as well as Japan.

### Pillar III Practice of values by all employees in the Group Communication with employees

#### **Employees questionnaire**

Each year, MSI conducts the Survey of Staff Hatz-ratz Spirit with all employees. In fiscal 2011, our survey centered around the questions "Do you feel proud of or fulfilled by your work?" and "Are you making progress in innovating your roles?" It reaffirmed that the employees generally worked with a sense of purpose and they felt they could grow through their work. As for role-innovation, a certain degree of awareness of having to make changes in their roles and manner of working has been achieved, reaffirming that a sense of accomplishment has led to their confidence and that they find their work fulfilling and have become conscious of their growth.

At ADI, Our ADI employees questionnaire with all employees is being implemented. In fiscal 2011, our survey zeroed in on the "status of employees' awareness, behavior and approaches toward realization of corporate visions enacted when the company was founded" and "how to put into practice the precious experiences, discoveries and lessons gained in the wake of the Great East Japan Earthquake". As a result, it was obvious that employee awareness of having to make behavioral changes has been increased through their responses to the earthquake.

#### Utilizing employees' voice for business improvement

Each company in the Group adopts the system 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.

#### Detailed information

#### 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 2011, there were 23 such meetings.

At ADI, from the idea of "Respect the voice of field site", the dialogs between top-managementgroup and employees have been carried out. Younger employee's views are being reflected to the management mainly through the dialogs with practice managers.

Pillar III Practice of values by all employees in the Group

### 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 through the participation in the U.N. Global Compact.

#### **Education about Human Rights**

#### 🔊 Structure of Education about Human Rights

At MSI,

- The human rights training sessions must be such that the company culture is sustained by the philosophy of respecting human rights.
- For the purpose of training employees to respect basic human rights and act conscientiously with such awareness,

we organize in the head office Human Rights Promotion Headquarter and at each branch office Human Rights Promotion Committee and conduct "Work-place training for all employees" and "Training sessions by ranks for the newly employed/newly appointed managers".

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, it carries out training sessions by ranks and publishes "Human Rights Plaza" quarterly to provide employees with opportunities to access human rights issues broadly.

#### 🔊 Human rights seminars

MSI (including affiliated companies) conducted in fiscal 2011 workplace training seminars on two themes "Human Rights in Workplace" and "Learning Human Rights Issues in Japan". Attendance rates rose to 93.4%, and participants opined that "awareness level of human rights increased individually and in workplace", "it provided good opportunities for all in workplace to consider human rights", etc., mostly positive about the significant training sessions across all ranks and jobs.

ADI conducted workplace training seminars via Internet TV viewing on the theme "Diversity in workplace and human rights "and in fiscal 2011 set 2 human rights promotion months for providing all-employee training by e-learning (with full attendance rate of 96.5% in fiscal 2011), thereby promoting a sense of human rights to assist employees take heed of and understand others' stances and feelings. For newly appointed line heads and newly employed, seminars by ranks were given successively, to make easy-to-work environment where human rights are respected.

#### Consultation

#### Reporting system from Employees

The MS&AD Insurance Group has put in a reporting system for the employees to report any behaviors that are unjust, illegal or unethical promptly to the company so that necessary measures can be taken to prevent nonfeasance or spreading.

Specifically, the following behaviors are to be reported:

oAny matters related to non-compliance

Sexual harassment or the like that affects employees' mental, physical or health conditions
 Matters related to working hours, overtime work and workplace environment

With the reporting system, we promote compliance with laws, regulations and ethical codes.

#### 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. 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. it holds seminars and e-learning (Prevention of Sexual harassment Course, Prevention of Power harassment Course) etc. to educate the employees about prevention of harassment.

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 severly. As for prevention, posters cautioning against power harassment, with the consultation desk noted, are put on the board in workplace, and training sessions by e-learning (twice a year) are held to boost employees awareness of human rights.

### Pillar Practice of values by all employees in the Group Building a Friendly Working Environment

#### Approaches for Work-life Balance

We are conditioning work environments and augmenting measures of support so that employees will be able to work energetically with finding the job satisfaction and their growth while striking a good balance with their private-life activities.

#### 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.



Accreditation mark "KURUMINN" (for a company actively striving to support the development of the next generation)

#### Support of employees raising children

#### Building a Working Environment while raising children

MSI has facilitated returning to work by implementing in-house e-learning, which enables employees on childcare leave to access the in-house intra-system at home and those employees on leave to keep in touch with their superiors or workplace on a continuous basis.

ADI provides Job Return Support Program with a view to erasing all sorts of worries and assisting a smooth return to work by employees who take childcare leave. The Program provides a guidebook (kangaroo book) setting forth what employees on childcare leave can do and what assistance is available from the company (i.e., superiors and workplaces) and offers seminars (kangaroo meeting) those on childcare leave can attend with their children before returning to work. DVDs are available for rent for those employees unable to attend the seminar. The nursery school named Kids Club established in Tokyo to allow



The nursery school operated by ADI

employees to raise children without quitting their jobs and help them to work as energetically as always.

MSI Aioi Life has set up a nursing facility within its head office in Nihonbashi, assisting both child rearing and working in parallel.

#### 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.

The provisions for shorter hours give employees a choice of six patterns. MSI has taken steps enabling employees on leave for childcare to access the intranet at home, in order to allay their apprehensions about returning to the workplace.

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.

Mitsui Direct, MSI Aioi Life, MSI Primary Life also provide "Posting of substitutes for employees on childcare leave".

Handbook on work-life balance prepared by MSI for the employees introduces the system to balance work, childcare, and nursing and to support his or her carrier.



Handbook on work-life balance

#### Ikumen leave / Papa Preparation Leave

MSI instated lkumen leave, a provision to support male employees who positively take part in childcare. The husband is given a total of three days before or after scheduled day of birth off with pay and the leave could be acquired during theperiod of 6 months after the birth.

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.



## Leave for Nursing, Temporary retirement for Nursing

MSI and MSI Aioi Life provide Leave for nursing and Temporary retirement for nursing. Leave 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.

ADI instated provision of shorter hours for nursing and Leave for nursing, and Temporary retirement for Nursing with limit of a year and rehiring of employees for those who retired for nursing.

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

Actual use of Temporary retirement for Childcare, Provisions for shorter hours program, Temporary retirement for Nursing Unit: persons					
	Fiscal 2011				
	Temporary retirement for Childcare	Provisions for shorter hours	Temporary retirement for Nursing		
MSI	220	115	8		
ADI	166	211	4		
MSI Aioi Life	36	23	0		

## Detailed information

## lnnovation of work styles

MSI thinks increasing productivity during limited hours and improvement of work-life balance heightens the employee's sense of fulfillment and their growth. It encourages its employees to go home early in August, November, and February, which it has designated as months for creation of margin, and treats Wednesdays and Fridays throughout the year as no-overtime days. Each company also hold meeting twice a year for creation of margin.

ADI conducts "All Employees Activity Innovation Campaign" which enables the compatibility between innovation of work and work styles, improvement of productivity. In the Campaign, the whole company engages in the innovation of business operation, and promotes going-home-early and acquiring the consecutive leave, which contributes to the Innovation of work styles for the employee's improvement in work-life balance.

## Safeguard employees' health

## 🗼 Taking vacation with pay

Number of vacation days with pay taken by employees in each category (Fiscal 2011) MSI				
	Average number of days			
Employee category *1	Carry-over and ordinary total	Accumulated	Special vacation *2	
All-area employees	1.38	0.13	9.56	
Area-specific employees	3.98	0.43	10.83	
Area-specific employees (career employee)	6.90	0.47	11.63	
Sales and claims support	6.14	0.36	10.98	
Exclusive duty 1	7.30	0.23	11.59	
Average number of days of above categories	4.76	0.32	10.80	
Average number of days of all employees	6.35	0.23	10.79	

- \*1 Indication of only categories with at least 100 employees. However, average number of days of all employees consists of all categories.
- \*2 Figures for special vacation are totals for summer vacation, Fresh up vacation and Anniversary vacation etc.
- Summer vacation

A consecutive 5-day holiday is available during July - August.

• Fresh-up vacation

A consecutive 5-day holiday is available each year.

• Anniversary vacation

2 days of holiday are available each year to celebrate anniversaries like birthdays of the employee or its family member.

Number of vacation days with pay taken by employees in each category (Fiscal 2011) ADI

	Average number of days			
Employee category*1	Annual leave with pay	Special medical	Special	
	Carry-over and ordinary total	leave	vacation*2	
All-area employees	2.47	0.44	7.82	
Area-specific employees	6.35	0.46	11.40	
MI employees	6.59	0.22	10.12	
Career employees	13.43	1.18	10.55	
Contract-base employees (Type I)	10.10	0.11	6.27	
Contract-base employees (Type II )	11.40	0.16	9.07	
Managers	7.94	0.37	4.59	
Premium collection staff	6.57	0.00	0.79	
Part-time staff	9.61	0.17	8.16	
Full-time claim service employee (Type  )	6.39	0.45	10.10	
Total of above categories	5.95	0.38	8.79	
Total of all employees	5.87	0.38	8.64	

\*1 Indication of only categories with at least 100 employees. However, average number of days of all employees consists of all categories.

\*2 Figures for special vacation are totals for summer vacation, Special consecutive leave.

- Summer vacation
  - A consecutive 5-day holiday is available during July August.
- Special consecutive vacation

A consecutive 5-day holiday is available each year.

## Health management of employees

The MS&AD Insurance Group strives to breed workplace environments facilitating energetic work by all employees in good physical and mental health.

## Medical Checkup

MSI has set up at its head office and block headquarters the Health Management Center (Room) where industrial physicians and industrial nurses administer employees' health management, in conformity with its corporate obligations to provide safety considerations and to support employees' health maintenance obligations.

Health check-ups, on which health management is based, are classified into two categories divided on age 35 (Table 1), considering the varying disease risks by aging. The results of such check-ups are reviewed by the industry physician or nurse, and detailed instructions for follow-up for reexamination, in-depth probe, treatment recommendation, health guidance, etc. are determined, as needed.

And it conducts consultation investigation to the employees beyond a certain period of operating time of computer, and is carrying out medical interviews by a doctor to the required employee.

(Table 1)	
Categories of Medical Checkup	Coverage
General Medical Checkup (Items designated by the company were added to items required by the Industrial Safety and Health Act)	Employees below the age of 35
Total Medical Checkup (complete medical checkup)	Employees over the age of 35

ADI is supporting every employee about his/her mental and physical health at the Health Management Center, so that the employee can keep on working animatedly. Health check-ups, on which health management is based, are classified into 3 age brackets (Table 2). As for the results of health check-ups, the industry physician or nurse review them and provide advice, referring those with special observations to Health Management Center for health guidance.

And it conducts meeting with Industrial physician to the employees beyond a certain period of operating time of computer, and is carrying out medical follow up from the health-care-administration center to the required employee.

(Table 2)	
Categories of Medical Checkup	Coverage
General Medical Checkup (Items designated by the company were added to items required by the Industrial Safety and Health Act)	Employees below the age of 30
Selectable from General Medical Checkup or complete medical checkup	Employees between the age of 30 and 34
Complete medical checkup	Employees over the age of 35

## 🔊 Mental health of employees

The MS&AD Insurance Group strives to breed workplace environments facilitating energetic work by all employees in good physical and mental health.

## Mental health care program

We have established health management centers and employee consultation offices (or officers) and implement the mental health care of 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. Although they are ready for consultation on any matters, the employee consultation offices emphasize support for reinstatement in the workplace, and work in collaboration with the health management centers.

## Activities to support mental health care

MSI furnishes services for preventing the mental illness and reinstatement in the workplace (Table 3) based on cooperation between the health management center and the employee consultation office as the activities to support mental health care.

(Table 3)	
Туре	Contents of support
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

In its e-learning system, ADI has incorporated issues related to mental health and is implementing them. The Personnel Department provides training about mental health in the context of programs for newly appointed line section heads and line department managers. In addition, the company has constructed a setup for ready consultation by employees about mental health, by establishing the EAP center\* and healthcare center within the company and consultation desk at the outsourced consultation organ.

Last year, in the wake of the Great East Japan Earthquake, mental health care for employees in the afflicted disaster areas was provided two times, which will be continued for the coming three years.

\* 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)

Number of claims of work related injuries					
The whole MS&AD Insurance Group (Fiscal 2011)					
Number of worker injuries 151 Breakdown: Work related disaster			64		
			During commuting disaster	87	
			Fatality accident	0	

# MS&AD MS&AD Holdings

Pillar III Practice of values by all employees in the Group

## Promotion of the diversity

The MS&AD Insurance Group accepts diverse employee outlooks on value, and gives all employees so motivated the opportunity to grow and exercise their talents through the job.

## Promotion of activities by female employees

The MS&AD Insurance Group thinks it is important that female employees can challenge the works and roles in larger fields of activities with utilizing their advantage and characteristic. That leads to the growth of employees and growth of company.

MSI, ADI, MSI Aioi Life established a professional team and they assist the career development, good work-life balance of female employees and breed workplace environments to support. In July 2011, the MS&AD Insurance Group instituted the joint declaration for promotion of female employees.

## [Joint Declaration]

We will actively challenge to materialize what the MS&AD New Frontier 2013 envisions, without limiting ourselves, striving for our new growth.

In support of career development, we will enhance our knowledge and provide opportunities to broaden our visionary field.
 In support of balancing our work with life, we will implement measures to assist ambitious employees to keep on working.
 In support of creating a viable workplace climate, we will promote nurturing environment that allows for women's challenges.

Catch phrase and logo that symbolize our neverto-give-in posture "Challenge Yourself! Nice Trv!"



"T" in Nice Try is a blobbed leaf, meaning growth."Challenge Yourself!" represents the ground, nurturing the leaf.

Under the joint declaration, specialist teams within the Group's domestic insurance companies have posted the goals for our actions jointly and advanced our approaches. One of which has resulted in the "seminar for women's leadership" targeted at about 100 female employees. By providing opportunities to think about leadership, we supported the career development for our challenging women.

The MS&AD Insurance Group will carry on in fiscal 2012 the promotion of women's drive.

## MSI Aioi Life, Bancassurance Promotion Dept.

Construction of a strategy specifically targeted at the "women's market" is essential for boosting sales share and vitalizing sales at banks, credit unions and other financial organizations. So, in April 2012, we organized a special "women's support team" to assist our local female employees in their sales activities geared to financial organizations. Our vision is that, in 10 years, people will attribute the current successful status to "the efforts made by women's support team, along with the local employees of the MS&AD Insurance Group", that will have caused a whirlwind innovation in window sales.



the back row from the left: Ms Doi, Ms Sakagami, Ms Yamaguchi, Ms Ohmatsu the front row from the left: Ms Makino, Ms Hirasawa, Ms Anzai

U U	
hare of management p	oositions occupied by women (as of 1 April 2012) (figures in parentheses indicate number of per
	Share of management positions occupied by women
MSI	1.6%(69)
ADI	3.5%(123)
Mitsui Direct	0%(0)

#### Share of management positions occupied by women

#### Support for diverse work styles

MSI Aioi Life

**MSI Primary Life** 

#### Provisions for change of place of employment

In fiscal 2006, MSI 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 or the marriage.

1.3%(3)

6.0%(10)

\* Area-specific employees: employees who are not subject to transfer entailing a change of residence

ADI offers provisions for a change of place of employment entitled "Ai Move". The provisions enable areaspecific 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 or care for aged parents. The new provisions are 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 employees who left the company on account of marriage or childbirth. In 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.

By introducing SNS (social networking system) for these female employees, we are providing a forum for communication, to whom we address re-employment information to promote re-hiring possibilities.

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 certain locality.

#### J-Win Outstanding Efforts Award

With its innovative approaches the company takes aggressively in employing women, competence development, promotions, ADI won an Outstanding Efforts Award, the first in the non-life insurance category, at the "2012 J-Win Diversity Award" that commends enterprises having accomplished distinguished business results. In this award, our management's strong corporate message that "to win customers' trust by improving the quality of products and services, promotion and



utilization of women's power is indispensable" and our consistent and steady approaches to business quality improvements at the forefront workplace were highly recognized.

#### **Employment of the Challenged**

The MS&AD Insurance Group companies continue to engage in hiring activities to expand and anchor places of employment for the challenged. They are also conditioning workplaces and developing duties to facilitate work by challenged persons.

In fiscal 2011, the employment rate(monthly average) of the challenged was 1.82% (number 221) at MSI and 1.85% (number 230) at ADI.

## Support for physically challenged employees

MSI established a team called Team WITH for workplace assimilation of physically challenged to give support of education and build the support system.

The members of Team WITH engage in dialogue with superiors and the challenged themselves in the workplace, and take action such as preparation of a manual for workplace assimilation. Once a year, they conduct training for employees with hearing impairments. In fiscal 2012, they provided training on the themes of "Lecture of successful experience by employee having hearing difficulties "and "seminar of insurance products".

ADI is dealing constantly with hiring the physically challenged and has established an in-house general consultation window (EAP Center\*) to support them in handling problems related to mental health, physical health, workplace worries, and normalization issues. These approaches have been evaluated, and we have been certified as an "Excellent enterprise employing the challenged" by the Ministry of Health, Labor and Welfare.

(\*)Employee Assistance Program



#### Rehirement of the elderly

MSI and ADI have the rehiring program for the employees who have reached retirement age. The program allows employees who desire to continue exercising their talents by applying the experience and skills they have accumulated in their past work. 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 2012, the number of re-employed retirees (total of new hires and continued employees) was 313 at MSI and 198 at ADI, respectively.

MSI, with the objectives of "designing future career paths on the understanding of the company's current conditions/systems and laying out life plans in a perspective of 80 years in life" and "planning competence development and behaviors geared to career objectives and life plans", is conducting "career management training" for all local employees (except for career staffs) of 43 years of age or over in all areas. In the training course, explanations of transfer/relocation systems, retirement allowances and pensions, and self analysis (confirmation of inventory of skills and career visions contemplated) are made. Participants regard the sessions as "hardly had a chance to think alone", "it's good to see contemporary staffs gathered in one place", "it fosters future perspectives and motivation".

# MS&AD MS&AD Holdings

## **Overseas approaches**



#### Improvement of quality of products and services

## 🔊 Response to the flooding in Thailand

The monsoon season in Thailand in July 2011 brought flooding that persisted for over three months. Seven major industrial areas were inundated, affecting over 800 companies.

#### Response system / Dispatch supporting personnel

MSI and ADI set up special response teams at headquarters and local offices mobilizing a total of over 450 employees from across the world for dispatch to Thailand. All assembled members, in cooperation with local staff, loss adjusters and appraisers, made full use of their fields of specialization to make a speedy assessment of afflicted damage and timely payments of insurance claims.

MSI assembled staffs in charge of damage services to our Thai branch not only from Japan but also everywhere in the world, regardless of race, who were assigned to assess flood damage and the current status of over 240 customers and to set up consultation systems for early payments of insurance claims.

At the head office in Japan, "Thai Flooding Tokyo Response Room" was organized promptly to enable our local staff to concentrate their efforts on damage services and customer response. Systems including cloud computing were introduced in a new trial to assist loss adjusters and appraisers in sharing documents and conditions of customer response and those efforts have resulted in prompt payments of insurance claims overseas.

ADI, immediately after the flooding, set up the countermeasures headquarters in the head office and local branches to organize systems and implement measures, taking advantage of the lessons experienced at the time of the Great East Japan Earthquake. Firstly, about 60 local damage appraisers in conjunction with other local staff and dispatched employees arranged the structure for dealing with about 130 customers for prompt payment of insurance claims. Joined by interpreters, local support members translated damage appraisal terminology and assisted with payment procedures, overcoming differences in culture and trade practices between Japan and Thailand. In the process, various questions and inquiries were raised from customers about insurance and each received a specific answer. Many words of thanks were received in appreciation of our responses that take priority on helping our customers in their business recovery.





Flooded factories

MSI Countermeasures office in Thailand

The non-life insurance company with the most outstanding activities in Asia", an Asia Insurance Industry Award, was given to us.

The MS&AD Insurance Group was conferred "General Insurance Company of the Year" award at the 15th Asia Insurance Industry Award announced in October, 2011, which was given to "the non-life insurance company that was most outstanding in Asian insurance industry in fiscal 2010".

The award this time has resulted from the evaluation we won by the inauguration of the MS&AD Insurance Group, our firm position in Asian regions we established in strategic alliance



Awards ceremony

with Hong Leong Group of Malaysia, and our becoming the first foreign non-life insurance company with an outpost in every country of South East Asia with the launch of business at the Laotian local entity.

#### 陝 Micro-Insurance

In India where measures for helping the poor are one of the government's critical issues, the health insurance system for poor families by the government (RSBY) is rapidly diffused. Cholamandalam MS, a MSI's local subsidiary in India, is underwriting insurance in support of the measures for helping the poor and underwrote a cumulative total of 7.4 million RSBYs in 35 provinces in 5 states.

In 2010 and 2011, the company's insurance payment services and its speedy and courteous response were highly evaluated and received the



Awards ceremony

"Best Claims Settlement Award", an award given to the insurance company that provides the best handling in RSBY insurance payments, for two consecutive years. MSI has been assisting local sales, utilizing its medical insurance knowhow in Japan, and providing a wide variety of medical services in India.

#### Cholamandalam MS General Insurance (link to website)

## Investment in Takaful Project, and promotion of assurance and security by dispatched employees

Through capital participation and dispatched employees to the Takaful corporation (a kind of mutual-aid business enterprise operated on Islamic doctrines), MSI has engaged in activities to provide assurance and security to the Islamic community in Malaysia where a majority of the population is Islamic and their religion prohibits coverage by insurance. Payment of Zakat (donations to public welfare as stipulated by Islam) allows the company to supply funds to orphanages and contribute to similar social welfare activities.



Personnel explaining about Takaful to visitors to the event

## 🔊 International Compliance Controller Training

MSI conducted the "International Compliance Controller Training" for compliance controllers promoting compliance at overseas outposts. At the 5th session, 47 controllers participated from 21 countries and regions, and during the 2-day training they confirmed the compliance-first management policy, learned the latest global trends in regulations/supervision, received lectures by external instructors on preventive measures against unlawful cases and listened to reports from representative overseas outposts. All



International Compliance Controller Training

participants were determined further to strengthen the structure for promoting compliance overseas.

#### Contribution to create the sustainable environment and society

Support on health technologies

## 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. 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. MSI assisted the institution by its assistant Thai branch manager Bichai as the top member of the Property Insurance Committee of Thai Non-life Insurance Association.

Vichai Santimahakullert Executive Vice President, Thailand Branch MSI

The recent flooding in Thailand, known as the worst in 60 years, has caused ruinous damage to our customers. It was the first experience for us Thai. Under such critical conditions, we are committed to providing fair and prompt damage support prescribed in our behavior codes "Responsibilities to Our Customers", and, through the position of executive member of Thai Non-life Insurance Association, to promoting our contribution to the growth of insurance industry here in the wake of the flooding.



## Lecture to Health Service Supervisory Bureau

At MSI's China General Representative Office, we conducted seminars on the theme of complaint handling status and systems in Japan for the staffs of local agency of the China Insurance Supervisory Bureau. In China, authorities are emphasizing importance of consumer protection in insurance, and they appreciated our presentation of actual cases in Japan as highly contributory. For the China Insurance Supervisory Bureau, referential material and reports on earthquake insurance in Japan were provided. Hereafter, information and knowhow of Japan's insurance technology will continuously be supplied for assistance.

ADI, through its local Chinese subsidiary Guangzhou Guang Ai Insurance Brokers, and Tianjin Insurance Industry Association held seminars jointly on automobile insurance damage survey services, where 160 staffs from China Insurance Supervisory and Administration Committee (CIRC), Tianjin Insurance Supervisory Bureau, etc. participated. In China, where automobile insurance is growing rapidly, much improvements have been desired to be made for domestic non-life insurance companies in dealing with accidents, service systems, contents of compensations and business quality in general. At the seminar, actual cases in Japan of automobile damage survey in accidents, service policies and quality improvement, and high-order brain dysfunctions and damages were discussed. We intend to commit further to the growth of insurance industry in China.

## Lecture and Seminar of Insurance business at university

MSI's China General Representative Office presented a lecture by Chairman Eto at Tsinghua University on the theme "Liberalization of Japan's Insurance Industry and Corporate Overseas Strategy". At Southwestern University of Finance and Economics, seminars on "Japanese Earthquake Insurance Systems and Risk Management against Massive Disasters" were also conducted not only for students but industry and academia.

MSIG Indonesia, a local subsidiary of MSI, is holding seminars annually on a continuous basis at prominent local universities, starting in fiscal 2007, for the purpose of propagating knowledge on non-life insurance and risk management. Through this activity, the knowledge level of students has improved, and synergistic effects have resulted in publicizing MSIG brand and recruiting excellent graduates. The company is utilizing the activity as a strategic tool of CSR.

#### PT. Asuransi MSIG Indonesia (link to website)

## Support on floods damage in Thailand

Group's 5,067 employees donated funds which, combined with the matching gifts of disaster relief moneys, amounted in total to 15,596,000 yen. The relief funds were presented to Flood Refugee Relief Program of the Thai Finance Ministry to be used for the relief supplies provided to those afflicted.

And, our local staffs, threatened by the disaster and feeling anxious, carried on dealing with their customers, to whom we delivered encouraging messages assembled from colleagues across the world to boost their struggling efforts.





Support messages from around the world

#### Qinghai Earthquake Support on reconstruction of damaged orphanage

MSI China, a Chinese local subsidiary of MSI, has been assisting QingHai CiXingXiYuan Orphanage since 2008 with donations of livingware, relief funds, and bearing transportation expenses to and from hospital and full medical expenses for two orphans for their visual surgery. In the Great Qinghai Earthquake in 2010, the orphanage was demolished and the 54 children had to leave for other child welfare facilities temporarily, and our employees raised funds and donated pajama sets



Orphanage in Qinghai

for all children so they could overcome bitter winter cold. The assistance to the orphanage will continue, and the rest of the relief funds will be donated to pay for the reconstruction expenses.

Mitsui Sumitomo Insurance (China) Company Limited (link to website)

## Support for victims of torrential rains in Rio de Janeiro

In January 2011, localized torrential rain hit the southeastern part of Brazil (Rio de Janeiro province), causing land slides and flooding that claimed over 800 casualties and left more than 10,000 people homeless.

Mitsui Sumitomo Seguros, MSI's local Brazilian subsidiary, raised funds from its employees to support the afflicted and donated 400 clothes (shirts, pants, coats and shoes), over 100 kinds of food and 50 sanitary napkins.

The MS&AD Insurance Group delivered about R\$34,000 (approximately 17 million yen) relief funds collected by the Matching Gift Program and some articles assembled by local employees to the disaster victims through Brazilian Red Cross.

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

## Activitiy under the theme of Safety

## Safety campaign at school

Upon starting to underwrite general liability insurance for schools and kindergartens below universities in all Taiwan, MSIG Mingtai Insurance, an MSI's Taiwan local subsidiary, used its experiences in underwriting and insurance payments and joined in an event with an NPO, promoting children's safety and protection movement, for the purpose of securing safety and preventing risks on campus. \* On-campus safety lecture: A total of 4 lectures

were given to about 200 teachers and school staffs by our employees on accident causes analyzed, case studies, accident prevention measures and responses to accidents.



Press conference of safety commute to school hosted by Pingxi city government

\* Donation of reflector vests to elementary schools: We attended the commute-to-school safety press conference hosted by New Taipei City government and donated 500 reflector vests. Our president of Mingtai, together with vice mayor of New Taipei City, watched over the school children commuting to school for a day of volunteer activity.

We will keep on our approaches to improving safety at school.

MSIG Mingtai Insurance Co., Ltd. (link to website)

#### Helmet use at bicycle ride campaign

At MSI's branch in Thailand, it helds events of "Anti-drunk driving charity" and "Helmet donation to elementary schools and education of accident prevention" every year for the prevention of traffic accident and contribution to community. It collects video clips from students under the theme of Anti-drunk driving jointly with a NPO which promotes campaign for the elimination of drunk driving. And It selected the excellent works and held the education charity event for the elimination of drunk driving with dual-purpose of the commendation ceremony of the excellent works.



Education event for the prevention of

And to prevent accidents involving children riding in tandem, it donated 2,500 helmets for children to 13 elementary schools in the Bangkok suburbs, and education event for the prevention from accident was held.

## Mitsui Sumitomo Insurance Co., Ltd. / Thai Branch (link to website)

## Activitiy under the theme of Environment

#### Environmental seminar at elementary schools and Donation activites

Since 2005, MSI has been working for the rehabilitation and regeneration of the Paliyan Wildlife Sanctuary (in Java, Indonesia) cooperatively with Forestry Department in Indonesia.

To help keep trees planted in a campaign growing, in collaboration with Universitas Gadjah Mada/InterRisk Research Institute and Consulting, we are conducting environmental education for pupils in elementary schools and their teachers on the importance of forest. Researches on biodiversity of wildlife that has returned to forest is similarly under way with the same university jointly.



elementary school students participated in the environmental education event

MSIG Indonesia, a local subsidiary, has been continuing donations to elementary schools in the surrounding areas (12 schools), and the pupils in these schools have turned in encouraging messages at the time of the Great East Japan Earthquake.

In addition, the company has given guidance on agricultural technology to the local populace, intended to increase their living standards and prevent unlawful logging for economic reasons.

This approach has been evaluated highly by the Indonesian Forestry Ministry and other quarters, drawing attention as a successful case.

#### PT. Asuransi MSIG Indonesia (link to website)

## Earth Day

On the "Earth Day", April 22, the day to think about earth environment, many events take place around the world. MSI's Singaporean local subsidiary, MSIG Singapore, has had continuous approaches to earth-friendly environment, and in 2011, in commemorating the Earth Day, distributed to all its employees a re-usable lunch box that is easy to fill food in at home. This little mindfulness leads to decreasing use of nonbiodegradable containers made of plastic, Styrofoam or the like. With this approach, we



Distribution of lunch box to employees

intend to keep Singapore, the beautiful Garden City, free from waste of this sort.

Our employees participated in the environment education tours, an event held by the Singaporean Insurance Association on the Earth Day on the theme of preservation of biodiversity.

## MSIG Insurance (Singapore) Pte. Ltd. (link to website)

### Road cleaning / beautification activity

At ADI local 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 10 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 / beautification activity

\* Road cleaning activity started in Texas, United States in 1985. It describes the direct translation as "bringing the main roads into the family", which means that citizen volunteers and companies become foster parents and take care their "adopted children" (cleaning the roads and engaging in planting activities).

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

## Support children

MSI's Philippine local subsidiary, BPI/MS, has been supporting the street children living in the Pasay Boys Town orphanage in many ways, together with its joint venture partner financial organization (BPI). In concrete terms, voluntary groups of self-motivated employees join in providing daily necessities, assisting in sports activities, and teaching basic lessons in reading, mathematics, science, etc. In 2011, as one of the support activities, opened a class for making soap and sold them to BPI/MS employees. The proceeds were donated as funds to the children. This activity started in 2011 and many of BPI/MS employees participated.

#### BPI/MS Insurance Corporation (link to website)

Aioi Nissay Dowa Insurance Company of America, a US local subsidiary of ADI, has been engaged in charity movements for the needy children under the themes of "Environment" and "Education". In 2011, it donated food to South Elgin Food Bank in Illinois and 370 pieces of stationery through Hoffman Estate Chamber of Commerce in Chicago. Donations of daily commodities were also made to women and children living in



Donation of stationery

homeless shelters in Chicago to help assist needy children in their living and educational environments.

## Contribution to local community through Gifts of the Seasons

MSI's US local subsidiary, Mitsui Sumitomo Marine Management(MSMM), has been in annual practice of giving gifts to the physically challenged and the needy every holiday season in December through an NPO resident in Summerset County. On receiving lists of gift items requested from the NPO, the company writes such requests on cards and distribute them among its employees. Employees in turn purchase the gifts and donate them to the NPO. It's a contribution to community program. As for fiscal 2012, MSMM holds up one goal: contribution to environment and local community. Its employees' awareness of social contributions is ever increasing.

Mitsui Sumitomo Marine Management (U.S.A.), Inc. (link to website)

## Donation activities as part of leadership training program

Mitsui Sumitomo Insurance (London Management), one of MSI's British local subsidiaries, has been actively engaged in a variety of fund raising, as part of leadership training program, to financially support charity organizations that provide mentoring to young people (assistance in learning and development of communication capability).

Such events as charity golf, quiz night (fund raising at quiz competition), race night (fund raising at horse racing), sale of home-made cakes, on-street fund raising by clowns played by



Presentation of donation

employees, charity auction, charity massage at workplace, etc. produced  $\pm 25,000$  (about 3.3 million yen) that was donated to the above charity organizations.

By these approaches full of different flavors, many employees and their families as well as those concerned in business participated in the charity activities.

Mitsui Sumitomo Insurance (London Management) Ltd. (link to website)

## Support on organization / facilities for the disabled persons

Mitsui Sumitomo Sequros, MSI's local Brazilian subsidiary, has been contributing to local communities throughout the year by means of employees' donations and volunteer support of challenged children. Under cooperation of charitable bodies, continuous support has been given to four facilities for the disabled. Employees contributed funds to support the challenged children and donated 130 pieces of egg-shaped chocolate at Easter, 350 pieces of toys on Children's Day and presents at Christmas time,



Event on Children's Day

while some employees visited the facilities and held events to please the disabled children. Assistance was also provided to the facilities for the disabled children to participate in cultural events and for building computer rooms within the facilities.

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

#### Publish mail magazine

ADI's Chinese local subsidiary Guangzhou Guang Ai Insurance Brokers 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 not only in Japan but also in overseas operation.

## **Practice of values**

## Approaches at overseas office

With MSIG Holdings (Asia) and each local subsidiary, etc. taking the lead, a project to penetrate our mission/vision/values to 3,000 strong local employees has been promoted since 2010.

To boost not only their understanding of mission/vision/values but also implementation in daily workplace, each outpost has taken individual approaches, succeeded in sharing mission/vision/values among employees in Asian regions as a whole, and held the same cognition of putting them into practice in each activity. By



Asian holdings company MVV

way of various measures, awareness-raising -> penetration -> implementation steps will be followed through to ensure further consummation.

\* Water flasks, with mission/vision/values printed on, were produced and distributed to all company employees, accompanied by CEO's message.

\* "Life stories" written by employees about values as viewed in their lives were posted in turn on the intra-net to be shared among them.

\* "iValue cards" were created, on which employees' thoughts about values in their daily jobs, as they were reminded, and their appreciation for peers and colleagues were written.

## **Global trainee systems**

MSI has the Global Trainee System that enables domestic employees to experience the work at overseas offices and overseas employees to experience the work at offices in Japan. That contributes to the expansion of global human resources and the internationalization of the head office divisions, and contributes to the mutual exchange and understanding between domestic and overseas employees.

In fiscal 2011, 11 domestic employees and 24 overseas employees utilized the Global Trainee System.



Tour of the Jiken Center

## Temporary transfer system to headquarters from overseas offices

MSI accepts local staffs employed at overseas posts as temporary transferees to the International Department in head office and the East Asia/India headquarters. In fiscal 2011, the system was extended and about 8 staffs are on the transferred job for a duration of 6 months to 2 years. At their assigned workplaces, they have contributed to improving work quality and efficiency by their performance and to promoting globalization in the process of preparing for their participation in the work environment.

The transferees are given access and opportunities to learn head office structure and functions, which lead them to better understand the MS&AD Insurance Group's mission/vision/values while on the job.

They also are active in cross-fertilizing with sections and departments that they seldom have contacts, thus helping mutual understanding.

## እ Work-life Balance

MSI' Hong Kong local subsidiary, MSIG Hong Kong, set the 1-week period beginning on October 17, 2011, as the work-life balance week (hereafter WLB), and propagated the importance of WLB to all employees to boost each individual's awareness.

During the week, health-related news were dispatched every day to all employees and family members living with them. Competence development consultants, invited to speak at the "Management Consultant Clinic", delivered lectures on how to cope with workplace problems and issues and what advice to be given. Through the WLB week, each employee was given a chance to realize how WLB weighs on daily works. This approach is scheduled to continue into fiscal 2012

MSIG Insurance (Hong Kong) Limited (link to website)

# MS&AD MS&AD Holdings

# Data / Reference Material

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

Subject period: FY2011 (April 1, 2011 - March 31, 2012)

#### 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 Insurance Aioi Life Insurance Co., Ltd. (MSA) \*, Mitsui Sumitomo Primary Life Insurance Co., Ltd. (MSP), The holding company (HD) "The Group" indicates above 6 member companies.

\* The former MSI Kirameki Life and the former Aioi Life merged in October, 2011 and formed Mitsui Sumitomo Insurance 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

**Directors** 

Basic Policies on Corporate Governance

- MS&AD Insurance Group The Basic Policy Partaining to the System for Internal Control
- MS&AD Insurance Group Basic Policy Concerning Antisocial Forces
- MS&AD Insurance Group Basic Policy for Management of Conflicts of Interest

Chairman of the Board of Directors	Representative Director President & CEO
Number of Directors	13
Number of Outside Directors	4
Number of independent member in Outside Directors	4

Auditors		
Existence of Auditors' Meeting	In place	
Number of Auditors	5	
Number of External Auditors	3	
Number of independent member in External Auditors	3	

## Incentive compensation

Remuneration of directors who serve also as executive officers are stipulated in this manner to be commensurate with the company and each individual's performance.

## Board of Directors' Remuneration, Auditors' Remuneration

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. for each auditor is determined by mutual consultation among auditors within the limits set forth by the resolution 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.

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) and that auditor remuneration shall not exceed 110 million yen per year.

Number of meetings of Board of Directors etc.			
Function		Fiscal 2011	
	Board of Directors	13 <sup>*1</sup>	
	Group Management Committee	12	
Execution.	Task-Specific Committee Meetings		
Supervising	Group Management and Monitoring Committee Meeting	23	
	Risk Compliance Committee Meeting	4	
	Information Disclosure Committee Meeting	7	
Audit, Supervising	Board of Auditors	12 <sup>*2</sup>	

Number of meetings of Board of Directors etc.

\*1 Outside Directors average attendance rate 94.2%

\*2 External Auditors average attendance rate 97.2%

Execution, Audit, Supervising, Nomination, Remuneration

#### 🔊 Compliance

- MS&AD Insurance Group Basic Policy on Compliance
- MS&AD Insurance Group Basic Policy on Information Management
- MS&AD Insurance Group Basic Policy on Sharing Customer Information
- MS&AD Insurance Group Basic Policy for Management of Outside Vendors

Internal report system

Yes

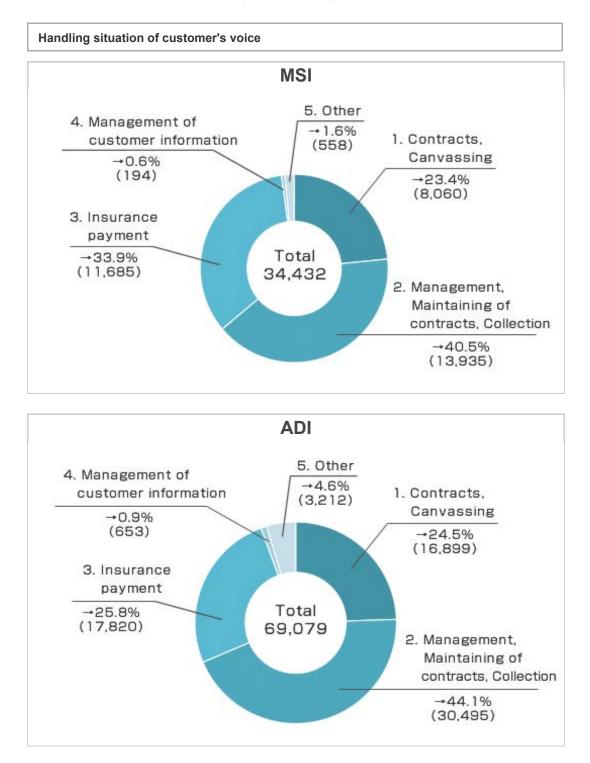
陝 Risk Management

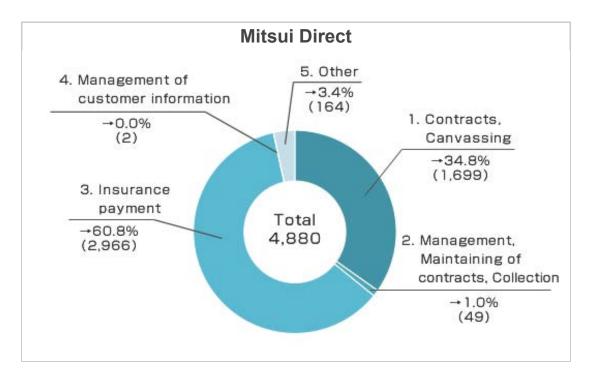
MS&AD Insurance Group Basic Policy for Risk Management

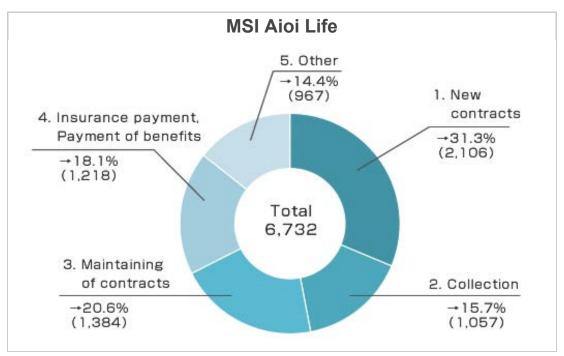
陝 Information Disclosure

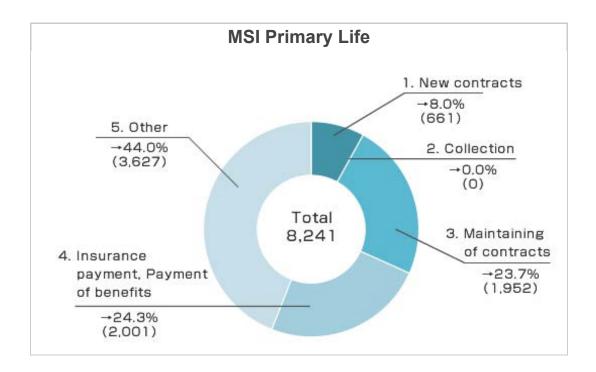
MS&AD Insurance Group Basic Policy for Disclosure

## MS&AD Insurance Group Basic Policy for Responding to Customer Communications









## ISO 26000 Core subjects (Environment)

## MS&AD Insurance Group Environmental Basic Policy

		Fiscal 2011	Fiscal 2010	compared to the previous fiscal year	Coverage / Note
CO2 gross	Domestic	92,111	104,312	▲11.7%	
emissions Scope 1, Scope 2, Scope 3	Domestic Overseas	104,026	117,076	▲11.1%	The Group
CO2 emissions	Domestic <sup>*1</sup>	22,923	27,008	▲15.1%	
(Scope 1)	Domestic Overseas	23,081	27,190	▲15.1%	The Group
CO2 emissions	Domestic <sup>*1</sup>	60,070	67,926	▲11.6%	
(Scope 2)	Domestic Overseas	71,003	79,795	▲11.0%	The Group
CO2 emissions (Scope 3) <sup>*2</sup>	Domestic	9,118	9,378	▲ 2.8%	
	Domestic Overseas	9,942	10,091	▲ 1.5%	The Group

## CO2 emissions in business activities (t-CO2)

\*1 Medium- and long-term reduction target of CO2 cover the Scope 1 and Scope 2 in domestic activities

\*2 Commuting, Business trips (Railroads, aircrafts)

## Domestic Data of environmental burden

	Fiscal 2011	Fiscal 2010	compared to the previous fiscal year	Coverage / Note
Electricity	166,655MWh	200,276MWh	▲16.8%	The Group
Heat supply	35,699GJ	47,582GJ	▲25.0%	The Group
Utility gas	1,928,000m <sup>3</sup>	2,983,000m <sup>3</sup>	▲35.4%	The Group
Bunker A	54kl	137kl	▲60.6%	The Group
Kerosene	236kł	293kl	▲19.5%	The Group
Gasoline	7,692kl	8,197kℓ	▲6.2%	The Group
Paper	16,445t	21,680t	▲24.1%	The Group
Proportion of paper on forest certification	6.1%	-	-	MSI,ADI,Holding company
Total water use	818,000m <sup>3</sup>	787,000m <sup>3</sup>	3.9%	MSI,ADI
Total wastage	6,094t	-	-	MSI,ADI
Total waste recycling	4,521t	-	-	MSI,ADI
Business trip (domestic and abroad)	92,528,000Km	88,439,000Km	4.6%	MSI,ADI

## Revironmental approaches through Supply chain

	Fiscal 2011	Coverage / Note
Proportion of Electronic contracting procedure *1	56.6%	MSI
Number of Agents, companies with certification under Eco Action $21^{*2}$	1159	MSI,ADI
Number of maintenance shops implementing Eco- inspection, Eco-maintenance	440	MSI

Number of maintenance shops implementing Eco-inspection, Eco-maintenance \*2 Number of Agents, companies that obtained the certification by the end of March 2012

## ISO 26000 Core subjects (Community Involvement and Development)

Approach	Fiscal 2011	Fiscal 2010	Coverage / Note
Number of acquirer of Volunteer leave	62	10	MSI,ADI,MSA
Number of acquirer of Temporary retirement for Volunteer	2	2	MSI,ADI,MSA
Ratio of department / branches practicing social action programs	94.8	95.0	MSI,ADI,Holding company
Number of employees practicing social action activities	14,864	13,494	MSI,ADI,Holding company
Number of employees participated in Eco Smile Campaign	102,062	85,870	The Group Total participants
MS&AD Unison Smile Club Number of members	9,636	9,647	The Group
Family Environmental Classes * Number of classes * Number of participants	5 175	4 216	
Disaster Relief Donation Matching Gift Program	17,398 48,362,000	35,533 179,323,365	The Group including Matching Gift

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

## 🗰 Employment

Excluding loaned employees to outside the company, including loaned employees from outside the company.Excluding executive officers and employees on administrative leave

Number of employees (persons)

Company	Fiscal 2011			
	Total Male and Female	Male	Female	
MSI	14,858	7,412	7,446	
ADI	12,980	7,171	5,809	
Mitsui Direct	512	332	180	
MSI Aioi Life	2,283	1,331	952	
MSI Primary Life	351	215	136	
Holding company	97	79	18	
Total	31,081	16,540	14,523	

Note: as of the end of March 2012

## average age

Company	Fiscal 2011			
	Total Male and Female	Male	Female	
MSI	38.6	42.4	34.8	
ADI	42.4	44.9	39.5	
Mitsui Direct	46.1	51.1	36.9	
MSI Aioi Life	41.4	44.8	36.7	
MSI Primary Life	40.5	43.1	36.4	
Holding company	45.0	46.3	39.1	
Average	40.6	43.9	36.9	

Note: as of the end of March 2012

## Regularly hiring

	Fiscal 2011			
Company	Total Male and Female	Male	Female	
MSI	356	95	261	
ADI	296	111	185	
Mitsui Direct	12	3	9	
MSI Aioi Life	43	19	24	
MSI Primary Life	0	0	0	
Holding company	0	0	0	
Total	707	228	479	

Note: April, 2012 Entrance number

## < Diversity

Employment rate of the challenged (%, persons)

Company	Fiscal 2011		
Company	Employment rate	Employed person	
MSI	1.82	221	
ADI	1.85	230	

Note: Monthly average

## Rehiring Program after retirement Number of users (persons)

Company	Fiscal 2011
MSI	313
ADI	198
Mitsui Direct	4
MSI Aioi Life	15
MSI Primary Life	0
Total	530

Note: Number of newly rehired or ongoingly rehired on April 1, 2012

## Share of management positions occupied by women (%, persons)

Company	Fiscal 2011		
Company	rate	person	
MSI	1.6	69	
ADI	3.5	123	
Mitsui Direct	0	0	
MSI Aioi Life	1.3	3	
MSI Primary Life	6.0	10	
Average	2.5	205	

Note: Management position: manager or higher position

## 🗼 Human Rights

Human rights seminars (%)

Company	Fiscal 2011
MSI	93.4 <sup>*1</sup>
ADI	96.5 <sup>*2</sup>

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

\*2 Completion rate of e-learning

## Programs for promoting Work-life Balance

Temporary leave before / after childbirth Number of acquirers (persons)

Company	Fiscal 2011
MSI	249
ADI	201
Mitsui Direct	2
MSI Aioi Life	32
MSI Primary Life	8
Total	492

Temporary leave for childcare Number of acquirers (persons)

Company	Fiscal 2011		
	Total Male and Female	Male	Female
MSI	220	1	219
ADI	166	4	162
Mitsui Direct	4	0	4
MSI Aioi Life	36	1	35
MSI Primary Life	7	0	7
Total	433	6	427

Flexible working hours for childcare Number of acquirers (persons)

Company	Fiscal 2011		
	shorter hours	flextime	Change of Opening / Finishing time
MSI	115	7	1
ADI	207	-	-
Mitsui Direct	2	-	-
MSI Aioi Life	23	0	0
MSI Primary Life	5	-	-
Total	352	7	1

Temporary retirement for nursing Number of acquirers (persons)

Company	Fiscal 2011		
	Total Male and Female	Male	Female
MSI	8	0	8
ADI	4	0	4
Mitsui Direct	1	1	0
MSI Aioi Life	0	0	0
MSI Primary Life	0	0	0
Total	13	1	12

Flexible working hours for nursing Number of acquirers (persons)

Company	Fiscal 2011
MSI	0
ADI	4
Mitsui Direct	0
MSI Aioi Life	0
MSI Primary Life	0
Total	4

## Rate of taking vacation with pay per employee (%)

Company	Fiscal 2011
MSI	25.2
ADI	31.4
Mitsui Direct	18.0
MSI Aioi Life	35.0
MSI Primary Life	26.1
Holding company	17.5
Average	28.6

Note: Number of days acquired / granted. Including scheduled / carrying-over vacation and excluding special vacation such as summer vacation.

## Health and safety at work

Number of claims of work related injuries

	Fiscal 2011			
Company	Total	Work related disaster	During commuting disaster	Fatality accident
MSI	84	37	47	0
ADI	55	22	33	0
Mitsui Direct	0	0	0	0
MSI Aioi Life	8	3	5	0
MSI Primary Life	4	2	2	0
Holding company	0	0	0	0
Total	151	64	87	0

Consultation rate of Medical Checkup (%)

Company	Fiscal 2011
MSI	99.6
ADI	94.3
Mitsui Direct	91.2
MSI Aioi Life	96.9
MSI Primary Life	95.3
Average	96.8

Note: number of consultation / number of employees

# MS&AD MS&AD Holdings

# Linkage with core subjects in ISO26000

## Linkage with core subjects in ISO26000

core subjects	Issues	Items
Organizational Governance	Issue1: Organizational Governance	<ul> <li>Message from Management</li> <li>Outline of the MS&amp;AD Insurance Group</li> <li>Aspiration and CSR</li> <li>CSR information Perspective of disclosure</li> <li>Corporate governance</li> <li>Outline of Compliance</li> <li>Risk management</li> <li>Information Disclosure</li> <li>Data / Reference Material</li> </ul>
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	<ul> <li>Practice of values</li> <li>Approaches to Human Rights</li> <li>Building a Friendly Working Environment</li> <li>Promotion of the diversity</li> <li>Overseas approaches</li> <li>Data / Reference Material</li> </ul>
Labor 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	<ul> <li>Practice of values</li> <li>employee's situation</li> <li>Human asset development</li> <li>Communication with employees</li> <li>Overseas approaches</li> <li>Data / Reference Material</li> </ul>

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	<ul> <li>Contribution to the Global Environmental through our core business</li> <li>Environmental Basic Policy</li> <li>Reduce the environmental burden incurred in conjunction with our business activities</li> <li>Approaches for preserving biodiversity</li> <li>Coexistence with society through awareness activities</li> <li>Overseas approaches</li> <li>Data / Reference Material</li> </ul>
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	<ul> <li>Growth with our agents</li> </ul>
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	<ul> <li>Quality Improvement in response to stakeholder view</li> <li>Develop products from customers perspective</li> <li>Improve the simplicity and convenience for customers</li> <li>Payment of insurance claim service preferable to customers</li> <li>Quality improvement of Contact Center</li> <li>Responsibility for Customers</li> <li>Overseas approaches</li> <li>Data / Reference Material</li> </ul>
Community Involvement and Development	Issue 1: Community involvement Issue 2: Education and culture Issue 3: Employment creation and skills development Issue 4: Technology development and access Issue 5: Wealth and income creation Issue 6: Health Issue 7: Social investment/div>	<ul> <li>Response to large scale disasters and support of affected areas</li> <li>Resolutions of issues in the society</li> <li>Support activities of social contribution by employees</li> <li>Social contribution in the field of sports and culture</li> <li>Overseas approaches</li> <li>Data / Reference Material</li> </ul>

# MS&AD MS&AD Holdings

## **Third-party Opinion**

## Mr. Eichiro Adachi

Research Chief, Japan Research Institute, Limited

- After working in the Management Strategy Research department, Technology Research Department, now, head of the ESG Research Center.
- He provides corporate information to financial institutions for the purpose of socially responsible investment.
- He mainly conducts industrial surveys and corporate evaluations from the perspective of environmental management and CSR.
- He served as a Japan expert on the ISO26000 from March 2005 to May 2009.



Last fiscal year, we pointed out certain confusing expression that resulted from a plural number of companies contained in the report coverage, while appreciating the difficulty in compiling CSR reports by the Group holding company. In this fiscal year, we referred to polite words such as "Group" and "~ Company" in statements for further accuracy. And, by identifying "improvement in the quality of our products/services", "building a sustainable environment and society" and "putting into practice the code of conducts by all Group employees" for mid-term priority issues, the report has provided easier-to-understand construction. Disclosure of CSR approaches overseas has been boosted by responding to the call of aggressive business deployment mainly in Asian regions. Furthermore, we have evaluated as an ambitious trial for disclosing "data and material" that were classified according to 7 core subjects of ISO26000. On that basis, we propose the following 4 matters:

## 1. Expand and actively deploy approaches across Group companies:

Reporting "~ Company has taken such approaches" does not simply clarify the status of progress against Group's targeted objectives. As a result, it is rather hard to grasp how Group's strengths have been materialized in what areas. As in "improvement in quality of contact center operations", we expect further expansion and aggressive disclosure of Group-wide approaches.

## 🔊 2. Refer to challenging tasks:

Last fiscal year, we proposed to introduce their approaches, to establish objectives, and to disclose information to form a pair concerning with result reports. At this time, we highly evaluate introduction of KPI (Key Performance Indicators) to visualize the approaches. In the next fiscal year and later, we would advise more persuasive strength to be attached by not only setting an annual target but also disclosing progress status and analyzing tasks in case the target has not been reached.

#### 3. Explain matters relating to business:

"Improvement in quality of products/services", "building a sustainable environment and society", and "putting into practice the code of conducts by all Group employees" are perceived intuitively as "desirable approaches". But, a more elaborate explanation is felt necessary in linking their promotion with close relativity to insurance business. For instance, while insurance claims are mounting sharply in payment at times of natural disasters, if nonlife insurance companies can enhance forecasting capability for disaster occurrences and contribute to improvement of disaster management capacity of society, they would have the merits of enhancing their business sustainability. We expect them to be more conscious of the relationship between non-financial information and disclose such relationship to help readers' understanding.

## 4. Reinforce corporate awareness at issue of environmental, social, and governance (ESG) tasks:

At this time, it has been reported for the first time that support is given to subject companies of investments and financing for their approaches, under the item "Environment-friendly investments and financing". On the other hand, in terms of managing decreases in asset values and revenues due to fluctuations in share prices, real estate values and rents, as well as deterioration of financial conditions of entities invested or financed, we note lack of corporate awareness of environmental, social, and governance (ESG) tasks. We expect that consideration for such tasks will be addressed in their approaches to managing risks in asset management.

From our stand point of providing corporate information to financial institutions for Social Responsibility Investment (SRI), we have submitted third party opinions in regard to how the MS&AD Insurance Group should perform its CSR activities and information disclosure, based on our understanding through this document. It should be noted, however, that our opinions do not represent our judgment of the document that it has been accurately measured and calculated in accordance with the generally accepted valid standards of preparing environmental reports, etc. or that it contains all material facts without omission.

## **Response to Third-party Opinion**

The MS&AD Insurance Group, since its business integration of April, 2010, has been pursuing business merger of domestic insurance companies within the Group which resulted in inaugurating in October, 2010, of ADI and in October, 2011, of MSI Aioi Life. Integration in offices, systems and other back-office areas as well as merger and reorganization of affiliate companies have also progressed to improve quality and business efficiency.



In so doing, we have clarified our mid-term priority issues, introduced KPI to visualize our approaches, and improved disclosure information in our CSR reports, with the view to enhancing our approaches to CSR as the entire Group.

From this point on, reflecting the opinions given us, we will further our review and handling to expand our Group-wide approaches based on such as the mid-term key tasks and KPI, improve our CSR reports by means of information disclosure from various viewpoints, and consider ESG tasks in business in line with the "Principles for Financial Action towards a Sustainable Society" and "The United Nations Environment Programme Finance Initiative's Principles for Sustainable Insurance".

Takashi Kubota General Manager, Corporate Planning Dept. MS&AD Insurance Group Holdings, Inc.