

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

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MS&AD Insurance Group and Sustainability







• The Medium-term Management Plan and Sustainability





• Communication with Stakeholders



MS&AD Insurance Group and Sustainability > Message from the President

Message from the President

Fiscal 2017 is the last year of our previous medium-term management plan, Next Challenge 2017, and the fourth and final year of our CSR program founded on the two pillars of Contributing to Resolution of Social Issues Through the Business, and Enhancing the Quality of Products and Services.

Natural disasters have recently been occurring with greater frequency and severity. Meanwhile, society is losing vitality due to widening disparities and the rapid aging of the population. As a global insurance and financial services business operator, we have responded by endeavoring to identify and explain various risks stemming from these issues, take preventive measures, and provide high-quality solutions to reduce risks in an emergency.



MS&AD Insurance Group and Sustainability > Message from the President

Vision 2021, our new medium-term management plan set to begin in fiscal 2018, sets forth "a resilient and sustainable society" as its vision

of society in 2030. Toward achieving this, we will continue to identify social issues and strive towards their solution. It can be said that the insurance business exists to help people, companies, and local communities be resilient and sustainable. This is evident in the fact that claims payments stemming from natural disasters contribute towards restoring the livelihoods of those affected and help in rebuilding the local communities. On the other hand, the insurance business, which responds to people's desire to live a stable life or run a steady business, can only exist if there is a sustainable society to support it. We help create a sustainable society through ensuring people's safety and peace of mind, supporting the development of corporate activities, contributing to the resolution of social issues, and creating shared value. That is our creating value for ourselves.

In creating shared value through the insurance business, we focus on three areas. The first is response to climate change. With regard to the increasing frequency and severity of natural disasters, it is important to not only make preparations against damage when disasters occur, but also to take measures to mitigate climate change, which contributes to the natural disasters. In May 2018, we held a symposium focusing on climate change, one of the important issues addressed in the SDGs. At the event, titled Considering the Next Step Toward the SDGs Under the Theme of Climate Change, we discussed relevant issues with companies, NPOs, local governments, research institutes and others, and examined various possibilities for activities. Going forward, we will promote viable initiatives, such as providing assistance for research projects on climate change that we have established in collaboration with universities and renewable energy businesses.

The second area is increasing the capacity to deal with risks that are becoming more diversified as the society changes. A one-stop response from risk evaluation to the provision of solutions will help to prevent various risks from materializing, for example as a countermeasure against increasingly sophisticated cyberattacks. We will aim to achieve a resilient and sustainable society by controlling the occurrence of accidents and minimizing the damage if they should occur.

The third area is to help people living in such a society to enjoy a long, healthy and stable life. We will continue to strive to support stakeholders' good health and longevity, and also implement initiatives to support employees' mental and physical health. Specifically, we will strive to: prevent accidents by analyzing the health conditions of drivers and identifying in advance risk factors such as drowsy driving that lead to accidents; provide whole life health insurance that prepares for nursing care risks including the need for dementia treatment; and improve and enhance asset-building products to support customers in enjoying a prosperous second life in their later years. From these three areas, we have selected priority issues and are implementing specific measures.

The issues that we address as priorities have a lot in common with the issues that are expected to be resolved on the way towards achieving the SDGs, goals common to the entire world. Therefore, the Group has decided to develop our business activities by regarding the SDGs as a signpost, pointing the way forward. In order to make the society resilient and sustainable, it is imperative that we ourselves possess the same characteristics. To increase society's ability to deal with ever-changing risks, we would ideally identify the existence of risks, take preventive measures, and reduce their occurrence and the scope of damage arising from them. In this way, the damage inflicted on society will be minimized, and society's ability to deal with further risks will be enhanced. I believe that by implementing these activities globally, we will be able to explore new markets, develop business models, and achieve sustainable growth.

The MS&AD Insurance Group will contribute to the realization of a resilient and sustainable society based on the Group's value creation and the power of employees who fulfill their potential and have active roles in their appropriate environments.

September 2018

President & CEO

N. Huron

Yasuyoshi Karasawa

The Medium-term Management Plan and Sustainability

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

Our Mission

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

Our Vision

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

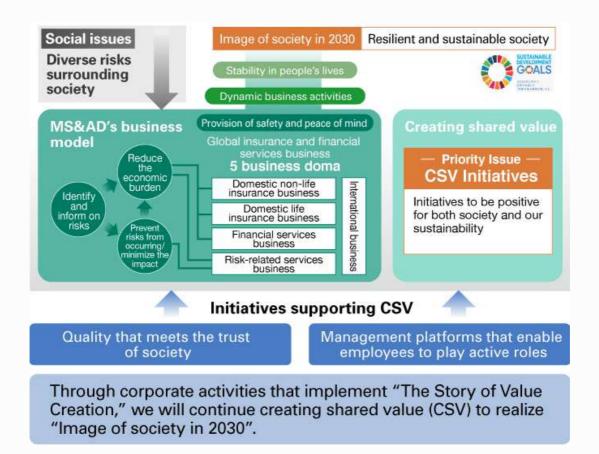
Our Values

CUSTOMER FOCUS	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.

The MS & AD Insurance Group has been engaged in insurance and financial services businesses to realize its management philosophy (mission).

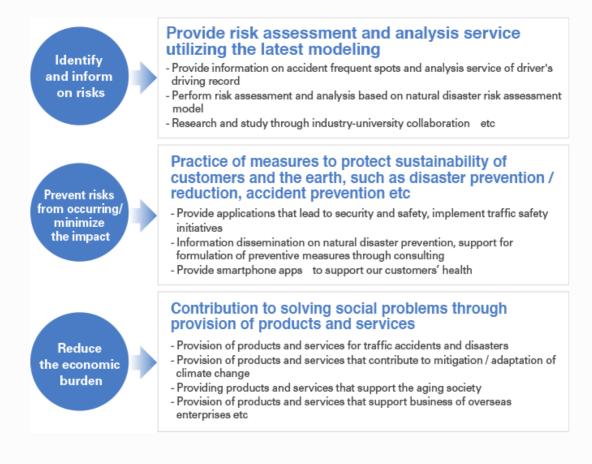
In the Group Medium-Term Management Plan (Vision 2021), we have set a vision of our society in 2030 to be "resilient and sustainable society." For our sustainable growth supported widely from stakeholders, it is indispensable to continue providing common values with society through corporate activities or CSV, Creating Shared Value. We will make contribution to achieve "resilient and sustainable society" by focusing on priority issues with UN Sustainable Development Goals (SDGs) as milestone.

The Group business manages risks comprehensively, identification of risks, provision of the information, precautionary measures and compensation for damages if it does occur to our stakeholders. We focus our efforts on early identification and provision of proper management measures against risks that threaten a sustainable society to achieve our mission "to contribute to the development of a vibrant society and help a sound future for the earth".



The MS&AD Insurance Group's "Value creation story" and business model

As an insurance and financial services provider, we don't just offer coverage on accidents and disasters - we also focus on providing preventive measures to avoid accidents and disasters in readiness, and delivering services, research and surveys with which we can identify risk factors. We will contribute on developing a sustainable society.



MS&AD Insurance Group and Sustainability > The Medium-term Management Plan and Sustainability

MS&AD's Story of Value Creation

Social image aiming for 2030 "Resilient and sustainable society"

Currently, human beings consume the earth resources and live.

Given the future population growth and economic development, the Earth's resources will be depleted as it is in the current production efficiency and consumption form, ecosystem functions such as climate adjustment, and water quality purification will deteriorate, natural disasters due to climate change will also be enormous It will continue to occur frequently.

In addition, expanding economic disparities may impede the development of markets that can engage in healthy economic activities, leading to deterioration of security.

Therefore, the MS & AD Insurance Group have set a vision of our society in 2030 to be "resilient and sustainable society."

The society that has good balance in economic, social and environment, and has higher resilience in responding and recovering toward unexpected changes or issues ensures the positive interaction between both of us. That is the one we aim to achieve - we, therefore, established a path to make that society into a reality, as part of our approach in the medium-term management plan.

"Vision 2021" aims to build up "resilient and sustainable society" as of 2030.

resilient

It is essential to be capable to overcome uncertainties emerged by rapid changes.

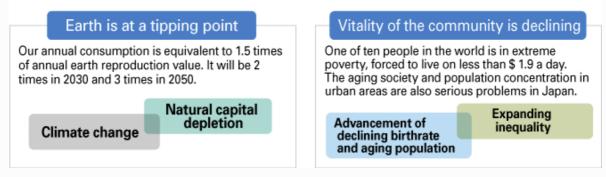


sustainable

Development and prosperity can be maintained only when economy, environment and society have win-win relationship and not a trade-off one.



There are severe problems preventing the society from being "resilient and sustainable". In "Vision2021", we, dealing with such risks, pursue value creation with the aim of realizing Our Mission.



Identifying Priority Issues

Prioritization based on international guidelines, including ISO 26000 and SDGs, are those of great importance for both stakeholders and for the MS&AD Group's business. We identified all the material issues of both sides • in order of priority.

[STEP 1] Analysis on social issues

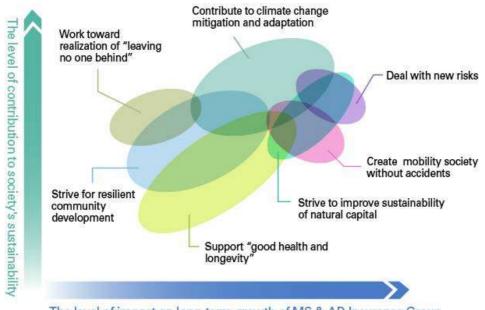
In order to accurately grasp the issues that society needs to solve, we examined all of them based on the inputs from our stakeholders (customers, shareholders, business partners, the environment, local society, international society, employees, and agencies), the international framework and its goal.



[STEP 2] Identification of priority issues

Among social issues, the items that require us of high contribution to social sustainability, and those that have a major impact on the long-term growth of the MS & AD Insurance Group are classified into economic (E), society (S), organizational governance (G). We analyzed each area respectively.

These priority issues are recognized as our challenges for CSV (Creating Shared Value) in order to clarify that both society and our group should address these together in creating shared value. Also, through solving the issues, we believe we are aligned with the goal of SDGs. Among social issues, the items that require us of high contribution to social sustainability, and those that have a major impact on the long-term growth of the MS & AD Insurance Group are classified into economic (E), society (S), organizational governance (G). We analyzed each area respectively. These priority issues are recognized as our challenges for CSV (Creating Shared Value) in order to clarify that both society and our group should address these together in creating shared value. Also, through solving the issues, we believe we are aligned with the goal of SDGs.



The level of impact on long-term growth of MS & AD Insurance Group

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Creating shared value

CSV Initiatives

Priority Issue and	17 metabel?	Approaches		
relating SDGs	Product and Service	Research and policy recommendations	Investment and financing	Social contributions etc.
Deal with new risks	 A business model that responds to new risks such as cyber risk and changes emerging risks into opportunities Products and services that respond to new lifestyles 	Research on use of Big Data	 Implementation of loans and investments that consider ESG Constructive dialogue with 	
Create mobility society without accidents	 Respond to the next-generation mobility society Accident Prevention and safe drive assistance by the usage of telematics 	 Research on next-generation mobility society Research grant for traffic safety Research on use of Big Data 	investee companies	 Traffic safety initiatives
Strive for resilient community development	 Support for regional revitalization Reinforcement of capability to respond to large-scale natural disasters Support for Business-Continuity Planning 	 Promotion of "green resilience" (disaster prevention, disaster mitigation and regional revitalization using natural capital) 		 Disaster Donation Matching Gift Program Disaster Volunteer
Support "good health and longevity"	 Support for "Good health and Longevity" Support for Health Management Reduction of burden on advanced medical care Contribute to the development of advanced medicine and regenerative medicine treatment 	 Research on future medical care Research grant for senior citizens' welfare Research on development and commercialization of robots 		
Contribute to climate change mitigation and adaptation	 Prevention and mitigation of damage from climatic disasters Assist the penetration of renewable energy Coverage for weather-related damages 	Research and development of natural catastrophe risk models		MS&AD Our Earth Project
Strive to improve sustainability of natural capital	 Evaluation of natural capital risks 	Activities through "Japan Business Initiative for Biodiversity"		 MS&AD Ramsar Supporters Regeneratio n of tropical forest in Indonesia
Work toward realization of "leaving no one behind"	 R&D of insurance and financial services that help support primary industries and low-income earners in developing countries Transfer of insurance technology Deal with new risks 	 Participation in creation of mechanisms to support developing countries through international organizations, companies, etc. Collaboration with FinTech companies 		 Volunteer activities in Japan and overseas

[STEP 3] Identifying Core Initiatives to underpin Priority Issues

Centering these priority issues, "Creating Shared value" (CSV), the core initiatives are set out; one is 'Quality that earns the trust of society' and the other is 'Management platforms that enable employees to play active roles.'

Quality that meets the trust of society

Initiatives supporting CSV

Initiatives and relating SDGs		Approaches		
Meeting the trust of society with high quality	12 ECONEL Interest COO	 Thoroughly implementing business mar "Our Customer-First Policy in the Operat Promoting digitalization to enhance the experiences 	tion of Group's Business"	
Implementing sincere, fair and just business activities	16 Internet	 Implementation of corporate activities based on Mission, Vision and Values Customers' voices and the "speak-up" system to be actively feedback to run a sound organizational management 	Man Oraclina	
Implementing activities and dialog that respect human rights		 Establishment of corporate culture with respect for human rights Development of management system relating to respect human rights 	View Suppliers We observe compliance, respect human rights, consider the environment	
Continuing efforts to reduce the burden on the environment	13 const Const	 Promoting "MS&AD Our Earth Project" Initiatives to reduce usage of electricity, gasoline and paper Reduction of CO2 emissions – Long-term target (FY2050:-70% of FY2009) 	and work together with supply chain	
Implementing investment activities conforming to PRI (Principles for Responsible	17 Mariatowa ****	 Investment analysis of ESG (Environmer factors and incorporating them into the o The promotion of engagement through s 	decision-making process	

Management platforms that enable employees to play active roles

Investment)

Initiatives supporting CSV

Initiatives and relating SDGs	Approaches
Promoting diversity & inclusion	 Establishment of corporate culture that respects diversity and diverse values Development of the workplace environment and improvement of management capabilities that enable employees, etc. to play active roles without discrimination based on gender, nationality, disability or LGBT Development of a workplace environment that enables work styles to suit women's life cycles
Encouraging employees to learn and think by themselves, take on challenges and continue to grow	 Provision of an environment where it is easy to work and that gives the opportunity to feel job satisfaction and career development Promotion of "work style reforms" and "reinforcement of specialization through the permeation of professionalism" Expanded development of human assets with the capability to carry out digitalization
Implementing health and productivity management	 Creation of a healthy and safe workplace where each employee can maintain and improve their mental and physical health improve initiatives to prevent mental and physical disorders
Implementing highly transparent and effective corporate governance	 Continued strengthening of supervisory function of Board of Directors and supervisory function of Audit and Supervisory Board Members Implementation of fair, accurate and swift information disclosure

MS&AD Insurance Group and Sustainability > The Medium-term Management Plan and Sustainability

[STEP 4] Reporting to the Management Team

The identified core initiatives are reported to the management team as the Sustainability Priority Issues of the Medium-term management plan "Vision2021", and are disclosed to stakeholders through information sharing meetings and briefing sessions to employees.

Targets and Results

Key Performance Indicators (KPI) to Promote Our CSR Initiatives

Issues	Index	FY2015	FY2016	016 FY2017	FY2018	Covered Companies
issues		Performance	Performance	Performance	Performance	
Creating shared value	the same level or higher compared to the previous year	Main efforts find below	Main efforts find below	Main efforts find below	Continue the approaches	Domestic Group Companies
Quality that meets the trust of society	Customer satisfaction survey about insurance contract procedures*1	95.3%	94.8%	95.2%	the same level or higher compared to the previous year	Domestic Group Companies
	Customer satisfaction survey about payment of insurance claim*1	96.0%	96.1%	96.3%	the same level or higher compared to the previous year	MSI,ADI,MD,MSI Aioi Life
	CO2 emission reduction rate(Scope1 and Scope2 combined)	2.7%	3.6%	▲6.8%*2	Equal to or greater than the previous year	Consolidated
	Total energy consumption	1,070,886GJ	1,098,008GJ	1,017,853GJ	Equal to or	
	Paper consumption	13,940t	13,005t	11,085t	greater than the previous year	Domestic Group Companies + Other
Management platforms that enable employees to play	Share of Management Positions Occupied by Women	5.5%	7.1%	9.9%	the same level or higher compared to the previous year	
	Employee satisfaction (questionnaire results), "Pride, Job satisfaction"	4.4points	4.4points	4.4points		
	Employee satisfaction (questionnaire results), "Working Vigorously"	4.3points	4.2points	4.3points		Domestic Group
	the number of annual paid holidays taken	15.7	15.7	16.0		Companies
	Ratio of taking fully paid paternity/secondary leave	21.4%	44.8%	58.0%		
	Number of employees practicing social contribution activities	16,507	19,861	20,022		

(*1) For details of the questionnaire on customer satisfaction survey of each company, please visit their website. (*2) From FY2017 onwards, we report CO2 emissions associated with energy used by the tenants of MS&AD-owned buildings as Scope 3 emissions (Category 13).

- 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 Co., Ltd. (Japanese only)

<FY2017 Results>

Developing and improving our products as part of our initiatives for 'creating shared value'

Deal with new risks	$\bigcirc New$ Products to Cover Cyber Risks for Small- and Medium-sized Enterprises [MSI, ADI]
Create mobility society without acciden	 Provide a discount on automobile insurance fee if customer attend a road safety training [MSI] Develop a new automobile insurance utilizing Telematics technology [ADI] Promote safety driving campaign through the "Mitsui Direct General Smile Fund" [Mitsui Direct General]
Strive for resilient community development	○Energize local community by revitalization of local economic [MSI,ADI]
Support "good health and longevity"	 Provide the "Relatives Notification System" [MSI, ADI,MSI Aioi Life, MSI Primary Life] Establishment of Anti-cancer drug therapy benefit rider [MSI Aioi Life]
Contribute toclimate change mitigation and adaptation	○Develop a new risk assessment system to predict flood damage ("new flood model") [MSI, ADI]
Strive to improve sustainability of natural capital	○Provide an assessment of impacts on natural capital and risk consulting service [InterRisk Research Institute & Consulting, Inc.]
Work toward realization of "leaving no one behind"	O Deployment of agricultural insurance business in India [MSI]

Mid-term Target

*For the target of reduction of CO2, The MS&AD Insurance Group holds target as below; Reduce CO2 emissions to 70% from the base year (fiscal 2009) in 2050, and reduce to 30% in 2020.

*For the target of "Number of female managers", at the end of fiscal 2020, three Group insurance companies holds each target as below;

- MSI : 480 female managers (four times compared to 120 in fiscal 2014)
- ADI : Share of deputy managers or higher occupied by women up to 30% (24.5%, present (May, 2017))

- MSI Aioi Life : Share of deputy managers or higher occupied by women up to 50% and the number of female managers to be increased 5 times as many as that in the present (May, 2017)

*For the target of "Ratio of taking fully paid paternity/secondary leave", at the end of fiscal 2021, MSI holds each target as below;

- MSI : 80%

ESG Data / Reference Material

MS&AD Insurance Group and Sustainability > The Medium-term Management Plan and Sustainability > MS&AD's Story of Value Creation

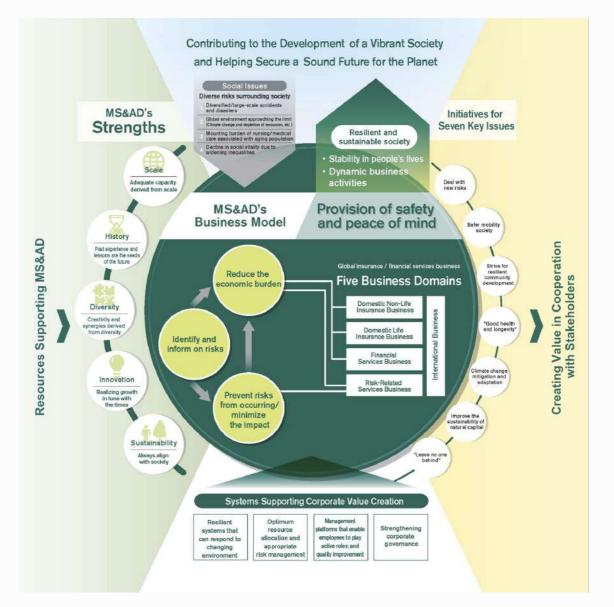
MS&AD's Story of Value Creation

MS&AD's Story of Value Creation

The MS&AD Insurance Group was formed with three groups of insurance companies being integrated with the mission "to contribute to the development of a vibrant society and help secure a sound future for the planet, by enabling safety and peace of mind through the global insurance and financial services business."

To fulfill our aim to "contribute to the development of a vibrant society and help secure a sound future for the planet," we need to promptly identify various risks stemming from social issues and provide information on these risks. Then, through a variety of products and services, we need to prevent risks from occurring or minimize the impact of those risks and to reduce the economic burden when those risks materialize. By doing so, we help create an environment where customers around the globe, who face various challenges, can live and conduct business in a secure manner. That is our story of value creation.

The MS&AD Insurance Group, together with its stakeholders, will continue to seek sustainable growth and enhance corporate value. And, through creating a world-leading insurance and financial services group, we will pursue value creation around the globe.



MS&AD Insurance Group and Sustainability > The Medium-term Management Plan and Sustainability > MS&AD's Story of Value Creation

Resources Supporting MS&AD

Financial Capital

Sufficient and sound financial base enabling the underwriting of customers' risks

Consolidated net assets (as of March 31, 2018):

¥2.968.3 billion

1,189

Human Capital

- Global and diverse human assets
- Professional human assets with sophisticated expertise related to insurance, risks, etc.

Consolidated number of employees (as of March 31, 2018): 41,295

Intellectual Capital

- Expertise and trustworthiness supported by a lengthy business history and experience
- Most abundant risk data in Japan and the ASEAN region

Number of risk surveys conducted (FY2017):

Social and Relationship Capital

No. 1 in the scale of its customer base in Japan

Number of individual customers in Japan*1: Approx. 42 million

Number of corporate customers in Japan*: Approx. 2.4 million

• No. 1 in gross premiums written in the ASEAN region

No. 1 in the size of its agent network in Japan

Number of domestic non-life insurance agents*1: 88,532

263 branches/1,036 offices

431 Domestic claims handling service centers*3:

Overseas bases**:

Domestic marketing

bases*2:

47 countries/regions

- "1 Simple sum of the number of customers and the number of agents at MSI and ADI (as of March 31, 2018)
- *2 Simple sum of the number of bases at domestic insurance companies (as of April 1, 2018)
- *3 Simple sum of the number of claims handling service centers at domestic non-life insurance companies (as of April 1, 2018)
- *4 Includes SLI Cayman Limited (financial services business) in the Cayman Islands (as of April 1, 2018)
- · Relationships with leading companies in other sectors, including the Toyota Group, the Nippon Life Group, the Mitsui Group and the Sumitomo Group

Natural Capital

- Stable global climate system
- Preservation of biodiversity in nature
- Sustainable natural resources

Creating Value in Cooperation with Stakeholders

Financial Capital

- Increase capital efficiency
- Increase Group Core Profit
- Returns to shareholders
- Total Shareholder Return (TSR) is the ratio calculated by dividing the return (dividends and capital gains) on investments in stocks over a specified period by the share price (investment amount).

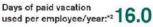
Group Core Profit: (Group Adjusted Profit) ¥10(¥201.0 billion	05.1 billio
Group ROE: (Group Adjusted ROE 6.4%	a) 3.7 9
TSR* of past 5 years:	84.7

Human Capital

Provide working environments that offer greater amenities and support personal growth

Provide employment that is stable and gives due consideration to work-life balance





*1 This measures the level of employees' feeling pride or job satisfaction. (The figure is an average for all employees based on a survey of employees –6 points represents perfect satisfaction.)
*2 Average number of vacation days acquired by all employees with respect to "regular/carryover" vacation days" as well as "special vacation days"

Intellectual Capital

Foster the development of employees with high levels of specialized expertise

- Provide products and services that respond to changing and diverse customer needs
- Provide society with risk-related surveys and research results

72

Research reports issued:**

100 Number of actuaries:*2

- .. We issued reports on diverse subjects including CSR, corporate risks, BCM, workers' compensation risks, transportation risks, overseas crisis management information, and infectious disease information.
- 2 Number of professional actuaries employed by MS&AD Group with specialized skills for making full use of probability, statistical and other mathematical techniques used in product development risk management, financial soundness confirmation, and other processes (as of April 1, 2018)

Social Capital

- Disburse insurance payment of claims and benefits appropriately and speedily
- Provide services to prevent accidents and disasters from occurring
- Provide a high-quality and diverse agent network
- Fulfill corporate social responsibility through cooperative relationships with business partners
- Provide products and services that protect such social capital as social infrastructure, government services, etc.

Insurance claims paid" ¥2,311.2 billion

Customer satisfaction:*296.0%

*1 This represents the sum of net claims paid and life insurance claims. (FY2017) *2 Ratio of customers satisfied with accident response for automobile insurance (MSI and ADI) (FY2017)

Natural Capital

- Reduce CO₂ emissions to slow the pace of climate change
- Contribute to the preservation of biodiversity
- Reduce the burden to allow sustainable use of natural resources

Amount of paper reduced by web policy

clauses*1 and eco 981,984kg



Employees participating

- *1 Policy clauses are made available online instead of using printed material, making them
- environmentally friendly.
 *2 Number of employees who make donations or participate in volunteer activities as an individual or part of the company. (excluding employees overseas)

Achieving SDGs

"To contribute to the development of a vibrant society and help secure a sound future for the planet, by enabling safety and peace of mind through the global insurance and financial services business" in accordance with our mission, we have been developed along with our business model, the story of value creation.

In the medium-term management plan "Vision 2021", we have newly set out the social image that we will aim for in 2030 as "a resilient (* 1) sustainable society."

In pursuit of becoming the best-in-class insurance and financial group in the world, we have been working on "Creating Common Value (CSV)" with society by incorporating SDGs (*2) as milestones (Michishirube in Japanese) for our initiatives.

(*1) To be flexible and well prepared to changing circumstances and unexpected events, to have the ability to reduce impacts and recover quickly.

(*2) Sustainable development goals (SDGs). They are globally-recognized objectives to be achieved by 2030 to encourage sustainable world, and adopted at "United Nations Sustainable Development Summit" in September 2015.



Challenges about global environment reaching its limit



The goal number 12, 13, 14, and 15 in SDGs are related to the global environment, including approaches to respond to climate change, preservation of the existing ecosystems, and so on. "The Paris Agreement" set out in December 2015 aims to solve the climate change-related issues, of which we MS & AD Insurance Group is a supporter. We joined 'The Paris Pledge for Action' to be achieved for the objectives of The Paris Agreement. Natural disasters caused by climate change is a major risk across the globe. Considering the nature of insurance industry, it would be closely affected to our business; therefore, sudden increase in insurance payout might be a concern in the context of disruption in global insurance system. Since we are dependent to resource or system, that is, benefit from ecosystem such as water or natural resources, degradation of ecosystems and depletion of natural resources will surely affect our life and business activities. With our products and risk management service to prevent such climate change related issues or natural capital damages, we the MS & AD Insurance Group believe that we help our customers and society achieve their resilience to them; that is, we are taking our own actions to reduce greenhouse gas emission as well.

- Contribute to mitigation of and adaptation to climate change
- Strive to improve sustainability of natural capital
- Continuing efforts to reduce the burden on the environment

Vigorous society and economic growth



In order to achieve SDGs, we are required to solve problems for sustainable development by utilizing creativity and innovation. The MS & AD Insurance Group supports such solutions to technological progress and provides solutions to prepare for emerging risks.

We are engaged in collaborative activities among industry, government and academia and joint research and studies with government and local authorities, aiming to provide products and services that respond to various needs from our society - such as automatic driving technology, digitalization, progress of AI, development of utilization of big data, support of renewable energy business, etc.

Deal with new risks

Offering safety and peace of mind



The MS&AD Insurance Group's mission is to "contribute to the development of a vibrant society and help secure a sound future for the planet." To achieve it we need to address diverse social issues. One of the most serious issues is the aging population in Japan and other advanced countries. In ensuring people can enjoy long and fulfilling lives free from anxiety, social support plays an important role. Another issue causing social unrest is the widening gap between rich and poor around the world. To address this issue, it is important to break the cycle of poverty and improve access for people of all social classes to financial and insurance services.

- Work toward realization of "leaving no one behind"
- Support "good health and longevity"

Sustainability Contest

The Sustainability Contest 2018 open to all group companies in Japan and abroad was held in August 2018. The objective was to help employees better understand the sustainable development goals (SDGs) and the concept of "creating shared value (CSV)" so that they can incorporate them into their daily work in order to achieve the Medium-Term Management Plan, "Vision 2021." More than 500 teams entered the contest. Among them, 10 teams were shortlisted by the evaluation meeting and the six teams with the best ideas were invited to present their efforts to an audience of 61 executives. Based on the presentations, the team from the Hokkaido Branch of MSI won the grand prize and the second prize was shared among the remaining five teams.

The effort presented by the grand prize winner was titled "Achievement of SDGs through Kuso Kaigi" (brainstorming meeting). At the MSI Hokkaido Branch, staff held Kuso Kaigi regularly to generate new ideas. Setting aside the conventional sales approach, they took an approach based on the perspective of addressing social issues. They interviewed community representatives and customers to gather information, and then used that information to develop, in cooperation with relevant departments, commercially viable compensation insurance products needed by communities and customers. The team was recognized for their contribution to addressing local community issues from new perspectives. For example, they proposed an insurance package covering maintenance costs for a moneylosing hospital, and provided cow indemnity insurance to ensure economic stability for a ranch operation. We will continue to hold the Sustainability Contest to encourage employees to create new business models and will share outstanding ideas presented by contestants among group companies to further improve their ideas. To achieve a resilient and sustainable society by 2030, which is the goal of "Vision 2021," the new Medium-Term Management Plan of the MS&AD Insurance Group, we will make concerted efforts in line with SDGs.



The Sustainability Contest in 2018



Materials used to help employees better understand SDGs

The Sustainability Contest was featured in "IDEAS FOR GOOD," an online magazine containing ideas to improve society, operated by Harch Inc.

Click here for details(Japanese only)

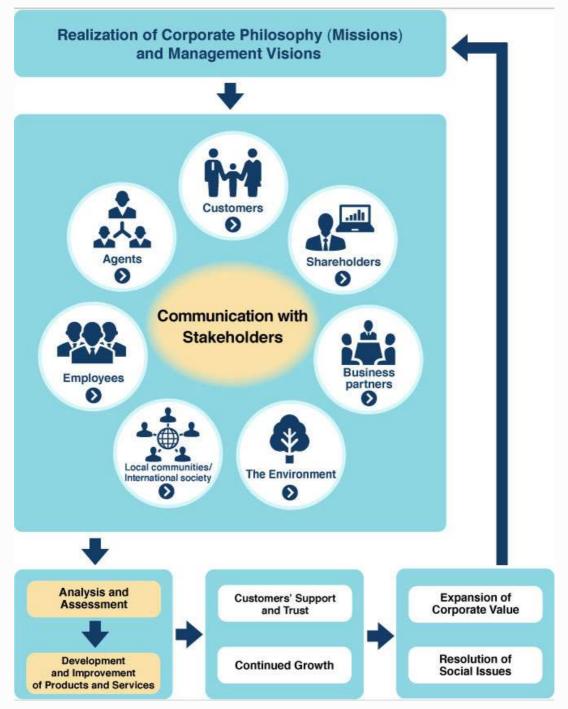
MS&AD Insurance Group and Sustainability > Communication with Stakeholders

Communication with Stakeholders

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

Communication with Our Stakeholders

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



Responsibility for Customers

We will work on the improvement of business operations and quality utilizing feedback from customers and provide products and services that win customers' trust and meet their expectations. The "Group Basic Policy for Responding to Customer Communications" was formulated to receive a wide range of feedback from customers and to utilize them for quality improvements. In line with the policy, domestic Group insurance companies formulate "customer-first policy in the operation of their businesses" to provide products and services that satisfy customers. We listen to the opinions of customers, and improve the quality of our products and services, as well as our operations. To remain a corporate group that is truly needed by society, we consider it important to know what our stakeholder voices are to improve the quality of products and services. The MS&AD Insurance Group has constructed various schemes to absorb stakeholder opinions, and are reflecting them in efforts to improve our products and services. In addition, stakeholder views are being reflected not only in business processes, but also in discussions at the management level.

We disclose the substance and results of these activities for improvement on our website so that the customers can see the actual improvement.

- Detailed Information of Leveraging Stakeholders' Voices to Improve Quality
- Detailed Information of Develop and Improve Products and Services from Stakeholders' Perspective
- Detailed Information of Upgrading Customers' Ease of Understanding and Convenience
- Detailed Information of Payment of Insurance Claim Service Preferable to Customers

Responsibility for Shareholders

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

The MS&AD Insurance Group proactively engages in highly transparent information disclosure and constructive dialogue with shareholders and investors in an effort to achieve sustainable growth and increase corporate value. Specifically, by providing highly transparent information disclosure, the MS&AD Insurance Group seeks to reduce information asymmetries with shareholders and investors. Also, by obtaining feedback from constructive dialogue with shareholders and investors, the MS&AD Insurance Group is able to share this feedback with its management and the relevant departments and utilize it in formulating its management strategies.

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

Responsibility for Agents

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

MSI and ADI, both part of the MS&AD Insurance Group, 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. Each agent organization works on the development of a system and the enhancement of growth potential of member agents. They do this in various agent activities and local and social contribution activities aiming to deliver high-quality services and the best insurance products to customers. The number of agents has been increasing in size, creating the need for a higher level of managerial skills. To this end, MSI and ADI deployed dedicated staff members who have expertise in management support for agents, covering areas from management and systems to individual issues to practice management support for professional agents. The companies, which play a central role in the MS&AD Insurance Group value chain, make efforts to improve and expand the management foundation and quality of agents through support and training provided by staff dedicated to management support for agents and individual meetings.

Detailed Information of Communication with Agents

Responsibility for Business Partners

We will conduct fair and equitable trade to meet social expectations and requests and also endeavor to make permanent development as well as fulfill corporate social responsibility. MSI and ADI, as a consistent step toward dealing with ISO14001, explain Group Environmental Basic Policy once a year to business partners and ask them to cooperate in their considerations regarding the environment. The MS&AD Insurance Group supports their business partners' initiatives towards the environment, including "Eco Action 21" certification securing, a simplified type of environmental ISO certification.

Detailed Information of Responsibilities in Transactions

Responsibility for Employees

Listening to voices of the stakeholders and constantly reviewing our action work (innovation) is stipulated in our behavioral guidelines (values). Our employees put the behavioral guidelines into practice and work on the improvement of products and services. Listening to voices of the stakeholders and constantly reviewing our action work (innovation) is stipulated in our behavioral guidelines (values). Our employees put the behavioral guidelines into practice and work on the improvement of products and services. To promote the Group management in order to cope with changes in the global environment, it is important to promote teamwork among individual employees with diverse skills and values. The Group believes that giving all ambitious employees the opportunity to grow and demonstrate their talents through their work will lead to the augmentation of its competitive strength. Therefore, we value communication with our employees and promote various initiatives.

Each year, the MS&AD Insurance Group implements an opinion poll asking all Group employees such questions as those about the degree of diffusion of the Group Mission, Vision, and Values; about whether the Group has a sense of unity; and about whether they feel strong senses of motivation and personal growth. Questions are prepared from the stationary standpoint of "approaches to practicing the Group Mission, Vision, and Values," "a sense of unity as a Group," and "a lively working environment." In addition, a "speak up" system encouraging internal reporting has been put in place, creating an environment in which employees can frankly and proactively share their views on the problems they perceive and their worries.

Each company in the Group has implemented the message board in intra 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. The management-level executives of MSI, ADI, Mitsui Direct General, MSI Aioi Life Insurance and MSI Primary Life regularly have an opportunity to exchange opinions with employees, among other continued efforts to draw on employee feedback for running operations.

Management platforms that enable employees to play active roles

Responsibility for Local Communities and International Society

As a member of local communities and the international community, we conduct social contribution activities through our main businesses including our insurance business, and our employees proactively engage in contribution activities for environmental conservation and the local communities to contribute to the sustainable development of local communities and the international community. For instance, we promote initiatives in public-private collaborations including the promotion of disaster prevention and mitigation in local communities, such as hosting an exhibit at the National Disaster Prevention Promotion Convention by the Cabinet Office. In addition, we also promote activities related to biodiversity conservation and sustainable use of biological resources with the Japan Business Initiative for Biodiversity (JBIB), which MSI supports as the chair company. Through social contribution group "MS&AD Unison Smile Club" consisted of employees of the MS & AD Insurance

Group, we conduct various social contribution activities in collaboration with non-profit organizations.

- Initiatives and Evaluations by Society
- Approaches to Local and International Communities

Responsibility for the Environment

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

The MS&AD Insurance Group will continue to contribute to the solution for social issues through a wide range of initiatives, such as participation in the UN Global Compact, in line activities with the commitment that the Group has made by signing the Principles of Sustainable Insurance and Natural Capital Declaration.

In addition, we sort out roles required for corporates in SDGs, which is the 2016-2030 international development goals set by The 2030 Agenda for SDGs (The Sustainable Development Goals), and reflect them in identifying priority issues in fiscal 2016. As a global insurance and financial services provider, we will continue to work on responding to changes in the global environment and listening to the opinions of the international community.

- Initiatives and Evaluations by Society
- The Medium-term Management Plan and Sustainability
- Achieving SDGs
- Helping to Mitigate and Adapt to Climate Change
- Strive to improve sustainability of natural capital
- Continue efforts to reduce the burden on the environment

Initiatives and Evaluations by Society

The MS&AD Insurance Group, following the declaration of support of the United Nations Global Compact in June 2004 by MSI as the first financial organization, participates in various initiatives and endeavors to create shared values with society. Environmental, Social and Corporate Governance (ESG) is a method of investing that assesses the company from the viewpoint of corporate sustainability. The MS&AD Insurance Group utilizes the assessments provided by major ESG evaluation organizations to improve its approaches.

Participation in Initiatives

Participation in the U.N. Global Compact(*)

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

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



Association with the U.N. Global Compact

The Ten Principles of the UN Global Compact

Human Rights

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

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: the elimination of all forms of forced and compulsory labour.

Principle 5: the effective abolition of child labour.

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

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

Anti-Corruption

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

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

Signature to Principles for Sustainable Insurance

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



The MS&AD Insurance Group has participated in its implementation and signed to endorse the principles.

Signature to the Principles for Responsible Investment

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

Signing the Natural Capital Declaration

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





Signature to Principles for Financial Action towards a Sustainable Society

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

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

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



Signatory of:



MS&AD Insurance Group and Sustainability > Initiatives and Evaluations by Society

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

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

Signatory to the Japan Climate Initiative

The MS&AD Insurance Group has signed up to the Japan Climate Initiative. The Initiative was launched in 2018 with the aim of enhancing Japan's efforts to address climate change and sharing information on such efforts with the rest of the world. Under the Initiative, companies, local governments and NGOs that are actively engaged in climate change action cooperate toward achieving the goal. Being a signatory to the Initiative also means that we approve of its declaration: "Joining the front line of the global push for decarbonization from Japan." The declaration represents one of the efforts made toward meeting the well-below 2°C goal of the Paris Agreement under the United Nations Framework Convention on Climate Change that was adopted in 2015.

External Assessment

The method of investing that assesses corporate sustainability from the standpoint of Environmental, Social and Corporate Governance (ESG) is spreading. The MS&AD Insurance Group utilizes the assessments provided by major ESG evaluation organizations to improve its approaches. As of July 2018, the Company is incorporating the composite of the next ESG Index.

- Dow Jones Sustainability Indices
- MSCI Japan ESG Select Leaders Index
- MSCI Japan Empowering Women Index
- FTSE4Good Index Series
- FTSE Blossom Japan Index
- Morningstar Socially Responsible Investment Index(MS-SRI) (Japanese only)
- ECPI® Indices



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Awards

- Recipient of the Medal with Dark Blue Ribbon for Contributions to Shiga University (June 2018, ADI)
- MS&AD InterRisk Research & Consulting, Inc. received the ISO 27001 Information Security Management System certification. (June 2018, MS&AD InterRisk Research & Consulting, Inc.)
- Selected for the IT Management Companies to Watch 2018 of the Ministry of Economy, Trade and Industry (May 2018, MS&AD Holdings)
- Recipient of the Merit Award of the Internship Award Chosen by Students (May 2018, MSI)
- First insurance business company to receive the first prize at the 10th Work Life Balance Prizes (April 2018, ADI)
- Selected for the third time in a row as a Sports Promotion Company in Tokyo in 2017 (March 2018, ADI)
- The MS&AD Integrated Report 2017 received the Award for Excellence at the 20th Nikkei Annual Report Awards (February 2018, MS&AD Holdings)
- 5 MS&AD Group Companies were certified as Excellent Enterprises of Health and Productivity Management (White 500) (February 2018, MS&AD Holdings)
- Certified as "Bronze Class" at the RobecoSAM Sustainability Awards (February 2018, MS&AD Holdings)
- Fiscal 2017, recipient of a Minister Award for specific examples of characteristic work by financial institutions and others contributing to regional revitalization (February 2018, ADI)
- Selected for the 2018 Bloomberg Gender-Equality Index (GEI) (February 2018, MS&AD Holdings)
- The accident response department and insurance payout department received three stars, the highest score, for • the benchmark (monitoring) by the Help Desk Institute (HDI), the first in the damage insurance industry. Evaluated
- as a triple three for customer contact departments! (February 2018, Mitsui Direct General) 🛄
- Winner of the highest award (Minister of Health, Labour and Welfare Award) at the Second Awards for Enterprises and Workplaces with Pleasant Working Environments and High Productivity (February 2018, MSI)
- Recipient of the Tokyo Metropolitan Government Women's Participation Promotion Award (February 2018, MSI)
- ADIC received the A-Class Award for the China Insurance Business Association's 2016 Insurance Company Management Evaluations (January 2018, ADI)
- Certified as a "Sports Yell Company" in FY2017 (December 2017, MSI)
- ▶ First certified as a "Sports Yell Company" by the Japan Sports Agency (December 2017, ADI) 🛄
- Recipient of the Good Life Award of the Minister for the Environment (December 2017, MS&AD Holdings)
- Received three stars, the highest score, for the HDI benchmark (monitoring) for telephone response (February 2018, ADI)
- "MS&AD Integrated Report 2017" presented with the Prize for Excellence in Integrated Reporting at the 5th WICI Japan Awards for Excellence in Integrated Reporting (December 2017, MS&AD Holdings)
- Selected for the Top Telework Pioneers by the Ministry of Internal Affairs and Communications (December 2017, MSI)

- Awarded the second level of "Eruboshi" certification based on the Act on Promotion of Women's Participation and Advancement in the Workplace (December 2017, MSI)
- Received the Environment Minister's Award for Global Warming Prevention Activity (December 2017, MS&AD Holdings)
- Certified as a 2017 Tokyo Metropolitan Government Sports Promotion Company (December 2017, MSI)
- Became the only company in the damage insurance business to be certified for the third year in a row as a Tokyo Metropolitan Government Sports Promotion Company. (November 2017, ADI)
- Received the Special Award (IT Business Promotion Award) at the 2017 Information Technology Awards (November 2017, MSI)
- Our Chinese subsidiary ADIC was awarded as one of the 2017 Chinese Market Competition Top 10 Insurance Companies (November 2017, ADI)
- Received three stars, the highest score, for the HDI benchmarks for customer contact, monitoring, and web support (November 2017, MSI Aioi Life)
- Certified as the first "Green Legacy" by the Social and Environmental Green Evaluation System (SEGES) (November 2017, MSI)
- Received the CDR Analyst Certification concerning data analysis of event data recorders (EDR) which record the situation just before a car accident (November 2017, ADI)
- The Contact Center received the 2017 CRM Best Practice Award (November 2017, MSI) []
- Received the first five star certification for a domestic insurance company for the HDI Five Star Recognition Program (web support) (October 2017, ADI)
- Received the 9th Nikkei Veritas Advertisement Grand Prize, Nikkei Advertising Awards (October 2017, MS&AD Holdings)
- Selected as an A-list company, the highest evaluation, for the CDP's inquiry regarding climate change (October 2017, MS&AD Holdings)
- Received the 2017 Minister's Award for Excellent Transportation Safety Management Activities of the Conference
- for Promotion of the Spread and Awareness of Transportation Safety Management (October 2017, MS&AD InterRisk Research & Consulting, Inc.)
- Received the "Another Voice Award" at the UCDA Award 2017. Was the only insurance company to win that year. (October 2017, Mitsui Direct General)
- The work of Insure the Box, the UK company, received two awards in different categories at the UK Insurance Times Tech & Innovation Awards (September 2017, ADI)
- Registered as the first excellent green land in "Edo-Midori" (Edo Green Registered Green Lands) under the Native Species Cultivation Registration System of the Tokyo Metropolitan Government (September 2017, MSI)
- ▶ Received the impact category award at the Universal Manner Awards 2017 (September 2017, ADI)
- Selected two years in a row for the Dow Jones Sustainability Index, an index of ESG investment (September 2017, MS&AD Holdings)
- Received the first Platinum Kurimin Certification for an insurance company with excellent support for childrearing from the Minister for Health, Labour and Welfare (September 2017, ADI)
- Our subsidiary DTRIC received a thank you letter from the Governor of Hawaii in the United States (August 2017, ADI)
- Received three stars, the highest score, for customer contact and web support in HDI's public rating survey (August 2017, MSI)
- Received three stars, the highest score, for web support from HDI (August 2017, ADI)
- Received three stars, the highest score, for the HDI benchmarks for customer contact and web support (August 2017, Mitsui Direct General)
- Received the Honorable Mention Award at the 2017 Best Customer Support of The Year Awards of the Japan Institute of Information Technology (August 2017, MSI)

MS&AD Insurance Group and Sustainability > Initiatives and Evaluations by Society > Linkage with UN Global Compact

Linkage with UN Global Compact

Linkage with UN Global Compact

Area	Principle	Corresponding Sections
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	Respect for Human Rights
	Principle 2: make sure that they are not complicit in hu man rights abuses.	Respect for Human Rights
Labour	Principle 3: Businesses should uphold the freedom of a ssociation and the effective recognition of the right to c ollective bargaining.	Respect for Human Rights
	Principle 4: the elimination of all forms of forced and co mpulsory labour.	Respect for Human Rights
	Principle 5: the effective abolition of child labour.	Respect for Human Rights
	Principle 6: the elimination of discrimination in respect of employment and occupation.	Employee's Employment Achievement of Work-life Balance Promotion of diversity
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges.	Policies and Management Systems Related to Environmental and Social Contribution Activities
	Principle 8: undertake initiatives to promote greater env ironmental responsibility.	Policies and Management Systems Related to Environmental and Social Contribution Activities Undertaking Responsible Investment to Contribute to Resolvi ng Social Issues Preserving Biodiversity
	Principle 9: encourage the development and diffusion o f environmentally friendly technologies.	Response to Climate Change Reduction of Environmental Impact
Anti- Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Compliance

Governance

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

Outline of the Group

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

Detailed Information

Compliance

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

Detailed Information

Information Security

The Company has established the MS&AD Insurance Group Basic Policy on Information Security Management, appointed a Group Chief Information Security Officer (CISO), and is building and strengthening its information security for the entire group.

Detailed Information

The Medium-Term Management Plan "Vision 2021"

Our medium-term management plan, "Vision2021," which commenced in fiscal 2018, aims for a "resilient, sustainable society" by 2030, and works toward realizing this by developing the MS&AD Insurance Group Value Creation Story with the entire group.

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.

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

Information Disclosure

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

Detailed Information

Detailed Information

Outline of the Group

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

Outline

- Company Overview
- Organizational Chart
- History

Financial Highlights

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

Detailed Information

Group Structure

Presents organizational structure of the MS&AD Insurance Group.

Detailed Information

Business Segment and Structure

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

Detailed Information

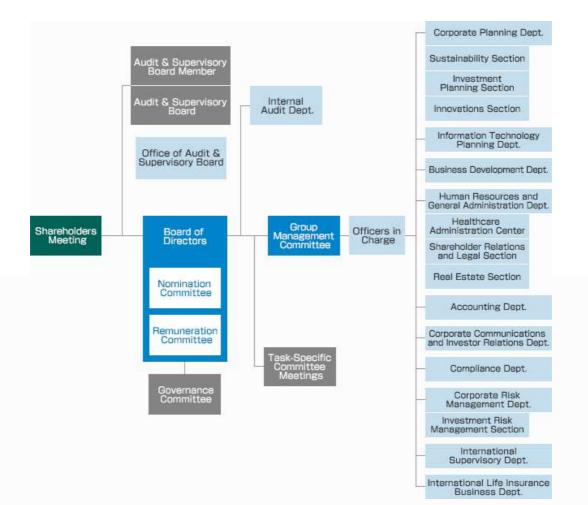
Company Overview

MS&AD Insurance Group Holdings, Inc. is the insurance holding company of the new Group formed in April 2010 through the merger of Aioi Insurance Co., Ltd., Nissay Dowa General Insurance Co., Ltd., and Mitsui Sumitomo Insurance Group.

The purpose of MS&AD insurance Group is to achieve sustainable growth and to enhance enterprise value through the creation of a world-class insurance and financial services group that operates globally, by rapidly and significantly improving quality and expanding its operating presence and corporate resources.

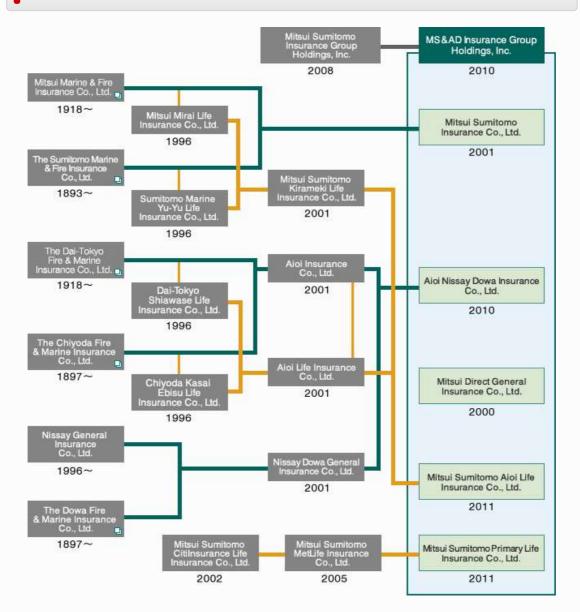
Corporate Name	MS&AD Insurance Group Holdings, Inc. Abbrev.: MS&AD Holdings	
Date Established	Apr. 1, 2008 (Name changed in Apr. 1, 2010)	
Headquarters	Tokyo Sumitomo Twin Building (West Tower) 27-2, Shinkawa 2-chome, Chuo-ku, Tokyo, Japan <u>Map</u>	
Representative	Yasuyoshi Karasawa, Representative Director, President & CEO	
Paid-in Capital	100,000,000 yen	
Number of Employees	390(As of March 31, 2018)	
Business Description	 Our activities as an insurance holding company are: 1. Management of non-life and life insurance companies and companies qualified to become subsidiaries under insurance business law. 2. Any business associated with previous body. 	
Stock Listing	Tokyo Stock Exchange (First Section) Nagoya Stock Exchange (First Section)	

Organizational Chart



History

Background of Group Integration



History of Holdings

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

Group Structure

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

MS&AD Insurance Group Holdings, Inc.

Company Overview

MITSUI SUMITOMO INSURANCE CO., LTD. (MSI) []

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

Outline

AIOI NISSAY DOWA INSURANCE CO., LTD. (ADI)

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

Outline

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

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

🔽 Outline

MITSUI SUMITOMO AIOI LIFE INSURANCE CO., LTD. (MSI Aioi Life) []

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

🔽 Outline

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

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

🔽 Outline

Directly Invested Affiliated Operating Companies

MS&AD InterRisk Research & Consulting, Inc. <a>[]

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

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

Outline

MS&AD Business Support Co., Ltd.

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

Outline

MS&AD Staffing Service Co., Ltd.

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

Outline

MS&AD Systems Co., Ltd.

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

Outline

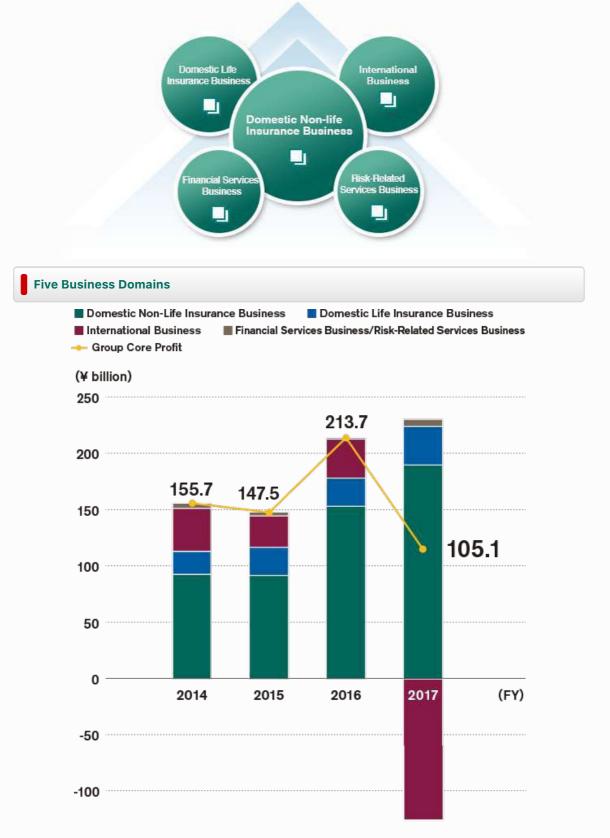
▶ <u>MS&AD Business Service Co., Ltd.</u>
MS&AD Business Service delivers contract administration services, services related to data entry, the creation of documents and forms, and other services to MS&AD Insurance Group companies.
✓ Outline
MS&AD Loan Services Co., Ltd.
MS&AD Loan Services provides customers within the Group with administration services for investments, loans and mortgage guarantee insurance, credit guarantee services, and loan services for individuals.
✓ Outline
▶ ANSHIN DIAL Co., Ltd. 🛄
As a top-quality call center specializing in assistance services, ANSHIN DIAL provides such support services as roadside assistance and home assistance.
✓ Outline
MS&AD ABILITYWORKS Co., Ltd. *Coming Soon
MS&AD Insurance Group is promoting diversity & inclusion by creating a working environment where employees with disabilities can fully utilize their potential and competence.
✓ Outline

Five Business Domains

Business Overview

-150

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





MS&AD MS&AD Systems Co., Ltd.

Corporate Governance

- Basic Policies on Corporate Governance
- Responses to the Corporate Governance Code
- Group Management and Internal Control Systems
- Internal Control Systems

Corporate Governance Report (last update : Nov 26, 2018) (703KB)

Basic Policies on Corporate Governance

- In line with its Corporate Philosophy (Mission), MS&AD, as a holding company overseeing all group businesses, has established a management framework that ensures transparent, fair, swift and decisive decision-making that takes into account the standpoint of all stakeholders. The Company's objectives are to sustain stability and consistent growth over the long term by using corporate resources efficiently and managing risks properly and ultimately, to further increase enterprise value.
- To this end, the "MS&AD Insurance Group Corporate Philosophy (Mission), Corporate Vision, and Values" were
 formulated as something all officers and employees of the Group should adhere to in all situations. In addition to
 working to disseminate these principles among all officers and employees of the Company and its Group
 companies, corporate governance, compliance, and risk management are positioned as important management
 issues in the medium-term management plan, and efforts shall be made to actively promote that plan.

Corporate Governance Stance

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

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

Supervision System (Board of Directors)

Role of the Board of Directors

• In addition to matters specified by law and the Articles of Incorporation, the Board of Directors discusses and decides upon important matters involving Group management strategy and corporate management, including the Group's management policies, management strategies and capital policy, in addition to overseeing the duties

Advancing with you MS&AD MS&AD Holdings

of directors and executive officers.

- The Board of Directors allocates management resources according to risk appetite controlled with a balance of risk, return and capital, and aims to increase enterprise value in the medium-to-long term by achieving sustainable growth and improvement in earnings and capital efficiency with a foundation of soundness.
- In addition to appointing executive officers, the Board of Directors aims to separate management decision making and oversight by the Board of Directors from business execution by executive officers by clarifying their respective roles.
- Executive officers are responsible for executing business in the respective areas of business entrusted to them by the Board of Directors, and report on the status of business execution to the Board of Directors.

Composition of the Board of Directors

Composition of the Board of Directors

More than one-third of the Board of Directors which has twelve members (ten men and two women) are nominated as Outside Directors to incorporate perspectives independent from management, strengthen monitoring and oversight functions, and conduct highly transparent management. We take into consideration overall balance of the Board of Directors in terms of expertise, experience, and capabilities of Directors and strive to ensure diversity, including that of gender. Please refer to Policies on the Board of Directors' Overall Balance of Expertise, Experience, Capabilities, Diversity, and Scale below.

Expected Roles of Outside Directors

Outside Directors are expected to perform the following roles:

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

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

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

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

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

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

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

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

The Company has the following systems in place as required for Directors and Audit & Supervisory Board Members to effectively fulfill their roles and responsibilities:

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

Auditing

Audit & Supervisory Board Members and Audit & Supervisory Board

- Responsibilities of Audit & Supervisory Board Members
 As an independent entity entrusted with authority by the shareholders, the Audit & Supervisory Board Members
 are responsible for ensuring the sound and sustainable growth of the Company, and establishing good corporate
 governance in response to the public trust by supervising the performance of duties of the Directors.
- 2. Authority and Roles of Audit & Supervisory Board Members Each Audit & Supervisory Board Member shall appropriately exercise his/her legal investigating authority, including the authority to audit operations and assets, and supervises the performance of duties of the Directors by attending meetings of the Board of Directors and other important meetings, viewing important approval documents, investigating departments within the Company, and investigating subsidiaries in accordance with the auditing policies and plans stipulated by the Audit & Supervisory Board.
- 3. Composition and Roles of the Audit & Supervisory Board
- The Audit & Supervisory Board comprises two Audit & Supervisory Board Members (Full-time) and two Outside Audit & Supervisory Board Members, for a total of four members (two men and two women). Candidates for Audit & Supervisory Board Member are nominated by the Board of Directors with the approval of the Audit & Supervisory Board, based on the "Criteria for the Selection of Director Candidates and Audit & Supervisory Board Member Candidates".
- The Audit & Supervisory Board receives reports from Audit & Supervisory Board Members on the status of performance of duties and reports from officers and employees on important matters related to auditing, and also makes decisions regarding auditing policies and auditing plans.

Internal Auditing

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

Accounting Auditors

(V million)

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

Accounting Auditors

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

Accounting Auditor Remuneration

(¥ million				
Scope	FY2016		FY2	2017
	Compensation for audit services	Compensation for non-audit services	Compensation for audit services	Compensation for non-audit services
The Company	55	19	60	10
Consolidated subsidiaries	374	31	394	21
Total	429	51	454	32

* Regarding the content of non-audit services for which the Company paid compensation to the accounting auditor, in fiscal 2016 and 2017, these included expert guidance and advisory services towards the application of IFRS.

Nomination and Remuneration

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

Nomination and Remuneration

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Nomination Committee (Nomination Process)

- The Nomination Committee deliberates on major management personnel matters and provides advice on these
 matters to the Board of Directors. Such matters include the selection of candidates for the positions of Director,
 Audit & Supervisory Board Member, and Executive Officer of the Company as well as the selection of Directors
 and Audit & Supervisory Board Members for domestic insurance companies in which the Company has direct
 investments.
- With respect to the evaluation of candidates for Director and candidates for Executive Officer, evaluation items include performance evaluations (corporate performance and personal performance) and other items.
- The Board of Directors appoints candidates for Director as well as candidates for Audit & Supervisory Board Member and Executive Officers based on advice from the Nomination Committee. The consent of the Audit & Supervisory Board must be obtained for candidates for Audit & Supervisory Board Member. In fiscal 2018, the Committee has seven members made up of all five outside directors, the Chairman of the Board and the President.
- From the perspective of making effective discussions to strengthen corporate governance at the Nomination Committee, policy for selecting candidates for Directors and Audit & Supervisory Board Members is added to the deliberation items. It has been clarified that the Nomination Committee shall meet at least once a year.
- In fiscal 2017, the Nomination Committee met four times, and held a discussion on the selection of candidates for outside officers.

Remuneration Committee

- This committee advises the Board of Directors regarding the remuneration of Directors and Executive Officers of the Company as well as the remuneration systems for management of domestic insurance companies in which the Company has direct investments.
- From the perspective of making effective discussions to strengthen corporate governance at the Remuneration Committee, policy for remuneration of Directors and Executive Officers is added to the deliberation items. It has been clarified that the Remuneration Committee shall meet at least once a year.
- In fiscal 2017, the Remuneration Committee met once.

Remuneration Determination Processes

1. Amount of Directors' Remuneration

(1) Determination Processes

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

(2) Composition of Remuneration

Remuneration for Directors (excluding Outside Directors) consists of fixed compensation and performance-based remuneration.

- a. Fixed compensation (monetary compensation): Approx. 70%
- b. Performance-based remuneration: Approx. 30%

Performance-based remuneration consists of the following:

(a) Portion linked with the Company's performance

To be determined based on the Group Adjusted Profit (note), consolidated net income and other performance indices

&(i) Stock-compensation-type stock options (Please refer to [Incentives] above.)

& (ii) Portion of monetary compensation

(b) Portion linked with individual performance

Outside Directors receive fixed compensation (monetary compensation) only because they are independent from business execution.

Note: Group Adjusted Profit is the MS&AD Insurance Group's own profitability index. It is calculated by the following formula.

& Group Adjusted Profit = consolidated net income

&+ Provision (*2) for Catastrophe loss reserve and others (*1)

&- other incidental factors (amortization of good will and other intangible fixed assets and others)

&+ equity in earnings of the non-consolidated Group companies

*1 Catastrophe reserves contingency reserves and reserve for price fluctuation of domestic non-life insurance business and MSA Life

*2 Subtraction in case of reversal

(3) Maximum Total Compensation

As a result of decisions made by the Shareholders' Meeting, maximum total annual compensation for Directors (excluding any salaries for work performed by Directors concurrently in employee positions) is set at ¥500 million (including a total allocation of ¥100 million for Outside Directors). With a separate framework, the remuneration of Directors (excluding Outside Directors) includes "stock acquisition rights as stock compensation-type stock options" with a maximum value of ¥60 million per year.

2. Amount of Audit & Supervisory Board Members Remuneration

(1) Determination Processes

Remuneration for Audit & Supervisory Board Members is set within overall limits approved by the Shareholders' Meeting. Consideration is given to whether Audit & Supervisory Board Members are full-time or part-time, their share of the auditing activities, and the content and level of remuneration of Directors. Decisions on remuneration levels are decided in discussions among the Audit & Supervisory Board Members.

(2) Composition of Compensation

Audit & Supervisory Board Members receive fixed compensation (monetary compensation) only because they are independent from business execution.

(3) Maximum Total Compensation

As a result of decisions made by the Shareholders' Meeting, maximum total compensation for Audit & Supervisory Board Members is set at ¥110 million.

Performance-Based Remuneration and Stock Option System

- The Company has introduced performance-based remuneration (linked to corporate and personal performance) into its corporate officer remuneration system.
- The Company has introduced stock options as stock-based compensation so that the Company's directors (excluding outside directors) share not only the benefit of a rising share price, but also share the risk of share price fluctuations with our shareholders. The system involves replacing a portion of performance-based monetary remuneration with stock options provided as stock-based compensation (allotment of stock acquisition rights).
- The Company introduced same system as mentioned above and replaced a portion of performance-based monetary remuneration with stock options as stock-based compensation (allotment of stock acquisition rights) for the Company's executive officers and the directors (excluding Outside Directors) and executive officers of Group domestic insurance companies in which the Company has direct investments.

Directors' and Audit & Supervisory Board Members' Remuneration

Total Amount of Remuneration by Directors/Audit & Supervisory Board Members Category, and the Number of Recipients (fiscal 2017)

Category	Number	Total Remuneration (¥ million)
Directors (excluding Outside Directors)	8	199
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	3	51
Outside Directors/Audit & Supervisory Board Members	9	70

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

Persons with consolidated Remuneration (including remuneration for corporate officer posts at main subsidiaries, etc.) of ¥100 Million or More (fiscal 2017)

Name	Corporate Officer Posts	Company	Total consolidated remuneration, etc. (¥ million)
Yasuyoshi Karasawa	Director	The Company	103
	Director	MSI	
Noriyuki Hara	Director	The Company	103
	Director	MSI	

Criteria for the Selection and Independence of Outside Directors and Outside Audit & Supervisory Board Members

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

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

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

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

Criteria for the Selection of Director Candidates and Audit & Supervisory Board Member Candidates

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

Candidates must meet the following requirements.

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

Additionally, candidates must satisfy the following three requirements

(1) Eligibility

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

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

(2) Expertise

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

(3) Independence

The following persons are ineligible.

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

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

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

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

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

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

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

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

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

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

[10] spouse or second-degree or closer relative of a person listed in items [1] through [9] above (an executing person means an executive director, executive officer or an employee in a position of general manager or higher.)

(4) Term limits

The total terms of office for newly elected outside directors and outside Audit & Supervisory Board Members from April 1, 2015 onwards are as listed below.

[1] For outside directors, the expectation is 4 terms, 4 years, renewable for a maximum of 8 terms, 8 years.[2] or outside Audit & Supervisory Board Members, in principle the total term is 1 term, 4 years, but this is renewable for a maximum of 2 terms, 8 years.

2. Candidates for director other than outside director and candidates for Audit & Supervisory Board Member other than outside Audit & Supervisory Board Member

Candidates must meet the following requirements.

- Must not be disqualified from serving as a director or Audit & Supervisory Board Member pursuant to the Companies Act.
- Must not be disqualified from serving as a director or Audit & Supervisory Board Member of an insurance holding company pursuant to the Insurance Business Act.
- Must satisfy the eligibility requirements for a director or Audit & Supervisory Board Member who engages in daily business at an insurance company pursuant to the Insurance Business Act.

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

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

Outside Directors

Name	Date of Selection	Reason for Selection	Attendance at Board of Directors Meetings*
Mari Matsunaga	June 2012	Ms. Mari Matsunaga was a chief editor of magazines and was involved in planning and development of new services at NTT DOCOMO, INC. She has been stating opinions at meetings of the Company's Board of Directors and on other occasions based on her broad knowledge and experience concerning society, culture, consumer lifestyles, and other areas. We propose to re-elect her as Outside Director in order to continue to draw on her knowledge and experience in the management of the Company.	15 of 15 meetings
Mariko Bando	June 2017	Ms. Mariko Bando previously served as Director General of Gender Equality Bureau of the Cabinet Office, the Consul General of Japan in Brisbane, etc. and currently serves as President of Showa Women's University. She has broad knowledge and a wealth of experience in public administration and education, as well as wide insight into promotion of diversity. We propose to re-elect her as Outside Director in order to draw on her expertise in the management of the Company.	12 of 13 meetings
Akira Arima	June 2018	Mr. Akira Arima has been a Director of Nippon Telegraph and Telephone Corporation and President Chief Executive Officer of NTT Communications Corporation. We propose to elect him as Outside Director in order to reflect his experience as a manager in the management of the Company.	-
Kazuhito Ikeo	June 2018	Mr. Kazuhito Ikeo has held a number of posts, including university professors and members of the Financial Services Agency's Financial System Council, and have broad knowledge and experience in the economic and fiscal fields as well as financial administration. Therefore, we propose to elect him as Outside Director in order to reflect his knowledge and experience in the management of the Company.	-
Junichi Tobimatsu	June 2018	Mr. Junichi Tobimatsu has a wealth of knowledge and experience concerning overall corporate legal affairs including those overseas companies as an attorney-at law. We propose to elect him as Outside Director in order to reflect his knowledge and experience in the management of the Company.	-

* The number of Board of Directors' meetings attended during fiscal 2017.

Outside Audit & Supervisory Board Members

Name	Date of Selection	Reason for Selection	Attendance at Board of Directors/ Audit & Supervisory Board Members
Kunio Chiyoda	June 2016	Mr. Kunio Chiyoda is an expert in accounting and auditing and has served as a university professor and a member of a public institution. We appointed him as Outside Audit & Supervisory Board Member to reflect his wealth of knowledge and experience in the management of the Company.	Board of Directors meetings: 15 of 15 Audit & Supervisory Board meetings: 13 of 13
Kyoko Uemura	June 2017	Ms. Kyoko Uemura is a legal expert. She previously served as a judge and practices law as an attorney-at-law. We appointed her Outside Audit & Supervisory Board Member to reflect her wealth of knowledge and experience in the management of the Company.	Board of Directors meetings: 13 of 13 Audit & Supervisory Board meetings: 11 of 11

* The number of Board of Directors' meetings and Audit & Supervisory Board meetings attended during fiscal 2017.

Corporate Governance Report (last update : Nov 26, 2018) (703KB)

Group Management and Internal Control Systems

Basic Policies on Corporate Governance

MS&AD Insurance Group Basic Policies on Corporate Governance

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

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

- 1. In line with its Corporate Philosophy (Mission), MS&AD, as a holding company overseeing all group businesses, has established a management framework that ensures transparent, fair, swift and decisive decision-making that takes into account the standpoint of all stakeholders. The Company's objectives are to sustain stability and consistent growth over the long term by using corporate resources efficiently and managing risks properly and ultimately, to further increase corporate value.
- 2. To this end, the "MS&AD Insurance Group Corporate Philosophy (Mission), Corporate Vision and Values" were formulated as something all officers and employees of the Group should adhere to in all situations. In addition to working to disseminate these principles among all officers and employees of the Company and its Group companies, corporate governance, compliance and risk management are positioned as important management issues in the Medium-term Management Plan, and efforts shall be made to actively promote that Plan.

MS&AD Insurance Group Corporate Philosophy (Mission), Corporate Vision and Values

Chapter 2: Relationship with Stakeholders

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

The MS&AD Insurance Group will create shared value and aim toward a resilient and sustainable society through corporate activities that implement "Story of Value Creation," in order to realize our Corporate Philosophy (Mission).

We will consistently strive for supreme quality that lives up to the trust and expectations upon us, and together with our stakeholders, continue to contribute to the creation of society where anyone can pursue a stable life and take on dynamic business activities, while preserving the sustainability of the global environment and society.

3. Efforts to engage stakeholders

We will fulfill our responsibilities to stakeholders and create shared value by working with them through the following efforts.

Stakeholder	Efforts	
Customers	Provide products and services that meet customer trust and expectations for quality.	
Shareholders	Provide appropriate disclosure of information and appropriate return to shareholders. Strive to raise corporate value (See Chapter 5: Relationship with Shareholders)	
Agents	Grow together as partners.	
Business partners	Maintain sound relationships and cooperate to fulfill corporate responsibilities.	
Employees	Provide a comfortable working environment, a sense of purpose and opportunities to grow.	
Local communities / Global Society	As a member of society, take steps to create a resilient and sustainable society.	
The environment	Secure sustainability of the Planet.	

4. Schemes for Receiving Feedback from Customers

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

5. Speak Up

The MS&AD Insurance Group has established an environment where anyone can speak up their concerns and worries in a frank and positive way. One such initiative is a whistleblowing system enabling all employees of the Company and its subsidiaries to directly report illegal or improper behavior. All these efforts aim to receive a wide range of employee feedback and enable early detection and resolution of problems.

6. Promotion of Diversity and Inclusion

In order to conduct Group management with an awareness of changes in the global environment, the MS&AD Insurance Group establishes a working environment that enables employees to demonstrate their full potential regardless of gender, nationality or disability, and aims to establish a corporate culture that respects diversity and diverse values.

Chapter 3: The Company's Corporate Governance Stance

1. The Company's Organizational Structure

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

2. Role of the Board of Directors

(1) In addition to matters specified by law and the Articles of Incorporation, the Board of Directors discusses and decides upon important matters involving Group management strategy and corporate management, including the Group's management policies, management strategies and capital policy, in addition to overseeing the duties of directors and executive officers.

(2) The Board of Directors allocates management resources according to risk appetite controlled with a balance of risk, return and capital, and aims to increase corporate value in the medium-to-long term by achieving sustainable growth and improvement in earnings and capital efficiency with a foundation of soundness.

(3) In addition to appointing executive officers, the Board of Directors aims to separate management decision making and oversight by the Board of Directors from business execution by executive officers by clarifying their respective roles.

(4) Executive officers are responsible for executing business in the respective areas of business entrusted to them by the Board of Directors, and report on the status of business execution to the Board of Directors.3. Composition of the Board of Directors and Roles of Outside Directors

(1) The Board of Directors is defined in the Articles of Incorporation as has having up to 15 members, with a balanced composition that includes diverse knowledge and expertise. Candidates for director are nominated by the Board of Directors based on the "Criteria for the Selection of Director Candidates and Audit & Supervisory Board Member Candidates" (Appendix) (see 10. Nomination Process below).

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

(2) Outside Directors are expected to perform the following roles.

• Provision of advice from a broad perspective on management policies and management improvement based on their knowledge and experience, with the aim of promoting sustainable corporate growth and increasing corporate value over the medium- to long-term.

Corporate Governance > Basic Policies on Corporate Governance

- Supervising of management through important decision-making at the board level.
- Monitoring of conflicts of interest between the Company and related parties such as management (Note) and/or major shareholders.
- Realizing supervising function from a standpoint independent of management by fulfilling accountability for stakeholders, including shareholders.

(Note) Collectively refers to the directors, Audit & Supervisory Board Members and executive officers of the Company and domestic insurance companies in the Group in which the Company has a direct investment (same applies hereinafter)

- Criteria for the Selection of Director Candidates and Audit & Supervisory Board Member Candidates
- 4. Operation of the Board of Directors

(1) Resolutions of the Board of Directors

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

5. Evaluation of the Board of Directors

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

6. Audit & Supervisory Board Members and Audit & Supervisory Board

(1) Responsibilities of Audit & Supervisory Board Members

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

(2) Authority and Roles of Audit & Supervisory Board Members

Each Audit & Supervisory Board Member shall appropriately exercise his/her legal investigating authority, including the authority to audit operations and assets, and supervises the performance of duties of the Directors by attending meetings of the Board of Directors and other important meetings, viewing important approval documents, investigating departments within the Company, and investigating subsidiaries in accordance with the auditing policies and plans stipulated by the Audit & Supervisory Board. (3) Composition and Roles of the Audit & Supervisory Board

- The Audit & Supervisory Board is defined in the Articles of Incorporation has having up to 6 members, a
 majority of which shall be Outside Audit & Supervisory Board Members in accordance with the law.
 Candidates for Audit & Supervisory Board Member are nominated by the Board of Directors with the
 approval of the Audit & Supervisory Board, based on the "Criteria for the Selection of Director
 Candidates and Audit & Supervisory Board Member Candidates" (Appendix) (see 10. Nomination
 Process below).
- The Audit & Supervisory Board receives reports from Audit & Supervisory Board Members on the status of performance of duties, and reports from officers and employees on important matters related to auditing, and also makes decisions regarding auditing policies and auditing plans.
- The Audit & Supervisory Board makes decisions regarding proposals submitted to the General Shareholders' Meeting on the appointment or dismissal of Accounting Auditors, and the non-reappointment of Accounting Auditors. It also has the right to consent to decisions regarding remuneration of the Accounting Auditors.

<u>Criteria for the Selection of Director Candidates and Audit & Supervisory Board Member Candidates</u>

7. Accounting Auditors

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

8. Support Systems for Directors and Audit & Supervisory Board Members/Training Policy The Company has the following systems in place as required for Directors and Audit & Supervisory Board Members to effectively fulfill their roles and responsibilities.

(1) he Company has assigned a person in the secretariat of the Board of Directors to each of the Outside Directors and Outside Audit & Supervisory Board Members (hereinafter referred to as "Outside Officers") to provide support in areas such as providing briefings in advance.

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

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

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

9. Group Management Committee

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

10. Nomination Process

- The Board of Directors appoints candidates for Director, candidates for Audit & Supervisory Board Member and Executive Officers based on advice from the Nomination Committee. The consent of the Audit & Supervisory Board needs to be is obtained for candidates for Audit & Supervisory Board Member.
- The Nomination Committee deliberates on important management personnel matters and provides advice on these matters to the Board of Directors. Such matters include the selection of candidates for the positions of Director, Audit & Supervisory Board Member, and Executive Officer of the Company as well as the selection of Directors and Audit & Supervisory Board Members for domestic insurance companies in which the Company has direct investments.
- The Nomination Committee is made up of 3 or more members.
- A majority of members and the chairperson shall be appointed from among the Outside Directors by the Board of Directors.

11. Process of Determining Remuneration

(1) Remuneration of Directors

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

12. Governance Committee

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

13. Task-Specific Committees

The Company has established The Sustainability Committee, Quality Improvement and Compliance Committee, Group Management and Monitoring Committee, Digitalization Committee, Group Systems Committee, Group International Business Committee and Risk Management Committee with the aim of deliberating important management issues involving business execution, as well as to coordinate perspectives across various departments.

Chapter 4: Group Management Structure

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

2. Role of Directly Invested Companies

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

Chapter 5: Relationship with Shareholders

1. Constructive Dialogue with Shareholders

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

Policy on Constructive Dialogue with Shareholders (22KB)

2. Ensuring Shareholder Rights and Equality

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

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

3. Prevention of Transactions that Conflict with the Interests of Shareholders

When the Company does business with a related party such as a director or a major shareholder, prior approval of the Board of Directors is required for important or non-standard transactions to ensure they do not harm the joint interests of the Company and the Company's shareholders.

4. Strategic Equity Holdings

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

Basic Policy for Reduction of Strategic Equity Holdings and Criteria for Ensuring Appropriate Handling of the Exercise of Voting Rights Pertaining to Strategic Equity Holdings

Chapter 6: Appropriate Disclosure

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

Basic Policy for Disclosure of Information

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

END

Established, June 22, 2015 Last Amended, November 19, 2018 Corporate Governance > Responses to the Corporate Governance Code

Responses to the Corporate Governance Code

(As of November 26, 2018)

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

Reasons are stated based on the Code revised in June, 2018.

Supplementary Principle 4.1 ③ Succession plan for the Chief Executive Officer (CEO), etc.

The Nomination Committee (the majority of whose members and the chairperson are appointed from among Outside Directors) deliberates on the candidates for the successor to the CEO, and the Board of Directors appoints candidates based on advice from the Nomination Committee. However, the Nomination Committee will continue to examine further improvements to the appointment and dismissal process, including the succession plan.

Supplementary Principle 4.3 ③ Objective, timely, and transparent procedures for the dismissal of a CEO

Disciplinary regulations stipulate that the Board of Directors will decide disciplinary measures, including dismissal, in the event that an executive officer, including the CEO, is in violation of the laws and regulations or engages in any other prohibited act. The Nomination Committee will continue to examine matters including the necessity for further improvements in conjunction with the succession plan noted above.

Supplementary Principle 4.2 ① Management remuneration

Current composition of remuneration is as stated in "Remuneration Determination Processes"<u>1. (2)</u> However, the Remuneration Committee (the majority of whose members and the chairperson are appointed from among Outside Directors) is considering revisions to the system in order to enhance the link between officer compensation and the Company's performance, and to ensure appropriate incentives for sustainable growth.

2. Principle Items to Be Implemented (To Comply)

The response situations and disclosure scope regarding the following 11 principles of the Corporate Governance Code are as follows:

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

« MS&AD Insurance Group Basic Policy for Reduction of Strategic Equity Holdings»

Strategic equity holdings is shares held under the assumption of long-term holding for the purpose of long-term increase of asset value and maintaining and strengthening comprehensive business relationships with issuers, etc. We have adopted a policy to reduce the aggregate amount of our strategic equity holdings, aiming to build a solid financial base less affected by fluctuations in stock prices and to improve the capital efficiency (Note 1). The economic rationale for holding strategic equities is assessed from the perspective of the equity issuers' growth potential and profitability for each equity and the medium- to long-term business relationship.

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

(Note 1) The Group's strategic equity holdings of ¥500 billion are planned to be sold over the 5 years from FY2017 to FY2021. The Group sold equity holdings of \151.3 billion by the end of fiscal 2017 and is proceeding with the plan after fiscal 2018. The balance of market value of the strategic equity holdings held by the Company as of March 31, 2018 is \2,854.3 billion.

< Verification of the economic rationale for strategic equity holdings and reduction efforts>

- Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance shall examine the economic rationale of their strategic equity holdings by each equity as to whether the purpose of the holding is appropriate and whether the benefits and risks associated with the holding are commensurate with the capital cost. The results of these examinations shall be reported to MS&AD's Board of Directors.
- Based on the results of the examinations of each equity, constructive dialogue shall take place with regard to equities that do not meet the objective of the rationale and are particularly in need of improvement. The equity will continue to be held in the event that an improvement is anticipated, and sale negotiations will be entered into in the event that an improvement is not anticipated.

Criteria for Ensuring Appropriate Handling of the Exercise of Voting Rights Pertaining to Strategic Equity Holdings>

1 Basic approach to the exercise of voting rights

The exercise of voting rights is seen to be an important means of influencing the management and improving the enterprise value of investee companies. Decisions are not made uniformly based solely on formulaic short-term criteria, but rather in terms of enhancement of enterprise value in the medium-to-long term and improvement in shareholder returns, among others.

The process for exercising voting rights

When exercising voting rights, items such as those listed below are verified for each potential investment, with a focus on such aspects as whether the company in question is managed with an emphasis on growth of the company and the interests of shareholders, and whether the company is engaged in any antisocial behavior. Proposals are also judged based on the results of dialogue with the company concerned following a detailed examination of individual issues as required.

- Profit distribution plan (such as low payout ratios in proposals for appropriation of surplus)
- Appointment and dismissal of directors (such as poor performance, the occurrence of scandals, etc., or no
 outside directors being elected)
- Directors' remuneration, retirement benefits (such as poor performance or the occurrence of scandals, etc.)
- Issuance of subscription rights to shares (recipients being outside corporate auditors, etc.)
- Changes to the articles of incorporation (such as changes that may be significantly detrimental to the rights of shareholders)
- Takeover defense measures (Poison Pills)
- Business restructuring, etc.

③ Criteria for judging proposals relating to the exercise of voting rights

Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance have established specific evaluation criteria and guidelines for the exercise of voting rights of shares held. In the event that the criteria and guidelines are met, dialogue will take place as necessary with the investee companies, and proposals shall be judged based on the dialogue.

Principle 1.7 Procedures for related Party Transactions

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

Principle 2.6 Exercise of functions as an asset owner of a corporate pension plan

- The Mitsui Sumitomo Insurance Corporate Pension Fund and the Aioi Nissay Dowa Insurance Corporate Pension Fund have been established in order for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance, which are the main operating companies of the Group, to implement defined-benefit corporate pension plans and manage the pension assets separately from the companies.
- Decisions regarding asset management are made by the Board of Representatives based on deliberations by the Asset Management Committee. Personnel in the asset management, accounting, and human resources departments in each company who possess appropriate qualities shall be appointed to the Asset Management Committee and the Board of Representatives, and labor union executives are appointed as representatives of the beneficiaries.
- Personnel who have extensive experience in asset management shall undertake asset management operations of the corporate pension fund. In addition, both funds accepted the Stewardship Code in April 2018.
- The incorporation of shares and the exercise of voting rights by investees are in accordance with the evaluation criteria of the party to whom asset management has been delegated, and there are no matters that constitute a conflict of interest.

Principle 3.1 Full Disclosure

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

<Business Objectives , etc.>

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

<Business strategies and business plans>

Please see our group Medium-Term Management Plan, "Vision 2021" on our company web site.

(ii) Basic policy and guidelines on corporate governance;

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

(iii) Board policies and procedures in determining the remuneration of the senior management of Directors and Audit & Supervisory Board Members;

Please see "Directors and Audit & Supervisory Board Members Remuneration" on our company web site.

(iv) Board policies and procedures in the appointment and dismissal of the senior management and the nomination of directors and Audit & Supervisory Board Members candidates;

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

(v) Explanations with respect to the individual appointments, dismissals and nominations.

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

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

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

Principle 4.9 Criteria of determining the independence of outside directors

Please see 1. (1) "Eligibility" and 1. (3) "Independence" of "Criteria for the Selection of Director Candidates and Audit & Supervisory Board Member Candidates."

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

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

Supplementary Principle 4.11 ② A status for concurrent positions of Outside Directors and Outside Audit & Supervisory Board Members

Please see [Important Concurrent Positions] in the "<u>Notice of Convocation of Annual Shareholders Meeting</u>" (page 9-13, page 27-28, page 30-31)

Corporate Governance > Responses to the Corporate Governance Code

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

1. Analysis and Evaluation Process

As noted in Chapter 3.5 of "Basic Policies on Corporate Governance," an analysis and evaluation of the overall effectiveness of the Board of Directors is conducted annually.

In fiscal 2017, analysis and evaluation was conducted in accordance with the following process.

(1) Questionnaires conducted for Directors' self-evaluation and its summary

- A questionnaire consisting of nine questions concerning the roles and responsibilities of the Board of Directors, its operation, etc. was distributed to each Director in advance and the secretariat conducted an interview with each Director based on the questionnaire.
- In light of implementation of a PDCA cycle, evaluation mainly focused on whether initiatives to enhance
 effectiveness of the Board of Directors were implemented or not in accordance with the improvement measures
 (measures for improving capabilities) which had been formulated based on the evaluation of the Board of
 Directors in fiscal 2016.

(2) Exchange of opinions at the Outside Director Council

- At a meeting of the Outside Director Council (consisting of all the Outside Directors), Outside Directors exchanged opinions about analysis and evaluation based on the results of the questionnaire.
- (3) Analysis and evaluation by the Governance Committee and formulation of measures for improving capabilities
- Following the exchange of opinions in (2) above, the Governance Committee (consisting of all the Outside Directors, the Chairman of the Board of Directors, and the President) conducted analysis and evaluation and formulated measures for improving capabilities by identifying issues to be addressed in fiscal 2018.

(4) Results of the analysis and evaluation are outlined in 2. below. We will implement the improvement measures (measures for improving capabilities) based on the results.

2. Summary of the Results of Analysis and Evaluation

(1) Content of deliberations at the Board of Directors and fulfilling function <Improved>

- Toward formulating the new Medium-Term Management Plan (hereinafter "Vision 2021"), the Board of Directors deepened recognition of environment and risk factors, etc., and held a discussion in light of significant technological innovation, among others.
- The Board of Directors has made its best efforts to achieve the Medium-Term Management Plan. One such initiative was the active investments made in new businesses in anticipation of future changes to the business environment.
- As a result of measures such as greater application of package deliberation, in which explanation of some agenda items during the meetings is simplified, number of ordinary agenda items has been decreasing year on year, making it possible to secure more time for deliberations on important agenda items regarding strategic decisions and achieving some other improvements.
- It has become customary practice to promptly provide information on new projects involving significant risks, including overseas investment projects, through exploiting the opportunities of workshop for outside officers.
- "MS&AD's Story of Value Creation" that shows the linkage of employees' daily activities to the realization of the Group's Corporate Philosophy (Mission) has been widely inculcated internally and externally. Our contribution to SDGs (sustainable development goals) through the initiatives under MS&AD's Story of Value Creation was incorporated into the "Vision 2021."
- Sustainability (CSR) initiatives can be regarded to have been progressed, as shown in the evaluation by an external ESG assessment body, among others.

<To be improved from now on>

- Toward realizing the "Vision 2021," in light of the rapidly changing business environment, including technological innovation, it is desirable to deepen careful deliberations responding to changes in the business environment with attention to the trends in relevant business categories.
- In the course of explanation of the "Vision 2021" to all Group employees and having them understand the Vision, it is desirable that all employees deepen their understanding of the significance of contribution to SDGs, the Group's Corporate Philosophy (Mission), MS&AD's Story of Value Creation, and sustainability initiatives.
- Although a whistleblowing system and other systems to collect opinions within and outside the Company have been established, extra efforts are required for familiarization and dissemination. Terming the entire system to receive a wide range of employee feedback, including the whistleblowing system, as "Speak Up," the Company strives to establish an environment where anyone can speak up their concerns and worries in a frank and positive way.

(2) Operation of the Board of Directors

<Improved>

- As a result of our efforts from fiscal 2015, the operation of the Board of Directors has been improved, with average time spent for deliberation per agenda item at regular meetings of the Board of Directors increasing every year. It operates appropriately, with materials distributed prior to meetings, and sufficient time allowed for deliberations.
- Visualization of agenda items including the use of graphs, as well as an effort to reduce page counts are also progressing.
- <To be improved from now on>
 - At briefings on agenda items prior to the meetings of the Board of Directors, explanation on such matters as past background should be provided as detailed as possible, especially to newly appointed outside officers.
 - Further efforts should be made to simplify the explanation on agenda items at an actual meeting of the Board of Directors by focusing on key points, given that briefings are held prior to the meetings.

(3) Other

<Improved>

Regarding education and provision of information to outside officers, we held workshops (four times in fiscal 2017) primarily on the themes in accordance with the requests of outside officers. In addition, work-site study tours were held at operating companies (Sales Divisions, accident report reception call center, etc.). Thus, outside officers now have great opportunities for education and access to information.

Supplementary Principle 4.14 ② Criteria for Directors and Audit & Supervisory Board Members Training

Please see Chapter 3. 8 "Support Systems for Directors and Audit & Supervisory Board Members" in the "Basic Policies on Corporate Governance."

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

Please see "Policy on Constructive Dialogue with Shareholders" on our company web site. (22KB)

Group Management and Internal Control Systems

Internal Control Systems

Systems for Execution of Management

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

Group Management Committee

The role of the Group Management Committee is to discuss management policies, management strategies, and other matters that are key issues to the Company and the Group companies. It also monitors specific business operations by receiving reports on approved matters under the rules for the Group Management Committee. In addition, from fiscal 2017, the presidents of the Group's five domestic insurance companies in which the Company has a direct stake have attended as committee members and discussed key issues related to the Group's domestic insurance companies.

The Group Management Committee met 12 times in fiscal 2017.

Group Management Structure

Role of the Company (the holding company)

(1) To realize management strategies, increase the Group's management efficiency, and ensure the soundness of Group finances and appropriateness of Group operations, the Company concludes management agreements with its directly invested subsidiaries (hereinafter referred to as "directly invested companies") and undertakes the management administration of each company.

- The Company has concluded management agreements with its directly invested domestic insurance company subsidiaries (MSI, ADI, Mitsui Direct General, MSI Aioi Life, and MSI Primary Life) and provides those companies with advice and other assistance.
- Believing that directly and quickly obtaining business-related information from the Group's domestic insurance companies will contribute to the smoothness of Group management, the Company has established a system in which its own directors concurrently serve as directors of the Group's domestic insurance companies. In addition, directors of the Group's domestic insurance companies sometimes attend the Group Management Committee meetings, depending on the proceedings.
- In addition, the Company has concluded management agreements with its directly invested affiliated operating companies (MS&AD InterRisk Research Institute & Consulting and seven other companies) and undertakes the management administration of each company.

(2) The Company has established Groupwide basic policies-including the "Basic Policy Pertaining to System for Internal Controls," "Risk Management Basic Policy," "Basic Compliance Policy," "Internal Audit Basic Policy," "Risk Appetite Statement," and "Basic Information and Technology Governance Policy." In addition to requiring compliance with these policies by Group companies, important matters involving directly invested companies require either the approval of or reporting to the Company in line with management supervision contracts.

(3) The Company establishes Group business strategy, such as the Group's Medium-term Management Plan.
(4) The Company provides guidance and supervision through the monitoring of the progress of management plans formulated by Group companies and the status of business execution, with the aim of achieving the goals of the Group.

Role of Group Companies (Directly Invested Companies)

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

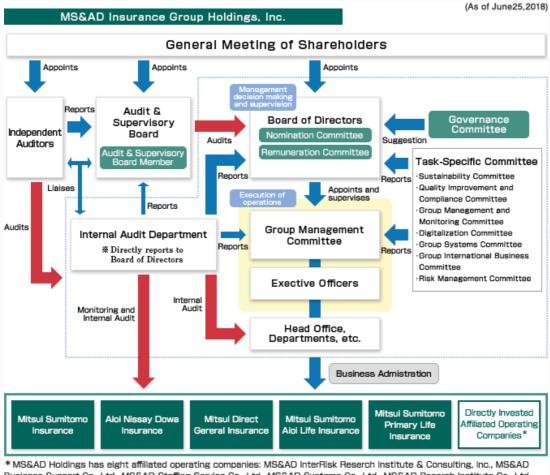
Task-Specific Committees

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

Sustainability Committee	Basically four times a year	The committee discusses matters related to the Group's initiatives and plans related to sustainability, promotion of diversity & inclusion, improvement of capability of human assets (Work Style Reforms) and policies and plans related to branding strategy and advertising strategy of the entire Group. It is a new task-specific committee established in fiscal 2018.
Quality Improvement and Compliance Committee	Basically four times a year	The committee monitors issues in improving quality such as promotion of business operation on a customer-first basis, and compliance matters in pursuit of establishment of corporate ethics at the Group and each company, and deliberates and coordinates important matters related thereto. It is a new task-specific committee established in fiscal 2018.
Group Management and Monitoring Committee	Prior-monitoring: Basically 18 times a year Post-monitoring: Basically nine a year	Upon receiving reports on matters related to the Board of Directors and the Management Committee of directly invested Group insurance companies, the committee meeting confirms matters that include whether the related matters have been approved and/or reported, ensures healthy finance of the Group companies, and ensures appropriate risk management and operations. The Group Management and Monitoring Committee met 12 times in fiscal 2017.
Digitalization Committee	Basically four times a year	The committee deliberates and coordinates such issues as promotion of digitalization of the Group companies, and manages the progress thereof. It is a new task-specific committee established in fiscal 2018.
Group Systems Committee	Basically four times a year	The committee deliberates, coordinates, and manages such issues as IT strategy, system risk management, and the large-scale system development of the Group companies. The Group Systems Committee met 14 times in fiscal 2017.
Group International Business Committee	Basically four times a year	The Committee confirms and discusses the vision for International Business strategy (International Business investment, etc.) that contributes to sustainable Group growth. It also shares common understanding of issues regarding the role of International Business

		in strengthening overall Group profitability and demonstrating synergies, and confirms and discusses the direction of measures for handling those issues and their progress. The Group International Business Committee met three times in fiscal 2017.
Risk Management Committee	Basically four times a year	While monitoring overall risk, return and capital, and the status of risks of the entire Group, it also deliberates and coordinates the key issues. Risk and Compliance Committee, which was the former committee of the Risk Management Committee, met six times in fiscal 2017. The name of the committee was changed in fiscal 2018.

Outline of the Corporate Governance System



Business Support Co., Ltd., MS&AD Staffing Service Co., Ltd., MS&AD Systems Co., Ltd., MS&AD Reserch Institute Co., Ltd., MS&AD Loan Services Co., Ltd., ANSHIN DIAL Co., Ltd., and MS&AD ABILITYWORKS Co., Ltd.

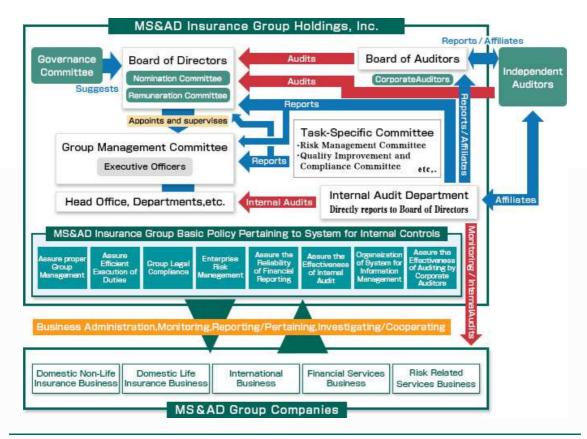
MS&AD. Articles of Incorporation (21KB)

Presents our articles of incorporation.

Internal Control Systems

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

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



MS&AD Insurance Group Basic Policy Pertaining to System for Internal Controls (119KB)

Compliance

Compliance

The MS&AD Insurance Group formulated the "MS&AD Insurance Group Compliance Basic Policy" that established the basic approach for compliance and standards for the actions of all officers and employees. The Company and all Group insurance companies make thorough efforts for compliance based on the Basic Policy and individual policies based on it.

Detailed Information of Compliance

Information Security

We have formulated the "MS&AD Insurance Group Basic Policy for Management of Information Security," appointed the Group Chief Information Security Officer (CISO), and are promoting building and strengthening information security of the entire Group. In addition, in the interest of compliance with related laws and regulations as well as proper handling of customer information, we have formulated the "MS&AD Insurance Group Basic Policy for Management of Customer Information" and the "MS&AD Insurance Group Basic Policy for Shared Use of Customer Information." In regard to various matters concerning handling of customer information, the Company and domestic Group insurance companies have formulated the "Privacy Policy on Personal Information" and published it on the website of each company.

Detailed Information of Information Security

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 for the entire value chain in various business activities.

Detailed Information of Responsibilities in Transactions

Prevention of Corruption and Bribery

The MS&AD Insurance Group has formulated a "Policy on Fair Operating Practices" and implements fair operating practices ("prevention of Corruption including bribery" and "compliance with laws and regulations regarding political activities and political funds").

Policy on Fair Operating Practices

Compliance

Compliance Basic Policy

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

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

Compliance Promotion Structure

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

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

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

Activities

Compliance Program

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

Compliance Manual

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

Compliance-related Training

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

Compliance-related Inspection

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

Monitoring Group Companies

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

Speak-up system (Whistleblowing system)

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

Anti-Money Laundering and Countering the Financing of Terrorism

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

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

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

Prevention of Corruption and Bribery

The MS&AD Insurance Group has formulated a "Policy on Fair Operating Practices" and implements fair operating practices ("prevention of Corruption including bribery" and "compliance with laws and regulations regarding political activities and political funds").

Actually at the overseas entities of the MS&AD Insurance Group, "Guidelines on Anti-Bribery Measures" are also stipulated in the "Compliance Manuals for International Operations" and the establishment of adequate rules and training is implemented.

Policy on Fair Operating Practices

Compliance Promotion Structure in International Business Operations

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

Tax compliance efforts

Recently, corporate social responsibility has increased the importance of securing tax transparency. At the same time, developments in the shifting international tax landscape have changed the wider tax environment. MS&AD Insurance Group has been making appropriate tax payments, however, in order to make clear that all employees share the same values regarding tax and carry out appropriate tax processes, MS&AD Insurance Group has established "MS&AD Insurance Group Tax Policy" on April 2018.

Pursuant to the "Basic policies" (please see below), MS&AD Insurance Group will promote a greater awareness of taxes when performing corporate activities and retain the confidence of all stakeholders through appropriate tax payments.

Basic Policies

- MS&AD Group values the trust and confidence of its stakeholders and is committed to managing tax matters with integrity and responsibility while recognizing the importance and social significance of appropriate tax payments.
- 2. MS&AD Group, in performing our business operations, complies with all applicable tax laws and the relevant regulations of each jurisdiction in which it operates.
- 3. MS&AD Group is committed to both optimizing tax-related costs as well as making appropriate tax filings and tax payments.
- 4. MS&AD Group does not conduct any transactions only intended to avoid tax without business purposes in a way contrary to the national and local tax laws.
- 5. MS&AD Group develops and maintains trusting relationships with the tax authorities in each jurisdiction in which it operates through sincere and transparent behavior in a timely and appropriately cooperative manner.

MS&AD Insurance Group Compliance Basic Policy

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

MS&AD Insurance Group Compliance Basic Policy

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

1. Basic Policy

(1) We intend to achieve our mission by ensuring compliance in every aspect of our corporate activities and by establishing corporate ethics.

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

2. Development of Compliance Structure

(1) Development of systems

(i) We will develop a system under which important compliance matters and breaches of relevant laws and regulations are appropriately reported to Board and senior management.

(ii) We will manage compliance matters in an integrated manner, establish a department that enforces and monitors compliance, and give the department the authority needed to function the compliance structure effectively.

(iii) We will develop reporting and consulting systems - for examples when our officers and employees identify any compliance-related misconduct and breaches of laws and regulations.

(2) Enforcing compliance

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

(ii) We will develop and implement an annual Compliance Program as a specific plan of action and practice compliance accordingly.

(iii) We undertake training and inspections to ensure compliance.

(iv) We will immediately correct any inappropriate behavior related to compliance and analyze the causes to prevent a recurrence.

3. Code of Conduct for Officers and Employees Concerning Compliance

(1) Faithful conduct

(i) We will comply with laws and regulations, etc., and if we discover any behavior with the potential to break laws and regulations, etc., we will have the courage to point out the behavior and correct it in cooperation with related persons and authorities where necessary.

(ii) When considering an action, we will ask ourselves if the action is ethical, if we can explain the action to our customers, friends and family with confidence, and if the action will preserve confidence in the MS&AD Insurance Group and its brand.

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

(2) Conduct to ensure that corporate activities are appropriate

(i) We will not engage in unfair trade, such as restricting competition through collusion or acquiring unfair benefits by abusing our position.

(ii) We will protect our intellectual property rights and will not infringe on the intellectual property rights of others.

(iii) We will diligently manage customer information we obtain in the course of our work and use such information only for specified approved purposes.

(iv) We will be resolute in dealing with anti-social forces and will not accept any unjust, unlawful or unethical

demands.

(v) We will appropriately manage conflicts of interests to ensure that our customers' interests are not compromised unfairly.

(vi) We will ensure that transactions are fair, for instance when we do business within the Group or form a business alliance.

(vii) We will ensure that our management is transparent, by disclosing information appropriately on a timely basis.

(viii) We will not engage in insider trading (trading in stocks, etc. using important undisclosed information).(ix) We will appropriately manage assets, important information, and trade secrets, etc. of the Group companies.

(x) We will not seek personal benefits by making use of our position in business.

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

(i) We respect human rights and will not discriminate or harass people based on race, nationality, gender, age, profession, region, faith, disability, or other elements.

(ii) We will create a safe and comfortable working environment.

Basic Policy Concerning Antisocial Forces

The Company has established the "MS&AD Insurance Group Basic Policy Concerning Antisocial Forces." In accordance with this Basic Policy, the Company and its Group companies will strive to sever any relations with antisocial forces, retain the trust of the public and conduct business properly and soundly.

MS&AD Insurance Group Basic Policy Concerning Antisocial Forces

- The posture of the MS&AD Insurance Group toward antisocial forces that pose a threat to the peace and safety of society must be one of resolute refusal to acquiesce to any unreasonable and inappropriate demands. Effort must be made to sever any relationships with antisocial forces so as to retain the public trust as well as assure the proper and sound conduct of business.
- 2. In addition to having an organizational system in place to deal with inappropriate demands from antisocial forces, close relationships with outside specialized organizations such as the police, the National Center for the Elimination of Violent Groups and law offices should be developed.
- 3. If confronted with an inappropriate demand from antisocial forces, in addition to assuring that the highest priority is placed on the safety of officers and employees, responsive action should be carried out at the organizational level rather than by specific persons in charge or individual business units. In absolutely no circumstances whatsoever are any transactions that would result in funds being provided to antisocial forces or in concealment of facts to be undertaken. The responsive actions must be legal both in terms of civil and criminal law.

Basic Policy for Management of Conflicts of Interest

As financial institutions are consolidated increasingly and services provided by them became more diverse, there is a growing risk of conflicts of interest arising due to the existence of numerous opposing and competing interests within these financial institutions and financial groups. The Company has established the "MS&AD Insurance Group Basic Policy for Management of Conflicts of Interest" to manage conflict of interest transactions and conduct operations appropriately in order to avoid any unfair disadvantages to customers.

Based on this policy, the Company and the Company's domestic insurance subsidiaries will establish corporate systems and take other appropriate steps, including the formulation of internal regulations and rules regarding the management of conflicts of interest and the establishment of departments to oversee management of such conflicts.

MS&AD Insurance Group Basic Policy for Management of Conflicts of Interest

The Company and its subsidiary domestic insurance companies (hereinafter referred to as the "domestic Group insurance companies") shall manage transactions conducted by financial institutions of the MS&AD Insurance Group (hereinafter referred to as the "Group financial institutions") that may pose a conflict of interest and conduct business properly based on the following policies to avoid any unfair disadvantage to customers.

1. Subject Transactions and Their Types

(1) Subject Transactions

As used herein, "transaction with a potential conflict of interest" (hereinafter referred to as a "subject transaction") shall refer to a transaction conducted by a Group financial institution that has the potential to be unfairly disadvantageous to customers.

(2) Types of Subject Transactions

The Company and domestic Group insurance companies shall manage subject transactions based on their type as follows:

(i) Transactions where the best interests of customers are in potential conflict with the best interests of Group financial institutions.

(ii) Transactions where the best interests of customers are in potential conflict with the best interests of other customers of Group financial institutions.

2. Methods for Managing Subject Transactions

The domestic Group insurance companies shall choose either the following methods or other methods, or a combination thereof, for the proper management of subject transactions:

(i) A method entailing the separation of the business unit conducting the subject transaction from another business unit conducting transactions for customers that might be affected by the subject transaction.(ii) A method that involves making appropriate disclosure to customers regarding the potential the subject transaction might have in causing unfair disadvantage to the customers.

(iii) A method providing for a change of conditions or methodology of the subject transaction or other transactions with customers that might be affected by the subject transaction.

(iv) A method that involves discontinuing the subject transaction or other transactions with customers that might be affected by the subject transaction.

3. System for Managing Conflicts of Interest

To conduct management of conflicts of interest, the company and domestic Group insurance companies shall establish a department or specific person to be responsible for overall management thereof. Subject transactions shall be managed in a uniform manner by means of compiling information pertaining to conflicts of interest. Necessary education and training shall also be provided to officers and employees so that management is conducted properly, and effort shall be made to prevent customers from experiencing any unfair disadvantages.

4. Scope of Companies Subject to Management of Conflicts of Interest

Compliance > Basic Policy for Management of Conflicts of Interest

The companies subject to management of conflicts of interest at the Company shall be the following financial institutions of the MS&AD Insurance Group:

(i) Domestic Group insurance companies.(ii) Subsidiary financial institutions of the Company, etc.

This shall refer to Group companies of the MS&AD Insurance Group that engage in insurance or other financial business other than the domestic Group insurance companies.

Responsibilities in Transactions

Basic Perspective and Policy

The MS&AD Insurance Group stipulates in the "MS&AD Insurance Group Compliance Basic Policy" 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 Compliance Basic Policy

We recognize our responsibility for the actual and potential adverse impact our business activities have on human rights, including the impact of value chain. Our actions and dialogue will show respect for human rights. This Basic Policy stipulated in February 2017 has been adopted to prepare for this.

MS&AD Insurance Group Basic Policy on Human Rights

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

Activities

Initiatives Related to Human Rights and the Environment

Through due diligence on human rights, the MS&AD Insurance Group prioritizes preventing privacy infringements to ensure there are no leaks of customer personal information, and undertakes the secure management of customer information. In addition, we promote procurement that considers sustainable use of resources.

- Human Rights Due Diligence
- Information Security
- Promotion of Use of Forest Certified Paper

Confirmation of Eligibility of Outside Vendors

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

Requests to Business Partners for Environment Related Considerations

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

Value Chain Initiatives

Environment-Related Considerations

Specific initiatives include agents and business partners securing "Eco Action 21" certification, a simplified version of environmental ISO, the spread of practicing Eco-maintenance (*), and utilization of recycled automobile parts.

- Detailed information of Support for Certification under Eco Action 21
- Detailed information of Support for the Spread of Eco-maintenance

(*) 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".

In addition, we promote biodiversity conservation by companies.

Considerations for Human Rights

The MS&AD Insurance Group endeavors to prevent and reduce the occurrence of negative effects on human rights in business activities with persons concerned, including suppliers involved in service provision, etc. and business partners such as insurance agents.

Group Basic Policy on Human Rights

Mitsui Sumitomo Insurance Transaction Policy

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

<Mitsui Sumitomo Insurance Transaction Policy

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

Group Basic Policy for Management of Outside Vendors

Based on the fact that there are business activity situations that arise in which various work is entrusted to outside vendors, we have formulated the "Group Basic Policy for Management of Outside Vendors" as the basic policy regarding outsourcing. Based on the above, the Group companies maintain and properly control management of outside vendors.

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

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

1. Outside Contracting Subject to This Policy

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

2. System for Management of Outside Vendors

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

(1) Establish a supervisor and business unit responsible for managing outside vendors.

(2) Establish and disseminate rules pertaining to the management of outside vendors.

(3) Conduct inspections and supervision over outside vendors.

(4) Conduct appropriate management of subcontractors.

(5) Establish procedures for responding to inquiries, complaints and other communications from customers pertaining to outside vendors.

(6) Create other procedures necessary for managing outside vendors and revise the same as appropriate. Other Group companies shall also create system for managing outside vendors and properly implement the same consistent with the above.

Enterprise Risk Management

Along with the completion of "Reorganization by Function," promoting "ERM" is positioned as one of the two key drivers of the MS&AD Insurance Group's "Next Challenge 2017" medium-term management plan. ERM (Enterprise Risk Management) plays an important role in enabling us to raise "Group Core Profit," a numerical management target of "Next Challenge 2017" and also attain an "AA-level financial base."

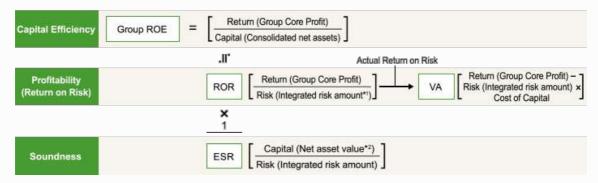
Overall Picture of ERM

Roles and Functions of ERM

- In insurance company management, ERM is an important means of managing the balance among three management indicators – profit (return), risk, and capital.
- ERM requires the quantitative and qualitative evaluation and appropriate management of risk from a comprehensive perspective.
- ERM requires measuring the net asset value (capital) and maintaining a balance between capital and risk. In particular, because fluctuations in financial security markets, etc., cause fluctuations in capital and risk, it is important to maintain soundness based on an understanding of those situations.



Indicators Emphasized in ERM



*1 The integrated risk amount represents the maximum amount of losses and total value of associated insurance payments that are likely to be encountered once in 200 years (= probability of 0.5%). It is marked to market value.

*2 Net asset value is an indicator used as a management buffer to enable thorough net asset management. In addition to net assets on the B/S, it includes such items as the catastrophe reserve, life insurance embedded value, other equity liabilities, etc.

ROR (Return on Risk)

ROR is an indicator that expresses how much profit can be obtained with respect to the subject risks assumed. In order to assume risk, it is necessary to secure capital that balances that risk. Consequently, in business where ROR is high (in other words, business where profit is large relative to the risk assumed), the profit that can be earned is large relative to the capital necessary. ESR is an indicator of capital adequacy with respect to the risk amount. Risk amounts are calculated based on the statistical quantification of risks of losses and price fluctuations associated businesses and asset portfolios, and the integrated risk amount represents the total amount of risk assumed by the Group as a whole. By employing calculations based on a 99.5% confidence

VA (Value Added)

Value Added (VA) indicates how much value can be generated with respect to the risks assumed.

While ROR (Return on Risk) indicates the rate of return that can be obtained with respect to the risks assumed, VA is an indicator of absolute value.

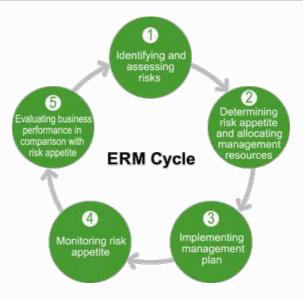
ESR (Economic Solvency Ratio)

ESR is an indicator of capital adequacy with respect to the risk amount. Risk amounts are calculated based on the statistical quantification of risks of losses and price fluctuations associated with businesses and asset portfolios, and the integrated risk amount represents the total amount of risk assumed by the Group as a whole. By employing calculations based on a 99.5% confidence level of the predicted losses likely to occur once in 200 years and setting the Group's ESR target level at 200%, the Group is intending to prepare twice the amount of capital required to cover losses that statistically have a recurrence interval of 200 years. Even if such losses were to actually occur, the result would simply be that the amount of capital would be halved.

ERM Cycle

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

Plan	 By identifying and assessing risks, the Group quantitatively and qualitatively measures the risks it bears. (See section 'A.'Specifying Risks.) By determining risk appetite and management resource allocation, a management plan is drafted. (See section '<u>B.'Establishing Management Plan Based on the Determination of Risk Appetite and Allocation of Management Resources</u>.)
Do	(3) Business is driven based on the management plan.
Check	(4) The actual risk appetite is monitored. In addition, (5) business performance is evaluated in comparison with risk appetite. (See section ' <u>C.' Monitoring Risk Appetite and Business Evaluatio</u> <u>n</u> .)
Act	In cases when the check process has discovered problems, response and remediation measure s are drafted in the plan process and then implemented in the do process.



A Specifying Risks

Material Risks of the Group (fiscal 2017)

The Group specifies important risks to be controlled by management and formulates a Management Action Plan as well as regularly monitors the situation with respect to each type of risk to maintain a focus on the potential impact of those risks on the Group.

- Domestic incidence of large-scale natural disasters (earthquakes)
- R Incidance of husines
- 2 Domestic incidence of large-scale natural disasters (other than earthquakes)
- 3 Overseas incidence of large-scale natural disasters
- 4 Large drop in the domestic stock market
- 5 Substantial yen appreciation
- 6 Large fluctuations in yen interest rates, continuation of negative interest rates
- 7 Increases in credit risk and bad debt
- 8 Incidence of business suspension due to frequent violation of laws and regulations (inappropriate insurance sales or insurance payments)
- 9 Incidence of business suspension and information leakage due to cyberattacks, increased frequency of leaks and/or illegal use of personal/confidential information
- 10 Frequent incidence of IT system failure and incidence of critical IT system failure*
- 11 Incidence of a new (virulent) influenza pandemic
- 12 Incidence of serious labor issues (excess work, harassment, etc.), loss of social credibility

* Includes cases in which large-scale system development projects progress slower than expected, fall short of target, are overbudget and/or where the effects fall short of expectations.

• Approach and measures related to cybersecurity (No. 9)

The Group has adopted a multilayered approach to information security, including measures aimed at preventing unauthorized access to systems, measures to prevent information from leaving the system, and internal security measures to detect and prevent the spread of viruses or other malware within the Group systems. We are also implementing measures on a personal and organizational scale, including employee education and awareness activities, as well as exercises simulating such an attack.

To defend against such security threats, the Group has established a specialized body (MS&AD-CSIRT*), and we are gathering data on information system vulnerabilities and will be sharing such information among the Group companies.

* Acronym for "Computer Security Incident Response Team." This team specializes in information security within the Group.

[Emerging Risks of the Group]

Although it is difficult to grasp the magnitude and timing of occurrence of the impact on Group's management, events that may affect the Group's management from a medium to long-term perspective, should be

recognized as "Group Emerging Risk ". By detecting the rising risk in the early stage, we can set forward mitigation efforts for the future. We recognize Group emerging risk not only as a threat but also as a new business opportunity which can solve environmental and social issues, and it is utilized to develop products and services and also to formulate our management strategies.

• Declining birthrate and aging population

While the domestic insurance market tends to shrink, new insurance needs arise due to the increase in elderly people and extension of life expectancy. The Group is developing new markets through the development and research of insurance such as the "tontine annuity" and responding to rising frequency of accidents of older drivers by providing new insurance utilizing telematics technology. In addition, we are strengthening our overseas operations and are also moving forward with reforms of our business portfolio.

• Climate Change

The occurrence of unexperienced huge disasters leads to a large amount of insurance payment. The Group maintains adequate financial soundness by refining the natural disaster risk analysis model, conducting stress tests, and treating reinsurance, etc. In addition, we support the promotion of renewable energy with risk solutions and insurance to mitigate climate change. As an adaptation measure for climate change, we provide risk assessment and consulting services to reduce customers' losses, and in 2018 we also started collaborative research on future disaster risk prediction based on climate change with The University of Tokyo and Shibaura Institute Of Technology.

B Establishing Management Plan Based on the Determination of Risk Appetite and Allocation of Management Resources

Risk Appetite Policy

- To secure financial soundness, the risk amount is measured on a companywide basis.
 The target levels of financial soundness and capital efficiency are determined and standards
- Ine target levels or inancial soundness and capital enciency are determined and star for investment in business including M&A transactions are established.
- Risk appetite (risk selection and control policies for pursuing optimal balances) is determined.
 Capital is allocated to each business and investment, and risk limits (acceptable level) are set
- for each business and investment. = Decisions are made regarding material risks to be monitored, the setting of monitoring indicators, etc.

Capital Allocation System

- Optimize capital allocation from the perspective of return on risk.
- At the five domestic Group insurance companies, determine capital allocation amounts
- consistent with the risk appetite policy.
- Carry out monitoring during the fiscal year, and consider and implement capital allocation amount revisions and other measures as necessary.

C Monitoring Risk Appetite and Business Evaluation

Monitoring

- Management using risk-based metrics (ROR, VA, etc.)
- Consideration and drafting of countermeasures and
- improvement measures as necessary

Business Evaluation

Coordination

 Based on the results of monitoring, evaluate projects in line with risk appetite
 Evaluation oriteria: Profit scale by business domain, profitability by business domain, capital efficiency by business domain, ROR by business domain, etc.

Management Plan

strategy

strategies

strategy

measure:

targets

Establishing of business portfolio

Establishing of business domain

Establishing of business investment

Establishing of profit improvement

Setting of numerical management

Control of Risk

Positioning risk management as a top-priority management task, the MS&AD Group has established the MS&AD Insurance Group Risk Management Basic Policy which underpins common risk management exercised throughout the Group. Specifically, the policy identifies the principal types of risk with impact on the Group's business portfolio, stipulates how risk factors are to be evaluated both quantitatively and qualitatively, and promotes risk management based on those evaluations. More-detailed information on the Group's risk management systems is posted on the Group's official website.

Risk Management

Insurance Business Risk

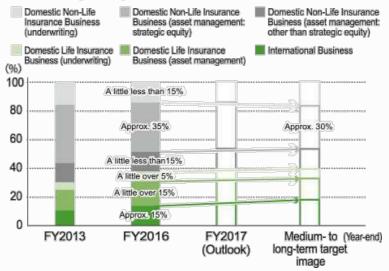
There are a variety of risks inherent in the insurance business, but these can be divided into four basic categories: insurance underwriting risks, asset management risks, liquidity risks and operational risks. The Group remains active in evaluating risk management conditions and the risk management system. We continually measure risk levels and regularly determine if risk levels are consistent with the capital strength of the Group.

Insurance Underwriting Risks	Insurance underwriting risks are risks associated with underwriting losses due to either the frequency of insured events or the amount of damage from accidents and disasters signific antly surpassing the projection on which the insurance premiums are calculated.
Asset Management Risks	Asset management risks are risks associated with a reduction in value of assets, including off-balance-sheet assets, or income owing to the fluctuation of interest rates, stock prices, exchange rates, real estate prices, rents and the like, or the financial condition of investee entities, and risks that we cannot hold assets in alignment with the characteristics of liabiliti es, such as claim payments.
Liquidity Risks	Liquidity risks are risks that cash shortages caused by large cash-outs, such as claims pay ments due to major disasters, force us to secure financing by selling assets at significantly disadvantageous prices (cash management risk), or risks that market disturbances prevent market transactions or force disadvantageous trades (market liquidity risk).
Operational Risks	Operational risks are risks that cause losses due to the failure of the operational process or business system, misconduct of executives or employees, or external incidents, such as ac cidents or disasters.

Changes in the Risk Portfolio

By carefully managing risk control based on the risk appetite policy, we aim to build the following kinds of risk portfolios. Specifically, we are accelerating sales of strategic equity holdings while moving ahead with the expansion of insurance underwriting risks.

Risk Weight by Business Domain*



* The weight of each business domain risk in the case that the sum of the planned risk weights is 100%.

Reduction of Equity Risk

MSI and ADI have strategic equity holdings of the stock of transactional partners based on the premise that they will be long-term holdings for the purposes of obtaining stable fund management returns from dispersed investments and of comprehensively maintaining and strengthening transactional relations. However, for the purpose of maintaining a solid financial position, there is a need to proceed with the shrinkage of risk assets concentrated in strategic equity holdings. For this reason, the Group is moving forward steadily with risk reduction by defining target levels for the medium- to long-term and by defining sales goals in the medium-term management plan.

Medium- to Long-Term Target Levels

Weight of risk of strategic equity holdings in the Group	Approx. 30%
Weight of market prices to the Group's consolidated total assets	Approx. 10%

Planned Reduction in Strategic Equity Holdings

Plan	FY2014-2016 Performance	Progress Rate		
¥500.0 billion*	¥405.3 billion	81.0%		

 \ast In November 2015, the plan value was raised from the original $\,\pm\,300$ billion.

Advancing Risk Management

Efforts to Enhance the Methods of Risk Management

Aiming to accurately assess and manage risk, the Group is moving ahead with efforts to enhance the methods of risk management. In fiscal 2014, the Group built a unified systems base for all Group units, including overseas bases and started full-scale application from fiscal 2015. Thereby, the Group enhanced the methods of risk management while also realizing the unification of data management processes for the Group as a whole.

Strengthening Natural Disaster Risk Management

As natural disaster risk is one of the most-important kinds of risk for the Group, we are undertaking the following measures aimed at controlling such risks and augmenting capital efficiency.

Controlling insurance underwriting risk

Revising premium rates and products for property insurance and introducing domestic and overseas underwriting limits based on consideration of risk concentration situations

Arranging reinsurance to transfer risk

Arranging reinsurance to adjust risk amounts while also confirming the soundness of reinsurance companies and avoiding excessive concentration regarding transactions with specified reinsurance companies to reduce reinsurance credit risk

Risk Management

Risk Management Basic Policy

We assign highest management priority to risk management and have set out the "MS&AD Insurance Group Risk Management Basic Policy," which underpins common risk management exercised throughout the Group. The policy stipulates the basic processes and the Group-wide framework for risk management, and defines the categories of risks which the Group should identify and approaches to managing them. The domestic Group insurance companies follow this basic policy to set out their own individually tailored risk management policies and be proactive in managing their own risks.

Risk Management Structure

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

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



[Risk Management Structure]

There are a variety of risks inherent in the insurance business. Given that the insurance business hinges on insurance claim payments and payment of insurance proceeds and benefits, insurance underwriting risks and asset management risks need to be managed in consideration of the relationship to shareholders' equity and the need to

maintain a balance with earnings, rather than simply being repressed. Moreover, we need to manage liquidity risks with respect to its bearing on funding requirements now and in the future. Operational risks stemming from issues such as clerical errors and system failures, on the other hand, need to be minimized by ensuring appropriate operations so as to prevent losses wherever possible.

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

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

Risk Management in International Business

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

Crisis Management System (Including Business Continuity Management System)

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

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

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

The Group's Crisis Management System	Group members have carried out timely and suitable measures at the time of crisis by structuring Crisis Management System and formulating a crisis management manual. The Company requires Group members to report about Group crisis situations such as the case of economic loss which may have the serious influence to the Group and needs timely disclosure. The Company shall draft policies for settlement of an identified Group crisis based on discussions among Group members by creation of a Group crisis measures division.
The domestic Group Insurance Companies' Business Continuity Management System and business continuity plans	The domestic Group insurance companies have structured the Business Continuity Management System (instituting the policies, development of rules for management, establishment of management structure), and have formulated the business continuity plans for the capital city strong local earthquake and super-flu. The Company reviews the system through the PDCA cycle continuously, the Group crisis management meetings and having shared exercise and testing on a regular basis in each management system of member companies. The Company also evaluates the Business Continuity Management System and the business continuity plans of the domestic Group insurance companies once a year in collaboration with InterRisk Research Institute & Consulting. The Company confirms the feasibility and undertakes the necessary revision through the evaluation.
Group crisis management meeting	The Company has held a Group crisis management meeting once in the quarter on the theme of the Crisis Management System and the business continuity plans for the crisis management Department of Group members. The Company confirms the constant review situation by the PDCA cycle in the management organization of Group members through periodical management of those meetings, and we promote the consolidation of systems for timely and appropriate handling of crisis by sharing information between Group members.

Information Management

Basic View and Policy

The MS&AD Insurance Group will observe the laws and regulations for information security, and will continuously implement measures to strengthen information management. These measures include setting internal rules, upgrading system security, conducting thorough information management training for staff and agents, and taking steps to mitigate the risk of information leakage.

In order to proactively strengthen information security management to the entire group, we have established the "MS&AD Insurance Group Information Security Management Basic Policy."

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

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

Structure of Information Security Management

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

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

Monitoring Activities

The holding company monitors the status as regards arrangements for information security management at domestic insurance companies in the Group, and reports of its findings to management. In addition, it applies the findings of its monitoring activities in its efforts to reinforce arrangements for information security management in the entire Group, through steps such as sharing of know-how with and provision of requisite support to domestic insurance companies in the Group.

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

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

Declaration of Personal Information Protection (Privacy Policy)

Information Security Management Basic Policy

MS&AD Insurance Group

Information Security Management Basic Policy

In light of the importance of protecting information assets, the MS&AD Insurance Group (hereinafter referred to as "the MS&AD Group") has established the "MS&AD Insurance Group Information Security Management Basic Policy."

1. Basic Concept

The MS&AD Group has set information security management as one of the top priorities for the group management in an effort to create one of the world's top insurance and finance groups that continues to seek sustainable growth and increased corporate value. The MS&AD Group aspires to proactively strengthen and continuously improve the information security management of the entire group in an attempt to provide high quality services and earn the trust of society, including customers.

2. Definitions of Information Assets and Information Security

(1) "Information assets" are defined as all information, including customer information, and all systems that process and manage that information. Risks that threaten "information assets" (information asset risk) consist of the following two types of risks.

- Risk resulting in loss due to information leakage, loss, damage, alteration, etc. (information risk)
- Risk resulting in loss due to problems with the information system, such as a breakdown, malfunction, or unauthorized use (system risk)

(2) "Information security," including cybersecurity, is defined as maintaining information assets' confidentiality (protecting them from unauthorized access), integrity (ensuring that information is accurate and consistent), and availability (keeping them so that they can be used anytime)."

(3) "Cybersecurity" is defined as protection against cyberattacks; specifically, preventing cyberattacks from causing problems, such as information leakage, loss, damage, alteration, or destruction of security and credibility of the information system.

3. Building an Information Security Management Framework

(1) The Board of Directors of MS&AD Holdings appoints the Group Chief Information Security Officer (CISO) to build a framework and enhance information security management.

(2) The MS&AD Group builds a framework to detect threats to information assets and always understands changes in the external environment, such as those related to cybersecurity, to ensure information security and respond to emergencies quickly. Notably, the MS&AD Group has set up a Computer Security Incident Response Team (MS&AD-CSIRT) specialized in cybersecurity, which takes measures to not only respond to cybersecurity incidents but also prepares measures to prevent incidents, deals with aftermath of incidents and develop improvement plans thereafter.

4. Information Security Management Activities

(1) Each company of the MS&AD Group develops a plan-do-check-act (PDCA) cycle for continuous improvement in order to take appropriate measures in accordance to global information asset risks.

(2) Each company of the MS&AD Group sets up an information security management section and develops rules regarding the management of information to conduct appropriate information security management.

5. Participation and Education of All Officers and Employees

(1) All officers and employees of the MS&AD Group abide by the laws and regulations, this basic policy, and the various rules on information security management.

(2) Education is carried out periodically to ensure that all officers and employees observe the obligation to protect information assets and carry out and improve information security management activities.

6. Customer Information Management

The MS&AD Group abides by the related laws and regulations, handles customer information appropriately, and takes appropriate measures for security management in order to protect customer information.

7. Outsourcing Management

The MS&AD Group develops a framework to appropriately manage the contractors to which the operations are outsourced.

Information Security > Basic Policy for Management of Customer Information

Basic Policy for Management of Customer Information

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

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

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

As used herein, "customer" shall refer to "a customer having a relationship to the activities of the MS&AD Insurance Group" with respect to both individuals and companies.

- The MS&AD Insurance Group shall acquire customer information to the degree that it is necessary for business by means that are lawful and fair, and except were provided otherwise by applicable law, shall provide notice and public releases regarding the purpose for which personal information is to be used and shall use the same only within the scope of such purpose.
- Except were provided otherwise by applicable law, the MS&AD Insurance Group shall not provide any personal data pertaining to customers to third parties without prior consent from the concerned persons.
- 3. The MS&&AD Insurance Group may share the use of personal data pertaining to customers within the Group for the purpose of providing better products and services to customers and conducting management of Group companies (See here Link to the policy pertaining to shared use of information).
- 4. The MS&AD Insurance Group shall strive to prevent leaks, loss or degradation of customer information; shall prepare rules for its handling and a system to provide for its safe management; and shall implement adequate security measures. Necessary and appropriate supervision shall be conducted if the handling of customer information is delegated to outside parties.
- 5. The MS&AD Insurance Group shall be thorough in providing education and guidance to those who are engaged in business operations, etc. so that customer information is handled properly. The procedures for handling and managing customer information at the Group shall be reviewed and improved on an ongoing basis to ensure they are appropriate.
- 6. The MS&AD Insurance Group shall respond properly and in a timely manner to any complaints or inquiries pertaining to the handling of customer information. Responses to requests for the release or correction of personal data being held by the Group from concerned persons shall be addressed promptly based on applicable law.
- 7. The MS&AD Insurance Group shall treat individual numbers and specific personal information as provided in the My Number Act in the following manner:

(1) We will neither acquire nor use individual numbers or specific personal information for purposes other than those restrictively specified in the My Number Act;

(2) Notwithstanding clause 2 above, we will not provide individual numbers or specific personal information pertaining to any customer to any third party, even with prior consent from the person concerned, for any purpose other than those restrictively specified in the My Number Act;

(3) Notwithstanding clause 3 above, we will not share the use of individual numbers or specific personal information pertaining to any customer within the Group; and

(4) We will adhere to the My Number Act, the Guidelines for Proper Handling of Specific Personal

Information Security > Basic Policy for Management of Customer Information

Information for Financial Institutions, etc. and will endeavor to manage specific personal information in a secure manner.

Basic Policy for Shared Use of Customer Information

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

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

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

1. In order for the MS&AD Insurance Group Holdings, Inc. (the "Holding Company") to conduct management of the Group companies, the use of personal data may be shared at the MS&AD Insurance Group among the Holding Company and Group companies subject to the following conditions.

(1) Types of Personal Data

(i) Shareholder information (names, addresses, number of shares held, etc.).

(ii) Customer information maintained by the Holding Company and Group companies (names, addresses, telephone numbers, email addresses, gender, dates of birth, other policy information stated in applications and other documentation, information pertaining to insurance claims, and other information pertaining to transactions with customers).

(2) Parties with Which Information is Shared and Party Responsible for Management The Group companies with which the use of information is shared consist of domestic and foreign insurance companies, reinsurance companies and affiliates of the MS&AD Insurance Group (refer to the <u>List</u>). The party responsible for supervision and management of shared use shall be the Holding Company.

2. In order to provide information and the like on products and services handled by the Group companies, the use of personal data may be shared at the MS&AD Insurance Group among the Group companies subject to the following conditions.

(1) Types of Personal Data

Names, addresses, telephone numbers, email addresses, gender, dates of birth, other policy information stated in applications and other documentation, information pertaining to insurance claims, and other information pertaining to transactions with customers.

(2) Parties with Which Information Is Shared and Party Responsible for Management Refer to the <u>List</u> of the Group companies with which the use of information is shared. The party responsible for supervision and management of shared use shall be the Holding Company.

Information Disclosure

The MS&AD Insurance Group stipulates in "MS&AD Insurance Group Basic Policy for Disclosure of Information" its external information disclosure policies for each Group domestic insurance 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.

MS&AD Insurance Group Basic Policy for Disclosure of Information

Disclosure of Information and Investor Relations (IR)

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

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

Capital Management Policies and Shareholder Return Policy

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

- Capital Management Policies
- Shareholder Return Policy

<References>

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

- Dividend Information
- Basic Stocks Information

Basic Policy for Disclosure of Information

The MS&AD Insurance Group has established a Basic Policy for Disclosure of Information as follows.

Policy for Constructive dialogue with shareholders

MS&AD Insurance Group Basic Policy for Disclosure of Information

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

1. Basic Stance on Disclosure of Information

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

2. Standards for Disclosure of Information

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

3. Methods for Disclosure of Information

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

Disclosure of Information and Investor Relations (IR)

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

Basic Policy and the Structure of Our Approach

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

MS&AD Insurance Group Basic Policies on Corporate Governance

Basic Policies

MS&AD Insurance Group Basic Policy for Information Disclosure

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

MS&AD Insurance Group Basic Policy for Disclosure of Information

Policy for Constructive Dialogue with Shareholders

Towards sustainable growth and improvement of the medium and long term corporate value, the MS&AD Insurance Group works to "constructive dialogue" with shareholders and we are working to further value creation by taking advantage of it to management.

Policy for Constructive Dialogue with Shareholders

IR Policy

The "IR Policy" is the basic policy for IR activities established by MS&AD Holdings. Not only disclosing corporate information required under statutes or regulations of financial instruments exchanges, the MS&AD Insurance Group proactively releases information for investment decisions, ranging from basic policies and management plans to business strategies of the Group, thereby improving its quality of disclosure. In addition, by disclosing such information, we strive to put out information that is timely, fair and easy-to-understand.

IR Policy

Information Disclosure Framework

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

Disclosure Committee

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

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

Corporate Governance Report (Japanese Only) (2017/06/28) (1,020KB)

Communication with Shareholders and Investors

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

Policy for Constructive Dialogue with Shareholders

Policy for Constructive dialogue with shareholders

The MS&AD Insurance Group proactively engages in highly transparent information disclosure and constructive dialogue with shareholders and investors in an effort to achieve sustainable growth and increase enterprise value. Specifically, by providing highly transparent information disclosure, MS&AD seeks to reduce information asymmetries with shareholders and investors. Also, by obtaining feedback from constructive dialogue with shareholders and investors is able to share this feedback with its management and the relevant departments and utilize it in formulating its management strategies.

Policy for Constructive Dialogue with Shareholders

(Disclosure Item on Corporate Governance Code Principle 5.1 / Policy for Constructive Dialogue with Shareholders)

1. Basic Approach

The Company will actively engage in constructive dialogue with shareholders for the Company's sustained growth and enhancement of its medium- to long-term enterprise value, and will endeavor to generate further enterprise value by utilizing such dialogue in managing the Company. In addition, the Company is engaged in establishing internal structure for disclosure of reliable information

that can form a foundation for this dialogue, and in creating mechanisms to more effectively provide management and the Board of Directors with feedback regarding the content of such dialogue.

2. Control Manager for Constructive Dialogue

This shall be Director & Senior Executive Officers (responsible for the Corporate Communications and Investor Relations Department).*

3. Efforts in FY 2015

(1) Measures for organic cooperation between the Corporate Communications and Investor Relations Department, which assists with shareholder dialogue, and various other departments within the Company, and efforts to expand means of dialogue.

- Holding regular meetings for the Corporate Communications and Investor Relations Department to provide feedback to other relevant departments
- Holding investor briefings led by the heads of each business unit
- Holding exchanges of opinion with investors for the purpose of dialogue between senior management and investors

(2) Measures for providing senior management and the Board of Directors with feedback regarding shareholder dialogue.

- IR activity reports and feedback on the equity market's perception of the Company to the group management meetings and the Board of Directors semiannually, quarterly reports on the status of the Company's share price
- (3) Measures concerning control of insider information in the course of shareholder dialogue
- Timely and fair disclosure of information fully utilizing the Company's website
- Compliance with rules on the prevention of insider trading, etc., and refraining from dialogue related to earnings in the quiet period established in the IR policy as being three weeks prior to the announcement of earnings.

* Shiro Fujii, Director, Vice President Executive Officers, is currently in charge of this assignment.

Main Initiatives

- Announcement of the "Policy for Constructive Dialogue with Shareholders"
- Holding of "MS&AD IR Day" with the objectives being to have the top management of each business division explain business details and to carry on a constructive dialogue between management executives and investors
- As measures to strengthen information sharing with management and relevant departments, implementation of regular reporting on IR activities, feedback on how the stock markets view the Company, and quarterly reports on the Company's share price to the Group Management Committee and the Board of Directors
- Creation of a program for feedback meetings to the Group's relevant departments

Activities Undertaken in Fiscal 2017

The Group organized Information Meetings at which the President explained management strategies and performance, as well as MS&AD IR Day, which aimed to have a constructive dialogue between management executives and investors.

Opportunities also were created for the President and the officer in charge of the Corporate Communications and Investor Relations Department to speak directly to major shareholders and investors in Japan and abroad. The opinions of shareholders and investors gleaned from these conversations are being reflected in management strategies with the aim of improving enterprise value.

We held a briefing about the Integrated Report and talked about MS&AD's Story of Value Creation.

We also held several corporate briefings for individual investors around Japan and participated in the Nikkei IR and Investment Fair for the second consecutive year.

1) indicates Fizoro ligure
Strategy explanation meetings for institutional investors and analysts (Information Meeting)	Twice (Twice)
Telephone conferences (earning results) for institutional investors and analysts	4 (4) times
Telephone conferences for institutional investors and analysts	3 (0) times
Sessions for an exchange of opinions with institutional investors and analysts (MS&AD IR Day)	Once (Once)
Investors' Dialogue on the MS&AD Integrated Report 2017	1 (0) times
Conferences organized by securities companies	5 (6) times
Individual meetings (except conferences)	231 (232) times
Information sessions for individual investors	12 (7) times



Information meeting for institutional investors and analysts

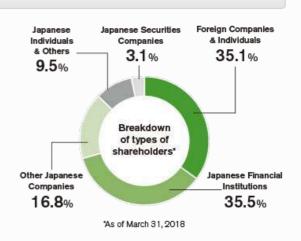


Investors' Dialogue on the MS&AD Integrated Report 2017

Information Disclosure > Policy for Constructive dialogue with shareholders

IR Activities for Overseas Investors

With foreign investors and foreign corporate investors making up almost 35% of all its investors, MS&AD Holdings has been stepping up efforts for the disclosure and dissemination of information while engaging in a dialogue with overseas investors. The President and the officer in charge of the Corporate Communications and Investor Relations Department take trips overseas to visit with investors and proactively participate in conferences sponsored by securities firms for foreign investors as a part of our constructive dialogue initiatives. From the viewpoint of disclosing information in a timely and fair manner, MS&AD Holdings is enhancing information disclosure through the English version of its website, making concerted efforts to augment



Information Disclosure as the Basis for Dialogue

Website (Japanese/English)

information for foreign investors.

The Group makes prompt and fair information disclosure in both English and Japanese.





Daiwa Investor Relations "Internet IR Excellence Award 2017"

Integrated Report (Japanese/English)

The MS&AD Integrated Report 2017, published in 2017, received the Award for Excellence and the Special Award, respectively, from the Fifth WICI Japan Integrated Report Awards and the Nikkei Annual Report Awards.



Japanese version



English version

General Shareholders' Meeting

	FY2016	FY2017	FY2018
Held	June 22 (Wednesday)	June 26 (Monday)	June 25 (Monday)
Shareholders attending	654	633	774
Ratio of the exercise of voting rights	85.8%	85.8%	84.3%
Notice of convocation issue date	May 30 (Monday)	June 2 (Friday)	June 1 (Friday)
Notice of convocation notice website announcement date (Japanese/English)	May 24 (Tuesday)	May 23 (Tuesday) (Japanese) May 26 (Friday) (English)	May 22 (Tuesday) (Japanese) May 23 (Wednesday) (English)



The Medium-Term Management Plan

MS&AD Insurance Group Medium-Term Management Plan (2018~2021)

Vision 2021

Towards a resilient and sustainable society



Basic Strategies

Detailed Information

Detailed Information

Detailed Information

SDGs

Aspirations

Detailed Information

Numerical Management Targets

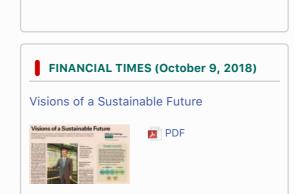
Detailed Information

Group Management Based on ERM and Capital Policy

Detailed Information

Capital Policy and Shareholder Return Policy

Detailed Information



MS&AD's Business Model and the

Strategies by Business Domein

Previous Medium-Term Management Plan (FY2014-FY2017)

Next Challenge 2017-Stage2(FY2016-FY2017) (May 26,2016) (451KB)

Next Challenge 2017 (June 3,2014) (5,713KB)

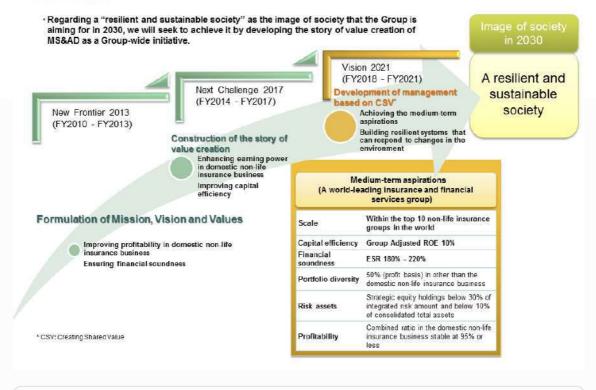
Aspirations

MS&AD Insurance Group Medium-Term Management Plan (2018~2021)

Vision 2021

Towards a resilient and sustainable society

Aspirations



The Medium-Term Management Plan

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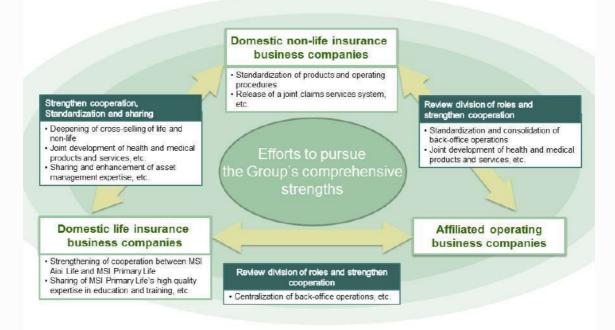
Basic Strategies

>

Basic Strategies MS&AD Insurance Group Medium-Term Management Plan (2018~2021) Vision 2021 Towards a resilient and sustainable society **Basic Strategies and Three Key Strategies** • We will ensure the achievement of aspirations that have entered the realization phase with the Basic strategies and three Key strategies tied to the Basic strategies. Vision 2021 (2018/4-2021/3) <Aspirations during the period of the medium-term plan> Become a world-leading insurance and financial services group > Create resilient systems that can swiftly respond to changes in environment \checkmark By employing the Group's resources to the maximum, we will realize sustainable growth and enhance corporate value. [Basic We will pursue the Group's comprehensive strengths, one of which is diversity, and meet the expectations of strategies] customers and other stakeholders. We will respond flexibly to changes in the environment and further improve quality and productivity. Key strategy 1 Key strategy 2 **Pursue the Group's Promote digitalization** Reform portfolio comprehensive strengths Management platforms ERM Management platforms that enable employees to Quality that earns the trust of society play active roles

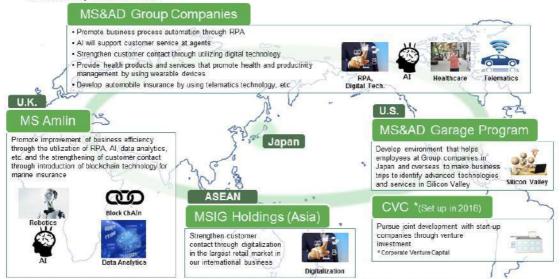
Key Strategy 1: Pursue the Group's Comprehensive Strengths

• We will enhance our competitiveness by improving quality and business efficiency and making the most of the Group's strength of diversity through the review division of roles and further cooperation within the Group.



Key Strategy 2: Promote Digitalization

- With CDO(Chief Digitalization Officer) playing a central role, work on "digitalization" across entire Group and connect it to transformation of entire business.
- Improve value of experiences when customers contact individual Group companies and improve business productivity of MS&AD Group at the same time.

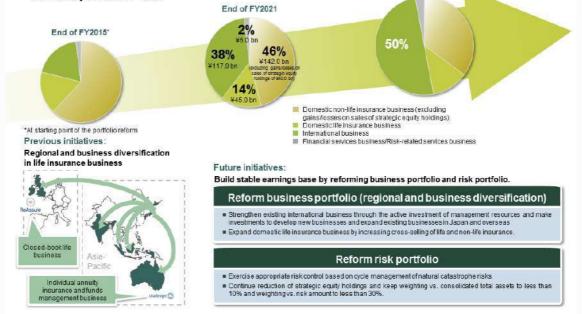


* 'Digitalization': An inflative to not only improve the efficiency and convenience of processes and services, etc. through digital technology but also to lead to reform of the Group's overall business. See P16 of Medium-Term. Management Flan. 'Vision 2021' presentation materials for defails of promotional platforms and promotion measures.

Key Strategy 3: Reform Portfolio

- We will reform the Group's business portfolio and risk portfolio, etc., to create a resilient and sustainable earnings base.

 Achieve 50% of profit from businesses other than the domestic non-life insurance business by the end of FY2021.



Aspirations

Numerical Management Targets

105

The Medium-Term Management Plan > Numerical Management Targets

Numerical Management Targets

MS&AD Insurance Group Medium-Term Management Plan (2018~2021)

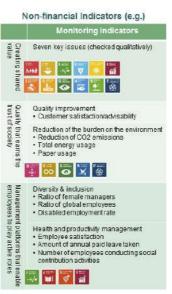
Vision 2021 Towards a resilient and sustainable society

Numerical Management Targets

• Numerical management targets for FY2021 are set at a level for achieving the "medium-term aspirations."

To achieve a resilient and sustainable society, we have formulated the Medium-Term Management Plan for Sustainability
 and monitor the non-financial indicators.

Numerical Management T	argets			(¥bn
	FY2017 Result (Converted to new standards)	FY2018 Forecast	FY2019 Target	FY2021 Target
Group Adjusted Profit	201.0	270.0	273.0	350.0
Domestic non-life insurance business (excluding gains and losses on sales of strategic equity holdings)	287.8 (202.4)	207.0 (166.0)	174.0 (139.0)	182.0 (142.0)
Domestic life insurance business	32.6	22.0	28.0	45.0
International business	-125.0	37.0	66.0	117.0
Financial services business /Risk-related services business	5.6	4.0	5.0	6.0
Group Adjusted ROE	6.4%	8.5%	8.3%	10.0%
Consolidated net premiums written	3,446.9	3,480.0	3,530.0	3,710.0
Life insurance premiums (Gross premiums written)	1,508.1	1,496.8	1,540.0	1,600.0
EEV of MSI Aioi Life	835.5	865.0	970.0	1,050.0
ESR (Economic Solvency Ratio)	211%	201%	180%-22	20%



Replacement of Group Adjusted Profit and Group Adjusted ROE

Changes to Group Adjusted Profit and Group Adjusted ROE (shaded parts show changes)

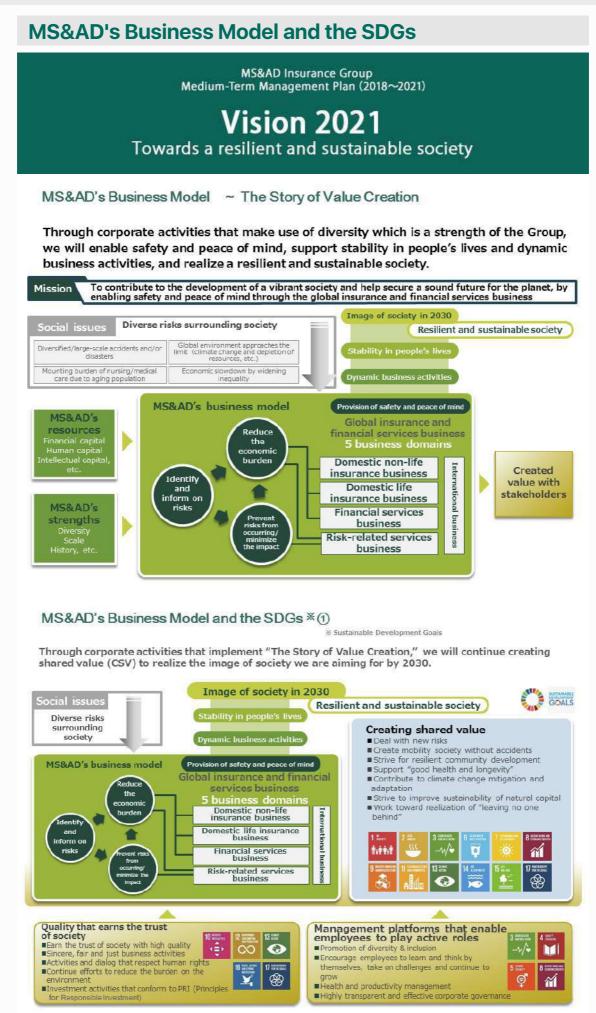
Group	Group Core Profit	= Consolidat ed net income	Net capital gains/losses on stock portfolio (gains/losses on sales and others)	-	Net evaluation gains/losses on credit derivatives	-	incidental 👍 ther	ty in earnings of ion-consolidated ip companies
ROE	Consolidated net assets ^{*1}							
Vision 2021 Group Adjusted	Group Adjusted Profit	= Consolidat ed net income +	Provision ^{≋3} for catastrophe reserve and others ^{≋2}			-	Other incidental factors (amortization of goodwill and other intangible fixed assets and others)	Equity in earnings of the non- consolidated Group companies
ROE	Adjusted net assets	Consolidated = net assets*4	Catastrophe reserve and others ^{* 2}	_	Goodwill and other intangible fixed assets			

※ Each adjustment amount is on an after-tax basis ※ 1 Excluding non-cortrolling interests and stock acquisition rights ※ 2 Catastrophe reserves, contingency reserves and reserve for price illuctuation of domestic non-life insurance business and MSA Life ※ 3 Subtraction in case of reversal ※ 4 Includes amount of amortization of goodwill and other intrangible fixed casets (= M Her revision, specified to that effect)

Replacement at end of FY2017

	Group Adjusted Profit	Group Core Profit
Consolidated net income	¥154.0bn	¥154.0bn
+ provision/reversal to catastrophe reserves, etc.	¥10.6bn	-
-Net capital gains/losses on stock portfolio (gains/losses on sales and others)	-	¥85.3bn
-Net evaluation gains/losses on credit derivatives	-	-¥0.1bn
+ Other incidental factors (amortization of goodwill and other intangible fixed assets, etc.)	-¥36.2bn	-¥36.2bn
Total	¥201.0bn	¥105.1bn
	Adjusted net assets	Consolidated net assets
Consolidated net assets (capital)	¥2,941.1bn	¥2,941.1bn
+Catastrophe reserves and others (balance)	¥720.4bn	-
- Goodwill and other intangible fixed assets (balance)	¥462.5bn	-
Total	¥3,199.0bn	¥2,941.1bn

The Medium-Term Management Plan > MS&AD's Business Model and the SDGs



MS&AD's Business Model and SDGs (2)

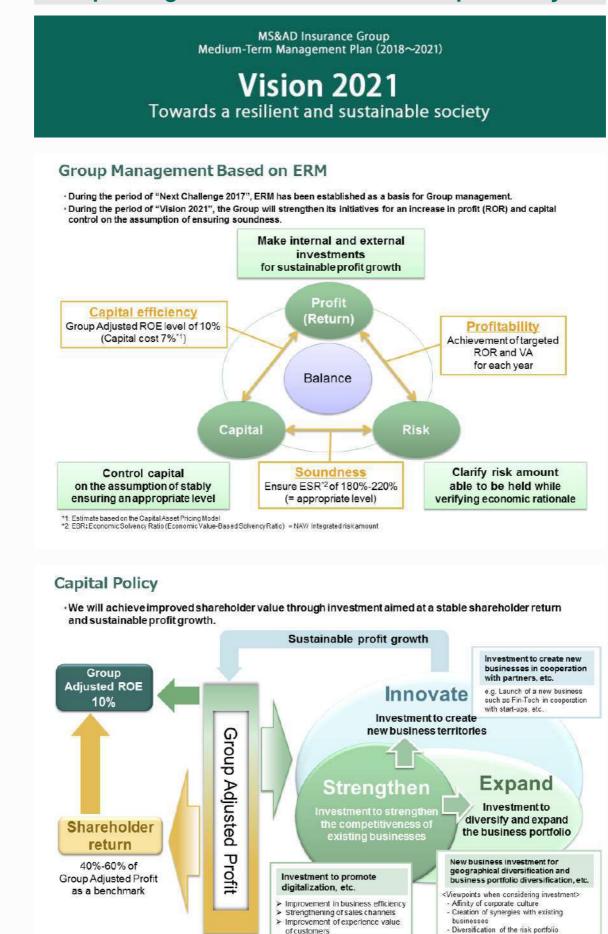
Creating shared value	Image of society in 2030 Resilient and sustainable society
Deal with new risks	 A business model that responds to new risks such as cyber risk and changes emerging risks into opportunities Products and services that respond to new lifestyles
Create mobility society without accidents	 Products and services with mechanisms that help prevent accidents occur Products and services that respond to the next-generation mobility society Continuation of traffic safety initiatives
Strive for resilient community development	 Support for regional business to revitalize local communities Reinforcement of capability to respond to large-scale natural disasters Promotion of green resilience (disaster prevention and mtigation using natural capital)
Support "good health and longevity"	 Products and services that support a healthy, long life Products and services that can contribute to the development of advanced medicine and regenerative medicine treatment
Contribute to climate change mitigation and adaptation	 Prevention and mitigation of damage from climatic disasters Proposal of products and services that assist the penetration of renewable energy
Strive to improve sustainability of natural capital	Evaluation of natural capital nsks Activities to regenerate tropical forests in Indonesia and other countries, MS&AD Ramsar Supporters Promotion of environmental conservation activities through "Japan Business Initiative for Biodiversity"
Work toward realization of "leaving no one behind"*	R&D of insurance and financial services that help support primary industries and low-income earners in developing countries Participation in creation of mechanisms to support developing countries through If the support developing countries through Transfer of insurance technology #Pmople of UNIS*2030 Agenda for sustainable development" which describes SUGS
Quality that earns	the trust of society Management platforms that enable employees to play active roles

MS&AD's Business Model and the SDGs (3)

Quality that meets the trust of society	0 minut € Roman Reference Referenc	
Meeting the trust of society with high quality • Thoroughly implementing business management based on the "Our Customer-First Policy in the Operation of Group's Business" • Promoting digitalization to enhance the value of customers' experiences	Continuing efforts to reduce the burden on th environment • Promoting "MS&AD Our Earth Project" • Initiatives to reduce usage of electricity, gasoline and paper	
Implementing sincere, fair and just business activities • Implementation of corporate activities based on Mission, Vision and Values • Hamassing outcomer/voices and the "speak-up" system to ensure sound organizational	Reduction of CO2 emissions - Long-term target (FY2050:-70% of FY2009)	
management Implementing activities and dialog that respect human rights	Implementing investment activities conforming to Pi (Principles for Responsible Investment) Investment analysis of ESG (Environment, Social, Governance) factors and incorporating them into the decision-making process The promotion of engagement through stewardship activities	
 Establishment of corporate culture with respect for human rights Development of management system relating to respect human rights 	 The promotion of engagement through stewardship 	
 Establishment of corporate culture with respect for human rights Development of management system relating to respect human 	The promotion of engagement through stewardship activities	
 Establishment of corporate culture with respect for human rights Development of management system relating to respect human rights 	The promotion of engagement through stewardship activities	

The Medium-Term Management Plan > Group Management Based on ERM and Capital Policy

Group Management Based on ERM and Capital Policy



Creating Shared Value

In order to realize a resilient and sustainable society, it is necessary to identify social issues that prevent us from achieving our goal and deal with them. Social issues related to us as an insurance and financial services group include: various risks involving the global environment, including an increase in flooding and droughts due to climate change; a decline in social vitality due to worldwide widening inequalities; new risks including cyberattacks due to technological progress; and the increasing strain from nursing/medical care associated with the aging population. Undertaking efforts to resolve these social issues aligns with the Sustainable Development Goals (SDGs) that the United Nations set in 2015.

To realize its management philosophy (mission), the MS&AD Insurance Group will continue to create shared value through its corporate activities that implement its "Story of Value Creation" in order to realize a resilient and sustainable society. The Group will strive to achieve the best outcomes so as to live up to the trust and expectations of society, and, together with stakeholders, it will contribute to building of a society where everybody can live a stable life and engage in dynamic business activities while preserving the natural environment of the earth and the sustainability of the society.

Products and Services that Contribute to SDGs

SUSTAINABLE DEVELOPMENT GOALS The 17 Sustainable Development Goals (SDGs) are based on a recognition of the natural limits of the Earth. Social and economic issues are closely intertwined in the SDGs,

2030年に向けて 世界が合意した 「持続可能な開発目標」です

and it is crucially important to work on these goals with an integrated approach. The MS&AD Insurance Group is contributing to the achievement of the SDGs by providing risk consulting services, insurance and other services for safety and security from a multifaceted perspective centered on sustainability.

Detailed Information

Create mobility society without accidents



For everyone to be able to enjoy mobility in a safe and secure way, security measures to prevent accidents are required. We are undertaking efforts to reduce traffic accidents

through the use of telematics technology in smartphones, the conduct of traffic safety activities in coordination with local communities, and the provision of services to support safe driving initiatives by corporations.

Detailed Information

Deal with New Risks



The risks facing society have become more diverse and complicated. For realizing stable lives and dynamic business activities, it is important to identify the risks

beforehand in order to prevent them from occurring and be vigilant just in case. With this goal in mind, we provide products and services that meet the various needs of customers.

Detailed Information

Strive for Resilient Community Development



To support safety and security in people's day-today lives, it is vital to predict the kinds of risks they will be exposed to in the event of natural disasters or other

emergencies that might occur and to develop community preparedness in anticipation of such emergency situations. Regional revitalization that anticipates changes in society, including the aging population, is also an indispensable issue for regional resilience. Based on the know-how that we have cultivated thus far and the large amounts of data that we own, we will develop resilient communities through insurance and other futurefocused services.

Detailed Information

Support "Good Health and Longevity"



In our rapidly aging society, an increase in the cost of nursing care and other medical expenses has become a major issue, and measures to prevent diseases and promote

health are required. Moreover, new opportunities are emerging thanks to the improvements in medicine and medical technology, and it is also our mission to deal with them.

Detailed Information

Contribute to Climate Change Mitigation and Adaptation



The present status of global warming and biodiversity shows that global sustainability is threatened. As a business operator that provides risk solutions, we will deal with

these issues together with stakeholders by providing products and services that can contribute to the creation of a society that can adapt to climate change.

Detailed Information

Strive to Improve Sustainability of Natural Capital



Our lives and economic activities are built on the blessings of nature (ecosystem services) that are founded biodiversity. Business models, including in the private sector, that

give consideration to biodiversity support the sustainability of the entire society. It can be said that the 17 Sustainable Development Goals will be achieved only after the four base goals related to natural capital and a stable climate system are achieved. The MS&AD Insurance Group will strive to build, maintain and utilize sustainable links between natural capital and business activities.

Detailed Information

Work Toward the Realization of "Leaving No One Behind"



A decline in the vitality of local communities will not only result in depopulation and the diminishment of social services, but will also lead to other issues, such as overpopulation in urban

areas. To revitalize local economies, we believe it is necessary to promote local industries and develop community-based small and mediumsized enterprises. We also pay attention to social issues in developing countries.

Detailed Information

Creating Shared Value > Products and services contributing to achieving Sustainable Development Goals (SDGs)

Products and services contributing to achieving Sustainable Development Goals (SDGs)

The United Nations emphasizes people, prosperity, planet, peace, and partnership as five essential elements for delivering the SDGs. Their concept corresponds to the mission of the MS&AD Insurance Group: To contribute to the development of a vibrant society and help secure a sound future for the planet, by enabling safety and peace of mind through the global insurance and financial services business. In this context, many of the products and services offered by the MS&AD Insurance Group are designed to contribute to achieving SDGs.

Products and Services	Outline	17 FRETHERSINGS Major relevant SDGs *Goal 17 is common to all the products/services.
<non-life insura<="" td=""><td>nce></td><td></td></non-life>	nce>	
OProducts for inc	dividuals*1	
<u>Earthquake</u> insurance	Support the restructuring of the livelihood of earthquake victims and the early recovery of areas hit by earthquakes.	
<u>One-day</u> Insurance/One- day Supporter	Promote the reduction of accidents caused by uninsured vehicles through the sales of automobile insurance for borrowed vehicles that is available from one day.	3 GOOD HEALTH AND WELL SCING
<u>One-day</u> <u>Leisure</u> Insurance	Leisure insurance providing only the required coverage only when needed to contribute to enriching customer life	3 GOOD HEALTH AND WELL BEING
<u>Tough-</u> <u>Tsunagaru</u> <u>automobile</u> insurance	Supporting safe driving using telematics technology to reduce accidents	3 GOOD HEALTH AND WELL BEING
Automobile insurance with eco-mark	Have obtained Eco-Mark certification through promotion of eco-insurance certificates and web policy clauses, provision of information for safe driving, and initiatives to reduce environmental burdens such as encouraging the use of recycled automobile parts.	3 GOOD HEALTH AND WHELSENG
Automobile insurance products that support "good health and longevity"	Automobile insurance based on the concept of supporting safe driving by senior citizens and monitoring senior citizen drivers. As the population ages, the number of serious accidents involving elderly drivers is increasing, as is the number of senior citizens living alone. In response to this situation, we offer advanced insurance services using telematics technology designed not only to support safe driving by seniors but to also monitor elderly drivers and provide updates on their driving to family members and others living apart from them.	3 GOOD HEALTH AND WELL SECHO

Fire insurance products that	Provide a package of coverage including the fire insurance rider for aging society (rider for	
support "good health and longevity"	landlord liability insurance, enhanced rider for renter liability insurance, etc.) and ancillary services (for moving furniture and changing light bulbs). In addition to supporting the lives of the elderly, help the elderly move in rental homes by offering coverage for the loss of rent income and cleaning and other expenses incurred by landlords from solitary deaths of the elderly. We have also started to provide new riders for damage compensation, which can result from dementia patients entering a railway track, in order to contribute to building an age-friendly society.	
<u>Agricultural</u> <u>insurance</u> (India)	Provide agricultural insurance scheme Pradhan Mantri Fasal Bima Yojana (PMFBY), in order to contribute to income stability for the low income earning farmers, who have financed purchases of fertilizers and farm equipment through loans, by compensating possible decreases of income caused by bad weather.	
Animal insurance for cattle breeders (India)_	Compensation for the death of cows and so on which provides income stability for the low income earning cattle breeders.	1 POVERY 前家作前前 1 2 Junger 5555
OProducts for bu	usiness*1	
<u>[Exclusively</u> for Safety <u>Management</u> <u>Certification</u> <u>Seminar]</u> <u>Special</u> <u>Contract for</u> <u>Cooperation at</u> <u>Accidents</u>	Discount on insurance premiums based on the advance designation received from the accident management department is applied to transportation companies that took road safety management certification seminar promoted by Ministry of Land, Infrastructure, Transport and Tourism.	3 AND WELL SCHOOL
Comprehensive food & agribusiness compensation plan	We provide compensation for major risks surrounding food and agribusiness, in order to support the development of food and agribusiness.	2 TEN MARGER
Comprehensive mega solar compensation plan, Insurance for market of solar photovoltaic generation entrepreneurs	Comprehensively cover risks faced by renewable energy producers. Promote lower CO2 emissions (reducing environmental burdens) with alternative energy.	7 BLAN HORBY CONTROL AND 13 ALTERN CONTROL C

Comprehensive small wind power generation compensation plan	Comprehensively cover risks faced by renewable energy producers. Promote lower CO2 emissions (reducing environmental burdens) with alternative energy.	7 delandaria Canadaria Contraction 13 CEMATE Contraction
Comprehensive offshore wind power generation system compensation	Comprehensively cover risks faced by renewable energy producers. Promote lower CO2 emissions (reducing environmental burdens) with alternative energy.	7 deadstand
Comprehensive biomass power generation compensation plan	Comprehensively cover risks faced by renewable energy producers. Promote lower CO2 emissions (reducing environmental burdens) with alternative energy.	7 december and Contractions 13 december 13 december 13 december 13 december 13 december 13 december 13 december 13 december 14 december 15 december 15 december 15 december 16 december 17 december 18 december 18 december 19
Comprehensive small and medium hydro power generation compensation plan	Comprehensively cover risks faced by renewable energy producers. Promote lower CO2 emissions (reducing environmental burdens) with alternative energy.	7 CLARENT CLARENT T
Comprehensive medical institute compensation plan	Provide a package that comprises various types of insurance and risk consulting services for medical institutions. Contribute to the stable business development of medical institutions, thereby supporting the aging society.	
Comprehensive welfare/long- term care business operators compensation plan	Comprehensively cover risks faced by welfare and nursing care business operators. Contribute to the stable business development of welfare and nursing care business operators, thereby supporting the aging society.	3 GOOD HEALTH AND WELL BEING
Comprehensive cyber security compensation plan, Cyber security insurance	Comprehensively cover risks of cyberattacks. Contribute to stable management of companies, thereby supporting the development of society.	9 AADIN WASSEL AND MADE
Comprehensive demonstration experiment of autonomous driving compensation plan	Comprehensively cover risks related to demonstration experiment of autonomous driving vehicles. Facilitate the innovation of autonomous driving technology to support the realization of a safe, secure, and comfortable automobile society.	3 GOOD HEALTH AND WELL SERVE

Comprehensive drone compensation plan	Comprehensively cover risks associated with the commercial use of drones. Contribute to sophisticating operations using drones such as pesticide spraying and aerial photographing, thereby supporting the development of society.	9 MADSTITL INFORMATION AND WAS TRACTIONED
Comprehensive global business compensation plan	Comprehensively cover risks related to overseas business expansion for small and medium-sized enterprises (SMEs). Facilitate the smooth operation of business activities overseas to support the stabilization of SMEs' business operations overseas and the development of local communities.	9 RELEASE IN OUNTRACEMENT
Compensation plan for sharing economy-based business	As the sharing economy spreads, needs of companies for personal liability insurance valid only for the user and only for the period of use have been increasing. In response, we have developed a product with conditions for compensation that can be custom-designed depending on business activities, with the aim of contributing to the development of sharing economy-based business.	9 ARDINVASTRICTURE
Support menu for inbound tourism entrepreneurs	We provide insurance, training, seminars, risk consulting, and other services for businesses serving visitors to Japan, such as travel agencies and hotels, with the aim of supporting the development of local communities through these services.	9 MALISTIC INFORMATION AND INFORMATION
Comprehensive clinical research like regeneration medicine compensation plan	Cover risks related to clinical research of regenerative medicine. Contribute to the development of medical technology, thereby supporting the aging society.	3 GOOD HEALTH AND WELL BEING AND WELL BEING
<services></services>		
Free smartphone application "Suma-Ho", "Disaster Navigation" feature on smartphone service	Support safe and secure evacuation activities such as through the provision of directions to evacuation shelters, notifications of disaster information disseminated by local governments, know-how on disasters, and life line information.	
Free smartphone application "Suma-Ho", Providing Apps that Promote Safety	Provide analysis of driving skill characteristics, drive recorder, advice before driving, audio warnings when drivers are approaching locations where accidents frequently occur, wild weather forecast delivery, and other services.	3 GOOD HEALTH AND WILL SETHIG

(Suma-Ho) <u>"KokoKara</u> <u>Diary"</u> <u>smartphone</u> <u>app</u>	Services to support individuals' healthy lifestyles through the measurement of stress levels, steps walked, and calorie consumed and the recording of health data, including weight, and the contents of meals consumed. Users of this app can retrieve information on diseases, drugs, and medical facilities from Medley, an online medical encyclopedia. For companies, we provide a dedicated website that can be used to collect employees' health data and provide employees with health guidance, with the aim of facilitating health management.	3 ROOD HEALTH AND WELL BEING
Free "Support NAVI" smartphone app	This is a service providing a driving ability diagnosis system equipped with a dashboard camera recording system and an emergency accident reporting system.	
Free "Suma- Ho" smartphone app with "Animal Alert" function	This is a service that provides a voice alert when the driver is approaching a black spot for traffic accidents involving animals. The service was first launched in Okinawa Prefecture, where the Yanbaru kuina (Okinawa rail: an endangered bird) lives, and later rolled out to other regions in Japan.	3 GOOD HEALTH AND WELL BEING
Smartphone application by Mitsui Direct General	A free app featuring a driving ability diagnosis system equipped with a dashboard camera recording system that records and checks driving data, a driving aptitude diagnosis system that analyzes and diagnoses driving tendencies, and Jutai-gaku Kentei (traffic congestion learning system), which helps understand the mechanism of traffic congestion, with the aim of preventing traffic accidents and reducing congestion.	3 COOD HEALTH AND WELL BEING
Efforts to prevent and reduce traffic accidents by utilizing "Accident Map"	Provide "accident maps" created by analyzing and identifying locations where accidents frequently occur based on accident data held by the Company and data from external institutions.	3 GOOD HEALTH AND WELL-BEING -///
Free smartphone application "Suma-Ho", "Safety cycle" (providing diagnosis tool of safe bicycle driving)	Support the safe use of bicycles by providing warnings about excessive speed, check lists for inspection and maintenance, etc.	3 GOOD HEALTH AND WELL SEING

Service for checking indication of Sleep Apnea Syndrome (SAS)	This smartphone app is designed for companies to use to help their employees evaluate their snoring, one of the major symptoms of Sleep Apnea Syndrome (SAS). Snoring can be evaluated only by turning the app on and placing the smartphone next to the bed before going to sleep.	3 COOD MEALTH AND WELL BEING
<u>Suma Navi</u>	A telematics service that supports companies in their safe driving initiatives.	3 GOOD HEALTH AND WELL SEEND -///
<u>Sasaeru Navi</u>	A telematics service for fleet policyholders that supports corporate customers in their vehicle operation management and accident reduction initiatives.	3 COOD HEALTH AND WELL SEAND
Navigational support services for domestic vessels	We support safe navigation of domestic vessels using the dedicated smartphone provided by Weathernews Inc., which alerts ships when they navigate in dangerous waters and provides weather and oceanic forecasts and images of the area around the vessel.	
Weather alert service	Email alerts are sent when rainfall, wind speed, or snowfall is forecasted to exceed the standard values at a monitored location, or when lightening is observed at a location within the standard distance from the monitored location, to help prevent and mitigate damage from natural disasters.	
Eco insurance certificate/web policy clause	A system that enables policyholders to view their policy certificates and policy clauses on the website of each company. Promote the reduction of environmental burdens through paperless operation.	13 CLINATE
Electronic contract method	Complete the contracting procedure on the screen of a PC brought in by an agent. Promote the reduction of environmental burdens through paperless operation.	13 CLIMATE
<u>Family Eye</u> (<u>Notification</u> <u>System for</u> <u>Relatives</u>)	This is a system in which one relative of a policyholder is registered as an emergency contact for insurance policies. It makes it possible to contact the registered relative and ensure more reliable delivery of important notifications for insurance policies to the registered relative in an emergency, such as when we cannot contact the policyholder, or to have the relative share contract information after a simple identification procedure when inquiries are made.	3 GOODVEALTH AND WILL BEING

Supporting companies in expanding overseas operations	We provide small and medium-sized companies expanding their business overseas with risk management services to support their overseas operations.	9 RELETITE AND ALTONE
Repair service for damaged equipment under the corporate fire insurance plan	Reduce recovery costs and ensure early recovery by enabling the repair of damaged devices and equipment, which previously had to be replaced with new ones, with emergent corrosion inhibition measures and full-scale recovery work.	
Abbreviation of claims documents service	Omit the submission of claim documents, etc. for car accidents that meet certain conditions. Promote the reduction of environmental burdens through paperless operation.	13 CLIMATE
Dealing with car accident claims using sign language interpretation services	We use sign language interpretation services to deal with car accident claims for customers with a hearing and/or speech impairment. The customer and an operator communicate using sign language via videophone, which is simultaneously voice translated and sent to our in-house representative.	
Dealing with car accident claims in 14 different languages	To respond to consultations and inquiries regarding insurance from customers involved in accidents who have difficulties in communicating in Japanese, translators are available in 14 different languages.	
<life a<="" insurance="" td=""><td>and medical insurance></td><td></td></life>	and medical insurance>	
"&LIFE" New income security insurance(Japa nese only)	This insurance provides for the risk of becoming unable to work or of something with a similar effect occurring(*2).	3 GOOD HEALTH AND WELL SERVE
"&LIFE" New medical insurance A Plus(Japanese only)	This insurance provides measures for an aging society as a means to prepare for hospitalization and surgery due to illness or injury(*2).	3 GOOD HEALTH AND WELL SEENS
<u>Lifelong</u> <u>care/dementia</u> <u>plan</u>	A new insurance plan that provides against long-term care risks, such as treatment for dementia. Under this plan, dementia care, which imposes a particularly significant burden, is added to the conditions covered under the lifelong care-specified policy for insured events in line with the public long-term care insurance system. This plan aims to help people be better prepared for long-term care needs, which have become a serious social issue, in light of the aging society.	3 GOODINEALTH

<u>"Joy for</u> <u>Tomorrow"</u> <u>currency</u> <u>selection-type</u> <u>existence</u>	A product that meets the need for long-term living benefits in preparation for the advent of the era of the "100-year lifespan." This is pension insurance product denominated in foreign currencies with favorable interest rates.	3 GOOD HEALTH AND WELL SEING
security-type individual annuity insurance	By reducing death benefits, the amount of the annuity can be increased. The annuity payment starts as early as one month from the contract date. There are two options to choose from: life annuity and defined annuity.	
<u>"Joy for Giving"</u> <u>currency</u> <u>selection-type</u>	This is a product that responds to demands for gifts, inheritance, and annuities. This is a whole life insurance product denominated either in	
<u>special whole</u> life insurance	foreign currencies with favorable interest rates or yen. Living benefits can be provided immediately after the contract is concluded.	
Service to provide information on advanced medical treatment	Information provision service using virtual reality (VR) images reproduced on a smartphone. Using virtual reality, first-time users can "visit" cutting-edge medical facilities they would otherwise be unable to access, such as a medical institution that provides ion beam radiotherapy, a cutting-edge cancer treatment. We provide information on the ever-evolving healthcare landscape in an easy-to-understand manner to arm customers with an accurate understanding in the hope of helping in their selection of a treatment and/or facility.	3 GOOD HEALTING
Electronic contracting processes through "Seiho Kantan Mode"	Launching paperless (electronic) procedures called Seiho Kantan Mode, we have improved convenience and reduced environmental burdens by converting various paper forms into electronic formats.	13 CLINATE
<financial servic<="" td=""><td>es and other businesses></td><td></td></financial>	es and other businesses>	
OFinancial produ	cts	
<u>Weather</u> derivatives	Derivatives that cover losses caused by extreme weather.	
CAT bond (catastrophe bond) issuance support service	Service to support the issuance of CAT bond (*3). In addition to reducing the burden of cumbersome administrative procedures related to the issuance of CAT bonds, we provide our customers with advice on optimal issuing conditions and help them to diversify catastrophic risk hedging instruments.	

OSupport system	ns	
Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI) Insurance Facility	Under this program, which was set up jointly by the Japanese government and the World Bank, MSI as a risk underwriting insurance company provides reconstruction funds to the nations in the Pacific Islands that are afflicted by natural disasters to promote the restructuring of the livelihood of disaster victims and the early recovery of areas hit by disasters.	
Pandemic Emergency Financing Facility (PEF)	We participate in the Pandemic Emergency Financing Facility (PEF) established by the World Bank with the support of Japan, Germany, and the World Health Organization. The objectives of PEF include: to protect people in developing countries around the world from the threat of infections; and in case of an outbreak of serious infection, to promptly provide funds for the initial response in order to mitigate human and economic losses and promote early recovery from these losses.	3 GOOD REALTH AND MELL SERVIC
ORisk consulting	services	
<u>ESG risk</u> management	We provide comprehensive consulting services covering everything from general ESG-related issues, such as enhancement of ESG strategies and efforts, to specific ESG themes.	12 RESPONSEL CONSUMPTION AND PRODUCTION
Human rights risk management support services	Help our customers to manage human rights issues by supporting them in the formulation of human rights policies based on international standards, human rights impact assessment, organization of lectures and trainings on human rights risks, collection of information and implementation of surveys related to human rights risks, and other efforts related to human rights risk management.	5 EDULITY TO REDUCED 10 REDUCED 10 REDUCED 10 REDUCED 10 REDUCED 10 REDUCED
Supporting for Business continuity management system (BCMS)	Support the establishment of a system that ensures the resumption of operations within a target time frame in the event that business activities are suspended due to a large earthquake, infectious disease, or other reasons, and the formulation of business continuity plans (BCPs).	

<u>Consulting by</u> <u>Tsunami risk</u> <u>models</u>	Consulting services that incorporate damage from tsunami in earthquake risk analysis.	
<u>Climate change</u> <u>risk analysis</u> <u>services</u>	Companies are now expected to identify risks and opportunities associated with climate change and to disclose relevant information. In response, we provide consulting services regarding analysis and information disclosure expected of companies on a global level on issues including physical risks, such as climate change-induced floods and droughts, and transition risks (risk associated with socioeconomic transitions toward a decarbonized economy in line with achieving the two-degree goal, such as energy structure transformation.	11 SUCCOMPENSATION
Map of Forecasted Flood Frequency Change Due to Climate Change	This map was developed in corporation with Prof. Yukiko Hirabayashi of the Shibaura Institute of Technology and Associate Professor Dai Yamazaki of the Institute of Industrial Science at The University of Tokyo in response to the need companies have to understand the impacts on them by potential flood risks, one of the many types of climate change risks. The map shows the degree of change in the frequency of floods induced by global climate change.	13 CLIMANTE AUDIONNEIMENTES 13 CLIMANTE CONTRACTOR I 3 CLIMANTE I 3 CLIMANTE I 3 CLIMANTE I 13 CLIMANTE I 14 CLIMATE I
Consulting service for water disaster prevention	Support companies in developing their business continuity management (BCM) plans through consulting focusing on river flooding, inundation inside a levee, and high tides.	
Supporting system for victims of natural disasters to relief	A system that provides comprehensive support to local governments to help disaster victims restructure their lives, including issuance of Disaster Victim Certificates.	
Services for risk management of automobile insurance	Various effective programs and solutions to prevent and reduce accidents.	
Seminar for safety drive	Accident prevention and reduction seminar, conducted by a group company certified by the Ministry of Land, Infrastructure and Transport and Tourism as an implementing agency, targeting automobile transportation business operators.	3 GOOD HEALTH AND WILL SETING

Creating Shared Value > Products and services contributing to achieving Sustainable Development Goals (SDGs)

Risk consulting services abroad	Assume possible material risks overseas, such as terrorist attacks and large-scale disasters, and support measures against these risks.	3 ADD WELL SENS
Consulting services against environmental risk	Service for quantitative assessment of impacts on natural capital and service for assessment of water risks (water depletion, water disasters, etc.)	
Supporting service for energy business	Support initiatives such as electricity and energy conservation, improving comfort in the working environment, and reducing energy costs.	7 ALTONOMER AND CLANENET
Environmental CSR management consulting services	Support the acquisition of accreditation for and improvement of environmental management systems and the formulation of environmental CSR reports.	13 CLIMATE
Consulting services on biodiversity	Make proposals to companies for biodiversity preservation initiatives and their improvement.	15 #fixe
Water Risk Assessment Service	Simple assessment of exposure to water risk on individual manufacture point (domestic/ overseas) bases.	6 GLAN WATER AND SAMILATION
O0ther business	es	
Nursing care homes for the aged	Operate "You Life Yokohama" and" You Life Setagaya".	3 GOOD HEALTH AND WELL SETING
In-home nursing care business	Operate in-home nursing care support business and home-visit nursing care business offices at a total of three locations in Yokohama and Nagoya.	
<u>Visit nursing</u> <u>business</u>	Operate four day-service centers in Shinagawa, Mizuho, Omiya, and Ibaraki.	3 AND WELLSEING

(*1) Products in <Products for individuals> and <Products for business> are categorized based on their main scope.

(*2) Donations are made to the Authorized nonprofit organization—Japan Committee Vaccines for the World's Children to provide funds for purchasing vaccines etc., with the amount depending on the number of new contracts acquired.

(*3)A CAT bond is a mechanism through which the risk of a large-scale disaster such as earthquake or typhoon is transferred from one party to the capital markets. As long as no disaster exceeding a predetermined threshold occurs, investors (CAT bond purchasers) receive coupons periodically and have principal repaid at maturity. However, in the event that a disaster exceeding such threshold occurs, the principal to be repaid is reduced partially or entirely so that it is used to compensate customers for their losses.

Deal with new risks



In "The Global Risks Report 2018" announced by the World Economic Forum (WEF) at its annual meeting (also known as the "Davos Summit"), 10 potential future shocks were named. These included the risk of the proliferation of artificial intelligence (AI) choking off the performance of the internet, as well as the risks of coordination between countries being threatened. New innovation is essential for achieving a sustainable society, but there are also many new elements in the risks that will be caused. It is becoming increasingly important to analyze these risks, prevent them, and prepare for them. The MS&AD Insurance Group will continue to provide solutions to diversifying risks.

Major relevant SDGs and targets

We will contribute to sustainable economic development by providing measures to respond to new risks arising from inclusive and sustainable industrialization, as well as testing and research to support the spread of technological innovation.

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



9.1 Develop high-quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.

Business of MS&AD

	Identifying Risks and Providing Information on Risks	Preventing Risks from Being Realized / Reducing the Impact of Risks	Reducing the Economic Burden When Risks Become Real
Main	Providing, researching, investigating information on	Providing solutions to risks	Providing products and services to respond to critical risks
SП	various risks	List of consulting services at	
roduc		MS&AD InterRisk Research &	Providing products and services
s is	Providing information	Consulting	for responding to new risks
and	Industry-government-academia		
	<u>collaboration</u>		

Providing, researching, and investigating information on various risks

We provide, research, and investigate information that is beneficial in assessing or identifying risks, including investigations into technology or the environment, both of which are evolving on a daily basis, or research toward utilizing big data.

Providing information and reports on risks

Through MS&AD InterRisk Research & Consulting, we provide the latest practical materials and information related to risk management for risk management initiatives at companies or organizations, as well as support precautions for various risks.



Click to enlarge report (sample / Japanese only)



Click to enlarge "RM FOCUS," a magazine on risk management (Japanese only)

Research and study through industry-academia collaboration with universities and others

The MS&AD Insurance Group is engaged in initiatives or supportive measures for the development or practical application of advanced technology. These initiatives are undertaken through industry-academia partnership agreements with universities that are engaged in advanced investigation or research that will benefit the next generation.

Support for robotics businesses through the industry-academia collaboration agreement with Tokyo Denki University

MSI is a core member of RobiZy, an NPO established in October 2017 through an industry-government-academia partnership between robotics companies, the prefecture of Saitama, and Tokyo Denki University, secure, and steadily growing roboticsgrowing robotics businesses through investigative research, provision of information, and business assistance in the field of robotics. We hold seminars and workshops in collaboration with RobiZy on various topics including the utilization of robots for rehabilitation or long-term care, development of intelligent agriculture and forestry businesses for the revitalization of rural areas, and the reform of working practices through the use of robots, AI, and IoT. By



A scene from the seminar to commemorate the establishment of RobiZy

utilizing our rich experience in supportive initiatives, expertise, and networks gained through various projects, we will provide comprehensive support for robotics businesses on a national level and seek to solve social issues. To apply robotics to social issues, appropriate risk management measures are essential. With Tokyo Denki University, with whom we have partnered since 2015, we are engaged in research for the development of robots and drones for agriculture and forestry, as well as the development of medical and welfare devices, among others. We therefore have experience and expertise in risk management in such areas. Through such initiatives, we will drive forward the sound and safe development and promotion of robotics businesses.

Joint research by collaboration with Shiga University, which established the first Faculty of Data Science in Japan

In April 2017, ADI signed an industry-academia partnership with Shiga University to pursue research in sophisticated analysis technology for big data in non-life insurance related to safety and security, as well as to promote the training and education for data scientists. The Japan Safety Society Research Center, the first research hub specializing in big data for the domestic insurance industry, was established at Shiga University, where representatives of the university and our company are engaged in research in specific areas. For our donations made to Shiga University in March 2017, we received a "Medal with Dark Blue Ribbon" for contributing to the public good, and an award ceremony was held in June 2018.



We will continue to further deepen our collaboration with Shiga University and step up our initiatives in the field of data science in order to contribute to the development of high-level human assets and the establishment of a safe and secure society.

Providing solutions to risks

With the progress of technological development, the impacts of climate change, and an aging population, changes in the environment have diversified the risks we face. To prepare for new risks, assessment through reliable risk models and risk control based on them are critical. Through consulting by MS&AD InterRisk Research & Consulting, which is equipped with advanced investigation and research functions as well as practical consulting functions, the MS&AD Insurance Group provides solutions to prepare for risks.

Compliance, internal control	Risk management	D&O risks, legal risks, CS and complaints
Product safety, food safety	Enterprise Risk Management (ERM)	Data security, data privacy
BCP, BCM (Business Continuity Management)	Risks in welfare and medicine	Measures against new strains of influenza
Environment	CSR	Natural disasters
Due diligence for real estate	Fires, explosions	Risk of theft
Personnel and organizational risks	Occupational health and safety	Traffic risks

List of consulting services at MS&AD InterRisk Research & Consulting

List of consulting services (Japanese only)

Providing assistive services for preventing accidents, etc., for educational and childcare facilities

In October 2017, MS&AD InterRisk Research & Consulting started providing "Assistive services for prevention of accidents and their recurrence" for daycare centers and preschools.

As measures to prevent recurrences of major accidents at educational or daycare facilities (daycare centers or preschools), the followings were designated in FY 2015:

- (1) System to report major accidents when they occur
- (2) Guidelines for preventing accidents and for responding to accidents when they occur
- (3) System for post-accident inspection to prevent recurrences

This suggests that the perspective of risk management is also highly valued in the field of childcare. Also, to combat the problem of children on waiting lists for childcare facilities, the expansion of childcare services such as companyled childcare centers promotes various forms of work for the purpose of contributing to a healthy work-childcare balance. We will respond to customer needs by providing "Assistive services for prevention of accidents and their recurrence" in line with such initiatives by the government.

Providing products and services to respond to critical risks

Response to cyber risks

MSI and ADI are engaged in the joint development and sales of insurance products that comprehensively cover risks from cyber attacks. Cyber attacks, such as targeted email attacks carried out on companies and organizations, are on the rise and becoming more sophisticated. With escalating damage from such attacks, the implementation of measures to prevent these risks is becoming an important issue in corporate management. Under these circumstances, in addition to providing compensation for damages sustained due to data theft or inhibition of thirdparty operations caused by cyber attacks, etc., we cover costs for various measures needed to respond to incidents, as well as the option of compensation for lost profit due to the termination or interruption of networks. In January 2018, we upgraded our product for small- to medium-sized businesses, thus providing a wide variety of insurance coverage to meet customers' needs.

Cyber risks tend to evolve with technological development. As such, information gathering, research, and the adoption of the latest technology in a timely manner are essential. MSI, ADI, and MS&AD InterRisk Research & Consulting have collaborated with Verizon Japan (hereinafter, "Verizon") and BitSight Technologies (hereinafter, "BitSight") to launch, in February 2018, a new service that conducts a multidimensional assessment of cyber risks for businesses. This assessment service utilizes cutting-edge expertise developed by Verizon and BitSight in cyber security, and provides multidimensional and refined assessments of increasingly complex and sophisticated cyber risks. MS&AD InterRisk Research & Consulting has also started providing new consulting services. As a group, we will provide one-stop assistance to establish structures that guard against risks on multiple levels.

In September 2017, MSI started collaboration with MS&AD InterRisk Research & Consulting, NEC Corporation, and NEC Solution Innovators to provide multidimensional support for cyber security measures for businesses.

In September 2017, ADI newly established the "Cyber Insurance Room," which is engaged in the development and underwriting of insurance products for businesses, for the purpose of strengthening their development of products or underwriting of policies related to cyber risks, thus responding to rapidly expanding needs for preventing cyber risks.

The MS&AD Insurance Group will continue to mobilize expertise from group companies to actively develop products and services that meet customers' diversifying needs.

Providing "General Compensation Plan for Demonstration Tests of Autonomous Driving Cars"

MSI and ADI provide the "General Compensation Plan for Demonstration Tests of Autonomous Driving Cars," which covers risks related to demonstration testing of self-driving cars. Due to progress in advanced technology for automobiles, as well as the acceleration of research in line with national growth strategies, etc., both public and private initiatives for the development and spread of self-driving cars are intensifying, leading to expectations that traffic accidents will be reduced, congestion will be relieved, and support will be provided for better mobility of the elderly. Meanwhile, as repeated demonstration tests involving various risks are needed for the development of self-driving cars, we developed a compensation plan that comprehensively covers risks surrounding businesses involved in the testing. Through the sales of this plan, we will continue to contribute to achieving a pleasant, safe, and secure automobile society.

Employee training tool for preventing accidents in warehouses: Providing "Risk Hunter," an app for developing skills to perceive risks

In December 2017, MSI started providing "Risk Hunter," a smartphone app for developing the skills to perceive risks. "Risk Hunter" is a training tool with which the user watches a video of a warehouse recorded by a 360-degree camera, finds where the danger lies, and taps the spot on the screen. Allowing users to learn through playing games, this app is mainly targeted at employees of logistics operators, who can utilize it to prevent cargo accidents. With the shortage of manpower in recent years, the employment of unskilled workers and part-time workers is increasing, making the prevention of cargo accidents a critical issue for safety officers at companies. We developed this app to help solve such issues. We will continue to respond to customers' needs, and aim to provide services that will lead to the prevention of accidents.

Find the "Warning indicator" in the game	Check the details of the identified risk and preventive measures	Learn from the "Warning indicator manual"
		リスクハンター 注意ホイント解説書
By finding the "Warning indicator" on the stage, the user will become able to identify hazards at work.	Every time a risk is found, points are added, and the user can learn specific measures to prevent accidents.	By providing the "Warning indicator manual," we will help to instill detailed knowledge on accident prevention measures.

General Compensation Plan for Drones

MSI and ADI have launched the jointly developed "General Compensation Plan for Drones," which comprehensively covers various risks related to the business use of drones (small unmanned helicopters). Drones are used for various operations including crop spraying, aerial photography, and disaster research, as well as inspections and surveys in security operations or facilities and construction work. The use of drones is expected to increase and spread in both industrial and public settings. On the flip side, the use of drones involves risks of damage to the device itself as well as liability to third parties due to falls or collisions. We therefore support the "Industrial revolution in the sky" through products that prepare for such risks.

On-demand insurance: "1-day Leisure Insurance"

MSI has launched its "1-day Leisure Insurance," which is available in 24-hour units as needed, such as when going on holiday or heading out for a game of golf, starting from the inception date of April 2, 2018. This is an on-demand type of product similar to the "1-day Voluntary



Automobile Insurance" for cars, which is also available in 24-hour units. As exemplified by the so-called sharing economy, customers' needs are diversifying in recent years, with services being used only when needed or services being shared among users. In view of increased awareness around health issues and the promotion of work-life balance, people are expected to devote more time to leisure. With such changes in the social environment, customers are increasingly in need of reasonable insurance policies available in 24-hour units or those that focus solely on elements of leisure activities, which led us to develop this product. We will continue to actively develop products and services that meet the diversifying needs of our customers.

Coverage of risks related to the sharing business

MSI and ADI provide insurance products and others to platform operators that have obtained the "Sharing Economy Trust Mark" introduced by the Sharing Economy Association, Japan. The sharing economy market is expected to grow further in the future, and is positioned as one of the priority items in the "Future Investment Strategy 2017," which is a growth strategy adopted by the government at a cabinet meeting. On the flip side, as it is possible for anyone to enter this market, ensuring safety and reliability is becoming an issue that platform operators must address in order to be able to provide services, including the elimination of concerns about responses to accidents or other issues. Under these circumstances, we have decided to offer various products and services to businesses that have obtained the "Sharing Economy Trust Mark" for the stable development of the sharing economy, in collaboration with the Sharing Economy Association, Japan. With the Private Lodging Business Act in force from June 2018, we also provide products for private lodging operators to deal with risks involved in the private lodging business.

MSI also provides the "Share Eco Protector (linked with certification program)," which is an insurance product specializing in the comprehensive coverage of various indemnity risks related to the sharing business. Additionally, from November 2017, MSI has started providing an on-demand-type liability insurance product for individuals that can be freely designed, bundled with a free settlement negotiation service. This is the first of its kind in the industry, introduced in response to rising needs from businesses that wish to provide liability insurance exclusively for individuals using the service and only while they are using the service.

ADI has started a maximum 60% discount for insurance premiums for the "Sharing Business Comprehensive Compensation Plan," an insurance product exclusively for sharing business operators that have obtained the "Sharing Economy Trust Mark." We will continue to contribute to the promotion of safe and secure sharing economy businesses.

Liability Insurance for Abandoned Houses

MSI and ADI have launched the jointly developed "Liability Insurance for Abandoned Houses," starting from the inception date of February 1, 2017, targeting property management businesses of abandoned houses. With abandoned houses increasing across Japan, the issue of poorly managed abandoned houses has surfaced. Consequently, there are more operators that take on management services for owners of abandoned houses, and more owners that outsource the management of abandoned houses to such operators. With risks of incidents caused by the management or ownership of abandoned houses, there are increasing needs for insurance to cover them. Under these circumstances, we have been providing "Liability Insurance for Abandoned Houses," which covers liability damages and costs incurred by management businesses or owners of abandoned houses.

Support for companies expanding exports through utilization of domestic reinsurance contract

MSI has exchanged a domestic reinsurance contract with Nippon Export and Investment Insurance (hereinafter, "NEXI") in order to underwrite export credit insurance based on this contract. Targeting companies that engage in export deals, we have provided original products that deal with the risk of overseas business partners going bankrupt, or the risk of receivables becoming non-recoverable due to delayed payment by business partners. To respond to the needs of customers requiring further coverage, we have introduced a scheme in collaboration with NEXI to significantly increase the number of targeted export destinations and the amount of compensation, as well as to improve the convenience of customers. By helping to reduce risks related to export deals, we will contribute to the activation of both domestic and international trade, as well as support global economic development.

Credit Insurance for Medical Institutions

As one solution to the issue of unpaid medical bills facing medical institutions, ADI started providing "Credit Insurance for Medical Institutions" from September 2017. According to the Medical Practitioners' Act, medical institutions cannot refuse to perform a medical examination or treatment without legitimate grounds (legal obligation to provide medical care). This makes the healthcare industry more vulnerable to unpaid bills compared to other industries, which is becoming an issue for medical institutions. The aging population and the increase of oversea travelers have added to this problem, and we have pioneered this product in the industry as a way to solve such issues troubling medical institutions.

This product responds to new risks emerging from changes in the social environment. Through this product, we will contribute to the development of medical institutions and to the stability of their management, thus supporting the economy and revitalization of rural areas.

General support for tourism business

MSI and ADI provide the "Support Menu for Tourism Businesses," which targets operators involved in businesses serving inbound travelers to Japan, including hotels and restaurants. With the rapid increase in overseas visitors coming to Japan, there are increasing needs to support operators involved in the tourism business. As such, we have developed this menu, which consists of insurance products targeting international travelers as well as risk consulting related to the tourism business.

Since April 2017, MS&AD InterRisk Research & Consulting has been providing consulting for local governments in creating "Evacuation Guides" for foreign tourists in Japan.

With the increase in inbound tourism to Japan, local governments and businesses are engaged in various promotion activities for overseas visitors. Meanwhile, initiatives are also strongly needed for preventing and mitigating disasters as precautions for emergencies caused by disaster risks in Japan, including earthquakes, for international tourists unfamiliar with the area.

Under these circumstances, as part of disaster prevention and mitigation initiatives, MS&AD InterRisk Research & Consulting has started to offer assistance in creating "Evacuation Guides," which take the form of tourist maps of the kind often used by travelers and include information on how foreign tourists should respond in the event of an emergency.

By providing such services, we not only support the tourism business, but also provide safety and security to travelers from overseas.



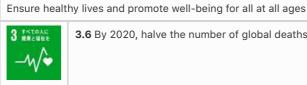
Create mobility society without accidents



Target 3.6 of Sustainable Development Goal 3 reads: "By 2020, halve the number of global deaths and injuries from road traffic accidents." We have already witnessed such changes in mobility as the spread of electric vehicles (EVs) and an increase in the number of automobiles equipped with driving safety support systems and other self driving technologies. Given the development of car sharing on the back of both technological advances and lifestyle changes, the MS&AD Insurance Group endeavors to make group-wide efforts to realize convenient access to mobility for all people as well as provide services that contribute to the prevention of accidents.

Key SDGs and Our Targets

We will contribute to mobility society without accidents through the provision of products and services including risk management measures for preventing accidents and realizing a safe road traffic environment.



3.6 By 2020, halve the number of global deaths and injuries from road traffic accidents.

Make cities and human settlements inclusive, safe, resilient and sustainable



11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

Business of MS&AD

	Identifying Risks and	Preventing Risks from	Reducing the Economic
	Providing Information	Being Realized / Reducing	Burden When Risks
	on Risks	the Impact of Risks	Become Real
Main	Visualizing risks for preventing accidents	Providing measures to prevent accidents	Providing products and services
Main Products	<u>Sleep Apnea Syndrome (SAS)</u>	<u>Risk management</u>	Automobile Insurance for 1 Day
Services	Check		Automobile insurance by utilizing
ts and	Driving Aptitude Diagnosis		telematics technology

Identifying Risks and Providing information on Risks

Risk Management for Accident Prevention

To prevent traffic accidents, it is important to avoid risks which may result in an accident in advance. The MS&AD Insurance Group will contribute to local safety through visualization of factors that can contribute to traffic accident preventions and services that support safe driving.

Service for Checking Indication of Sleep Apnea Syndrome (SAS)

MSI provides its company-oriented Sleep Apnea Syndrome (SAS) Indication Check Service that enables checking the status of snoring, a symptom of SAS, through a smartphone app. Employees record and analyze their snoring pattern with the smartphone app, and then the service provides a report on the results to managers of the company. SAS is said to be a cause of progression of atherosclerosis, myocardial infarction and brain infarction, and the typical sleepiness caused by SAS may result in a fatal traffic accident. Through this service to support countermeasures against SAS of company employees, we contribute to the safety and health of employees and support the safety of local communities at the same time.



Application screen

Provision of Apps that Supports Safe Driving

Through free smartphone apps, MSI, ADI and Mitsui Direct General are providing various services that lead to security and safety. Going forward, we will expand information and functions that will be useful for spreading prevention of accidents and safety driving.

Suma-Ho	Suma-Ho (Smartphone) "Driving Ability" Diagnosis Function
(MSI)	 Function to give audio advice before driving based on driving characteristics and provide diagnosis after driving based on analysis results
	Driving recorder function to record and check videos at dangerous driving locations
	Function to provide audio warning when approaching locations where numerous accidents have occurred
	Function to deliver the key points of safe driving based on weather information
	Function to provide "Animal Alert" when approaching locations where many
	accidents involving animals have occurred (only for limited regions)
	Other Suma-Ho (Smartphone) Functions
	Navigation on necessary steps such as how to get a solution or an access to a road
	service provider at the event of car accident or car trouble.
	Function that enable a driver to send photographs to an insurance company at the
	time of a car accident, and to check the status of insurance coverage processed at
	an insurance company.
	Function enabling checking driving aptitude through a simple game
Sapo NAVI (ADI)	Function to analyze and diagnose the driving characteristics of drivers and provide advice
	Driving recorder function to record and check videos at dangerous driving locations
	Function to verify the status of the person coming to assist drivers when using roadside assistance
	 Accident Emergency Information Service by which specialized operators make
	requests for police or fire departments in lieu of drivers
Mitsui Direct General App (Mitsui Direct General)	Function to provide one-touch communication with an accident reception center or a road service center
	 Function to detect sudden braking or collision and automatically record and save scenes before and after it
	 Function to diagnose appropriateness of driving including acceleration, slowdown, handling stability, etc.
	• Function to analyze and diagnose the driving characteristics and make strengths,
	weaknesses and the driving characteristics visible
	 Function to check understanding of traffic jam by solving questions



Provision of MACS-V (Corporate Vehicle Risk Management Evaluation)

MS&AD InterRisk Research & Consulting, Inc. has been providing MACS-V (Corporate Vehicle Risk Management Diagnosis) to corporate clients using automobiles in their business activities since August 2017. MACS-V is a tool for evaluating the degree to which automobile risk management systems have been established.

As a new version of our conventional basic automobile risk management system diagnosis tool (Basic Diagnosis), it has been improved by the addition of services for diagnosing the present operational status (Specific Diagnosis) and advice for clients who wish to newly focus on G-mark certification, transportation safety management systems, and ISO 39001.

For transportation companies: We offer a "Support Plan for Vehicle Operation Management Using a Physical Condition Checker"

In July 2018, MS&AD InterRisk Research & Consulting launched a new service for transportation companies called "Support Plan for Vehicle Operation Management Using a Physical Condition Checker." The service helps companies collect data using a fingertip sensor that measures the autonomic nervous system.

Given the recent social issue of traffic accidents being caused by driver health problems, transportation companies are under greater pressure to ensure that their drivers are in good health, provide them with reminders, and make real-time determinations on their ability to drive safely before they leave the yard. It is by no means easy to precisely understand the physical condition of drivers, however, and the reality is that such health checks and reminders are given at the discretion of the operation manager. In response to this situation, we help transportation



Source: Explanatory material published by WINFrontier Co., Ltd.

companies manage operations in view of the physical condition of their employees by collecting quantitative data using a device called "Lifescore Quick" that obtains physical condition data from a fingertip sensor. The device (a mental balance check system consisting of a fingertip pulse wave sensor and a tablet) is made by WINFrontier Co., Ltd. This device allows employers to objectively check the condition of their drivers and consider specific accident prevention measures based on the results. Going forward, we will continue to endeavor to prevent accidents through our services.

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

MSI, in cooperation with MS&AD InterRisk Research & Consulting, makes use of accident data from external institutions(*) to analyze and identify locations where accidents frequently occur, and summarizes the information as a "Map of Locations with Frequent Accidents" for all cities and wards across Japan. This map provides a wide range of information useful for prevention of accident, including the most common type of accidents and specific preventive measures against accidents, as well as a map of locations with frequent accidents.



Accident map

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

Joint Research with Gunma University on Pilot Programs for Next-generation Mobility

In December 2016, ADI entered into an industry-academia collaboration agreement with Gunma University, a national university corporation, to conduct research for the implementation of next-generation mobility. A joint research project conducted under the agreement commenced in April 2017. We will proceed with our joint research to contribute to "the

realization of secure and safe motoring" through technological development and demonstration tests toward the development of insurance products designed exclusively for a self-driving car and the establishment of claims adjustment procedures for accidents involving a self-driving car.



Awareness Survey on self-driving cars and Launch of New Products

MSI, ADI, and MS&AD InterRisk Research & Consulting have jointly conducted a consumer awareness survey on autonomous vehicles and testing on public roads since 2016. Our aim is to sophisticate our products and services by understanding consumer awareness around self-driving cars and their social acceptance. Compared with previous survey results, we have recently found that an increased number of respondents continue to expect commercial application of autonomous driving technology—and a reduction in traffic accidents—and the number of people responding favorably to testing performed on public roads has also increased. Meanwhile, some respondents were concerned about the possibility of accidents attributable to self-driving technology, as well as the performance and security of self-driving cars, etc.

In response to these concerns, MSI and ADI developed the "Special Contract of Cost for the Relief of the Victim of Accidents Involving Unauthorized Access, Vehicle Defects, etc." and other new products, which were launched in January 2018. Going forward, the MS&AD Insurance Group will continue to contribute to the realization of secure, safe, and comfortable driving through the provision of products and services.

Participation in Consortium for the Community-based Automated Transportation Service Business Initiative

ADI is a member of the Consortium for the Community-based Automated Transportation Service Business Initiative ("the Consortium") established on August 29, 2018 by the Japan Research Institute, Ltd.

Toward the realization of transportation services using self-driving cars, the Consortium will consider the specifications required of systems and proposed business models in addition to those of vehicles for their practical use in society.

By joining the Consortium, we will endeavor to support efforts for regional revitalization via implementation of transportation services using autonomous vehicles, and contribute to the realization of secure and safe motorized transportation by quickly and accurately responding to new risks inherent to autonomous vehicles.

Our Overseas Initiatives (Hawaii, U.S.A.)

DTRIC Insurance Company, Ltd. ("DTRIC") is a non-life insurance company based in the US state of Hawaii. It became a wholly owned subsidiary of ADI in June 2017. In 2016, it launched a campaign to promote safe driving in Hawaii. Through its "Drive Aloha" campaign, DTRIC has implemented awareness programs for drivers of automobiles and bicycles and pedestrians as well as educational programs, including on how to drive safely and how to walk safely on the road. Furthermore, DTRIC contributes to the community by offering an



advanced insurance product covering damages arising out of cyber risks, the first of its kind to be offered in Hawaii, along with its automobile insurance and fire insurance. DTRIC received a letter of appreciation from the Governor of the State of Hawaii in August 2017 for these highly acclaimed activities.

Preventing Risks from Being Realized / Reducing the Impact of Risks

Risk Mitigation Effort

MSI makes efforts for risk management and other risk mitigation based on its ample know-how related to loss occurrence risks. The Group as a whole supports risk prevention in the global environment as well as in Japan.

Discount of Automobile Insurance Premiums as the Reward for Attending Safety Training

MSI launched its special policy clause for Bisiness Management in January 2018. As one of the notification matters, an item was created to confirm attendance of the transportation Safety Management Certification Seminar (certification seminar*1) promoted by the Ministry of Land, Infrastructure and Transport, and MSI provides a 3% discount on insurance premiums for transportation business operators who have a history of attending certification seminar within the last three years. The provision of this clause will lead to prevention of serious accidents and their recurrence. It will do this by supporting the further adoption of the transportation safety management system (*2) and promoting continuous safety efforts including corporations' voluntary establishment of a safety management system or utilization of the PDCA cycle.

(*1) The certification seminar is a seminar provided by private institutions mainly to medium- or small-sized transport business operators based on curriculums certified by the Ministry of Land, Infrastructure and Transport. Our group company MS&AD InterRisk Research & Consulting was also certified as an implementing agency for this certification seminar.

(*2) The Transportation Safety Management System is a system to promote efforts for better transportation safety, and was established in October 2006 in response to increased accidents caused by human errors at transport business operators.

Safety Driving Support Service Utilizing Telematics Technology

We provide a service supporting companies' safe driving initiatives, and strongly supports vehicle driving management and accident mitigation initiatives of the customers of companies.

Services	Main function etc.	
"Suma Navi" (MSI)	 Safety driving support service utilizing telematics technology "Driving Ability" diagnosis for employees utilizing a smartphone app Diagnosis results summary and analysis results feedback for company managers "Training Video Creation Service" enabling simple creation on the internet of training videos for internal training using clips of dangerous driving by employees "Company Vehicle GPS Service" enabling understanding location information of company vehicles Fleet contract discount service depending on initiative results 	<image/>
Sasaeru NAVI (ADI)	 Launched the "Accident Mitigation Support Service for Fleet Contract Customers Utilizing Telematics Technology*" in April 2016 Added the "Lite" version to the lineup for customers with simple, lower priced driving management support needs in April 2018, and implemented support for customers of all industries and business conditions *Accident mitigation support service that combines the "Safety Driving Support Service" that utilizes drive recorders, with our original "Safety Driving Consulting Service" based on dangerous driving data 	Logo
Biz Safety (ADI)	 "Accident Mitigation Support Service for Business Customers Utilizing Telematics Technology" realized to minimize costs of data transmission and others through utilization of our smartphone apps and equipment Support for needs for utilizing telematics technology for vehicle driving management, safety driving guidance, etc. 	
Accident mitigation service for companies (ADI/Thailand)	 Accident mitigation support service for corporations utilizing telematics technology launched in August 2017 by Aioi Bangkok Insurance PCL (ABI), the Thai subsidiary of ADI, in cooperation with Thai Yazaki Network Service Co., Ltd. (TYNS), the Thai subsidiary of Yazaki Energy System of Yazaki Group A safety driving consulting service (*2) using TYNS's cutting-edge communication- type digital tachograph (service name: iQsan) (*1). (*1) iQsan (Ikkyu-san)The product name of a cloud-based digital tachograph developed for the ASEAN region in which wide-area communication capabilities are embedded. The Japanese animation "Ikkyu-san" is very popular in Thailand, which is a Buddhist country, and this product name is derived from the image of Ikkyu-san's intelligence. (*2) Provided by InterRisk Asia (Thailand) Co., Ltd., the Thai subsidiary of MS&AD InterRisk Research & Consulting, Inc. 	

Accident Prevention Services Suitable for Traffic Conditions in Asian Countries

Since December 2016, MSI, ADI and MS&AD InterRisk Research & Consulting, Inc. have been providing ARM (Automotive Risk Management). This is a new accident prevention service to improve driving skills and manners, for the purpose of preventing and reducing traffic accidents in Asia. Due to rapid motorization, Asia has experienced an increase in traffic accidents and casualties due to them, leading to increasing needs mainly from corporate customers for support for accident prevention efforts. In order to meet such customer needs, this service was developed as a new accident prevention service suitable for traffic conditions and accident characteristics in each Asian country. It was created by leveraging the know-how in accident prevention services for corporations (driving aptitude diagnosis, danger prediction training, etc.) cultivated in Japan. The MS&AD Insurance Group will continue contributing to safety driving education and accident prevention as the leading company in the non-life insurance industry in Southeast Asia.

Safe Operations Support Service for Domestic Vessels Utilizing Smartphones

Since April 2017, MSI has been providing "SIGNAL", a safe operation support service for domestic vessels utilizing smartphones in partnership with Weathernews Inc. This service alerts domestic vessels sailing in rough water with sound or e-mails via dedicated smartphones provided by Weathernews. It also gives forecasts of atmospheric or marine weather or shows videos of waters around the vessel on a dedicated website. This helps prevent accidents and can also be used by vessel operators to choose safe routes. MSI will continue supporting customers' safe vessel operations and contributing to the prevention and mitigation of maritime accidents.



Campaign for Education in Safe Driving

Business companies of the MS&AD Insurance Group are practicing activities or creating tools leading to education in safe driving, aiming for an accident-free society.

The "Mitsui Direct General Smile Fund" Supporting Safety Driving

Mitsui Direct General began implementing the Mitsui Direct General Smile Fund in July 2014. Customers with automobile insurance, motorcycle insurance, and driver insurance contracts vote for the organization they would like to support once per month, and a donation is made to each organization based on the vote ratio. The system reflects the opinions of customers without accidents more strongly, such as by counting the votes of those without accidents during the



period by 10 times more. This fund has created with our customers a structure of social contribution based on a new concept in which safety driving, which was previously only common sense, supports others.

Mitsui Direct General Smile Fund (Japanese only)

Provision of Safe Driving Educational Tools

MSI and ADI are supporting prevention and mitigation of damage from traffic accidents by providing safe driving educational tools for elderly drivers and children. We also focus on efforts for preventing bicycle accidents, which have been increasing recently.

Magokoro Drive (brochure) and Kuruma Torikku (web-based content) (MSI)	This tool focuses on weakening eyesight, one of the causes of traffic accidents by senior drivers. This supports safe and secure car life by enhancing understanding of visual depth perception, a visual ability to perceive the world in three dimensions that weakens with age.
Picture Book about Prevention/Decrease of Traffic Accidents (ADI)	White bear father and his child Toughy & Happy, the mascot characters of ADI's product brand TOUGH, deliver messages to children for preventing/mitigating traffic accidents by depicting the happy everyday life of Toughy & Happy with the theme of the importance of observing traffic rules.

Effort for preventing bicycle accidents

With the increase in serious accidents caused by bicycles, there are greater needs for safe bicycle riding. We are making efforts to prevent bicycle accidents by providing information required for a safe bicycle life including rules for riding a bicycle and know-how for bicycle maintenance, as well as applications and tools leading to safe bicycle riding.

Suma-Ho Anshin Cycle (MSI)	 When the cyclist's speed exceeds the preset speed, the application notifies the rider with a sound or vibration. Functions for locating bicycle shops with a bicycle safety mechanic, and supporting for inspection and maintenance Navigation function for appropriate actions to take in case of an accident or theft Function that shows on a graph the travel distance, number of times the preset speed was exceeded, and calories burned at the end of the trip
Portable card for bicycle users(MSI)	• Business-card-sized portable card showing a contact information of the card holder in case of communication difficulty due to an accident, a bicycle maintenance check list, and actions to be taken when an accident occurs.
Safety bicycle riding seminar (MSI, ADI, MS&AD InterRisk Research & Consulting)	 Safety bicycle riding seminar provided by MS&AD InterRisk Research & Consulting Comprehensive seminar covering a wide range of topics from environments surrounding bicycles to the reality of accidents and key points for safe riding Rental of DVD explaining key points for safe bicycle riding

Reducing the Economic Burden When Risks Become Real

Automobile Insurance for 1 Day

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

"One-day Insurance" logo

Automobile Risk Management Services to Corporate Customers

MSI, ADI, and MS&AD InterRisk Research & Consulting provide to corporate customers various effective programs and solutions to prevent and decrease accidents.

In addition, we invite automobile transportation business operators to the "Transportation Safety Management Seminar" (certification seminar) for which MS&AD InterRisk Research & Consulting was certified by the Ministry of Land, Infrastructure and Transport as an implementing agency. In FY 2017, the seminar has been held 145 times with 6,578 participants.

Automobile Risk Management Services (Japanese only)

Creating Shared Value > Create mobility society without accidents

Automobile Insurance Utilizing Telematics Technology

We work on supporting safety driving of corporate employees based on individual driving information collected by using telematics technology, which combines telecommunication and informatics.

"Observe and Protect Automobile Insurance" that Not Only Protects Drivers But Also Provides Peace of Mind to Family Members Watching Over Them

MSI and ADI jointly developed automobile insurance not only for drivers themselves but also to provide peace of mind to family members who are watching over them, and began offering it in January 2018. Through provision of advanced services utilizing the latest telematics technology, together with supporting safety driving by drivers, we also provide peace of mind through notification of driving tendency information every month to family members who are watching over the drivers but are living away from them.

Specifically, we provide automobile insurance along with other services, such as a service to support safe driving while actually driving that includes safe driving support alerts through the use of on-board devices and smartphone apps as well as caution alerts when the car is being operated in reverse on a highway, and a service that confirms driver safety if the on-board device detects impact from an accident.

In addition, because of the recent frequent occurrence of serious accidents due to reckless driving, awareness has been widely raised of protecting driver safety through the visualization of accident conditions through drive recorders. Against the backdrop of this social environment, we will launch our "Observe and Protect Automobile Insurance (Drive Recorder Type)" that utilizes drive recorders with new transmission functions from the initial contract term of January 2019. Through utilization of drive recorder video and the latest telematics technology, this product enables precise understanding of accident conditions and provision of concrete advice to customers. In addition, we provide services supporting safety driving by customers, including transmitting alerts when there is detection of driving that could easily cause accidents. By supporting the "car life" of customers, the MS&AD Insurance Group contributes to realizing a society with security and safety.

Launch of the "Tough Connection Automobile Insurance," the First Domestic Telematics Car Insurance that Reflects Driving Conduct

Based on driving data acquired through cutting-edge telematics*1 technology for Connected Cars*2 developed by Toyota, ADI developed Tough Connection Car Insurance, the first automobile insurance in Japan that reflects the extent of safety driving in insurance premiums each month, and launched it from the initial contract term of April 2018. Through the development and provision of telematics automobile insurance that utilizes big data on cars, ADI contributes to the realization of a car society with security and safety.



(*1) Vehicles equipped with a navigator that can acquire driving data determined by ADI, as well as an internet connection function

(*2) Coined word combining "telecommunications" and "informatics" that refers to a structure that can provide various information and services by using on-board devices such as car navigators and GPS and mobile communications systems

Bicycle Insurance "Net de Hoken@Cycle," "Bycle" & "Bycle Best"

With a court decision calling for heavy reparations for bicycle accidents and the trend of local governments enacting an ordinance to encourage insurance policies, social needs for buying insurance policies appear to be rapidly increasing. In response to such needs, the MS&AD Insurance Group sells insurance for bicycles through its business companies.

MSI sells "Net de Hoken@Cycle," whose procedures can be completed online so customers can easily buy insurance policies.

au Insurance sells "Bycle," "Bycle Best" and "Bycle S." They offer reassuring and adequate trouble support also for events other than accidents.

We will continue providing products and services to meet customer needs as we aim to help create a safe and secure bicycle society.

Strive for resilient community development



Declining in regional vitality brings about depopulation, shortfalls in social services and a variety of other issues. Communities need to ensure they have the ability to cope with environmental changes, including the ability to recover from earthquakes and other disasters.

The MS&AD Insurance Group has been undertaking a range of efforts both inside and outside Japan to contribute to efforts aimed at disasterprevention/reduction disasters and at developing communities that are essential for striving for resilient community development. The Group has also turned its attention to social issues in developing countries.

Key Relevant SDGs and Targets

Sustainable urban development can be promoted by boosting cities' ability to cope with and recover from earthquakes and other disasters. The MS&AD Insurance Group is striving for resilient and sustainable community development through its insurance/financial service businesses.

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



8.9 By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products

Make cities and human settlements inclusive, safe, resilient and sustainable



11.b By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels

MS&AD's Business

	Identifying Risks and Providing Information on Risks	Preventing Risks from Being Realized / Reducing the Impact of Risks	Reducing the Economic Burden When Risks Become Real
Main Products a Services	Risk management to prevent/mitigate disasters	Formation of sustainable infrastructure	Support for recovery from disasters
	Support of companies' risk countermeasures	Formation of infrastructure and dynamic communities capable o recovering from disasters	Efforts to achieve rapid recovery f after contingencies
and	Provision of information to prevent/mitigate disasters		

Risk Management to Prevent/Mitigate Disasters

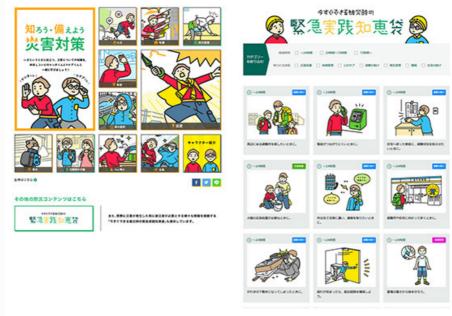
Supporting Companies' Risk Countermeasures (BCP)

It is becoming increasingly important to prepare for earthquakes and other natural disasters. MSI, ADI, and MS&AD InterRisk Research & Consulting are providing significant support to reduce damage from earthquakes, tsunamis, water-related disasters, etc., offering advice on the formulation of business continuity plans (BCP), and running disaster scenario drills in order to contribute comprehensively to building flexible and resilient societies, spanning the full spectrum from disaster prevention/reduction to business continuity.

In May 2017, MS&AD InterRisk Research & Consulting launched a "Support Program for the Arrangement of Urgent Building Inspections after Large-Scale Earthquakes". This program aids in constructing systems to conduct emergency in-house inspections of the structural safety of buildings required before accepting disaster victims and to maintain company business should a large-scale earthquake strike. In December 2017, the company began providing a "Safety Obligation Fulfillment".

Providing Disaster Prevention/Reduction Information

On its official website (http://www.ms-ins.com/special), MSI provides two pieces of content regarding disaster prevention and mitigation: "Know and Prepare Disaster Measures" and "Advice for Emergency Practice." Recently, many large-scale natural disasters have occurred, and it is important to work on continuous disaster prevention and mitigation without forgetting the experience of such disasters. In order to contribute to such effort, these pieces of content are provided to widely disseminate information on disaster prevention and mitigation to many people regardless of their age based on the concept of "friendly in normal times, reliable in an emergency." MSI will continue working on building a safe and secure society that is resilient to disasters through the provision of products/services that leverage its know-how in disaster prevention and mitigation as well as various other types of information.



Know and Prepare Disaster Measures

Advice for Emergency Practice

- Know and Prepare Disaster Measures(Japanese only)
- Advice for Emergency Practice(Japanese only)

Participating in National Disaster Prevention Promotion Conference 2017: Conducting Sessions on BCP Basics for Small and Medium-sized Enterprises

The MS&AD Insurance Group participated in the "National Disaster Prevention Conference 2017: Preparing for Large-Scale Disasters -Collaborating in Disaster Prevention" hosted by the Cabinet Office and others, and conducted a session on the basics of business continuity plans (BCP) for small and medium-sized enterprises. With the risk of business operations being disrupted by earthquakes, wind/water damage and other natural disasters no longer uncommon, this content will prove helpful in minimizing damage in the event of a contingency and in enabling companies to



View of conference

quickly restore their core businesses. In March 2015 an "Agreement on Supporting Corporate BCP Formulation, etc." was concluded with Miyagi Prefecture and four groups within the prefecture to help make communities and the country as a whole more resilient through BCP, and projects have been undertaken to popularize BCP. This session featured a report on the projects being implemented and introduced leading examples of BCP by companies.

Creating Infrastructure with Disaster Resilience

Regional Revitalization Support

The initiative to promote regional revitalization is one of the priority ones of the Japanese government and is being pursued across the country as a measure against rapid population decline and aging society. The MS&AD Insurance Group supports regional revitalization by helping industrial development activities that meet the characteristics of each region.

Creating Shared Value > Strive for resilient community development

Regional Revitalization Support Menu

MSI implements the "Regional Revitalization Support Menu" in collaboration with local governments, etc. to develop and support small business owners and entrepreneurs with the aim of revitalizing regional economies. This Menu is a package that contains the know-how accumulated thus far by the MSI Management Support Center on "working style reform support (personnel and labor)," "sales channel exploiting (marketing capability enhancement) support," "entrepreneur development," "successor development," "inbound business support" and more. It can be deployed as a program in each region. Working with regional governments and other parties, MSI is working to offer seminars and individual assistance with the objective of enabling small business owners and entrepreneurs to continue achieving sustainable growth independently.

Regional Revitalization Project

ADI sets forth being "local community-oriented" as one of its action guidelines and has always worked to provide contributory activities and other initiatives to local communities. In April 2016, in order to further advance its local community-oriented initiatives, ADI launched a regional revitalization project in response to accelerating movements to promote regional revitalization in regions across the country. With the two pillars of providing a menu of beneficial solutions for issues relating to "communities, people, and jobs" of regions, as well as contributory activities to regional communities, this project supports regional revitalization initiatives. In February 2018, for signature initiative examples by financial institutions, etc. contributing to regional revitalization in FY2017, ADI's initiative "Holding an Open Innovation Event for Tourism Business Promotion, and Underwriting Business Confidence Insurance from Financial Institutions" was authorized, received a Minister's Award, and was highly evaluated in many ways.

Collaboration & Comprehensive Partnership Agreement, etc. with Local Governments

The MS&AD Insurance Group enters into collaboration and comprehensive partnership agreements, etc. with local governments that promote administrative measures toward revitalizing local economies and building safe and secure communities. The Group also provides risk consulting services and promotes industrial development by effectively making use of the unique characteristics of each region. These initiatives are taken in an effort to contribute to the development of a safe and secure society. Through public-private initiatives, we work to build resilient communities.

Major Initiatives

Enhancing Services for Local Community Development and Regional Residents	MSI and ADI concluded a comprehensive cooperation agreement (wide collaboration agreement) with the Tokyo Metropolitan Government with the aim of further enhancing services for local community development and residents of Tokyo, and undertake comprehensive project collaboration in nine fields relating to health promotion, culture, sports promotion, regional safety and peace of mind, the environment, work-life balance and women's empowerment, support for SMEs, disaster prevention and reduction, support for childrearing and elderly people, regional community activation and enhancing services for residents of Tokyo.
Building resilient communities	The MS&AD Insurance Group supports and assists local governments and local companies implement crisis management measures in preparation for natural disasters and other unforeseen situations. ADI contributes to building communities that are resilient to disasters through holding BCP (Business Continuity Plan) seminars and supporting risk management by using the BCP formulation kit.
Building disaster-resilient communities	ADI contributes to building communities that are resilient to disasters through holding BCP (Business Continuity Plan) seminars and supporting risk management by using the BCP formulation kit.
Support for companies entering overseas markets	MSI entered into a partnership agreement with Miyagi Prefecture, etc. and has been conducting support activities using its international networks deployed in various countries, such as providing companies that have entered overseas markets with information on politics, economy, livelihood (safety), etc. of overseas countries, holding seminars and individual consulting sessions for companies operating in overseas markets, and providing information locally to observation teams visiting overseas locations.
Support for the development of agriculture	ADI collaborates with local governments and local financial institutions in holding risk management seminars for sixth-sector industrialization of agriculture and taking other initiatives.

Fire Insurance for Small- and Medium-sized Enterprises

MSI and ADI jointly developed a fire insurance targeted at small- and medium-sized enterprises, and commenced sale of the product. In addition to the introduction of the insurance premiums discount system according to actual risks, it is possible to have flexible compensation plans in accordance with the needs of customers, such as setting the amount of deductibles by types of accidents, and adding coverage for damages from business suspension and indemnity liabilities.

Investment in Regional Economy Vitalization Corporation of Japan

MSI and ADI support the efforts to revitalize local economies by investing in the fund established by the Regional Economy Vitalization Corporation of Japan (REVIC). The objective is to support the prompt management improvement of firms standing at the core of local communities and help to develop core firms that serve important roles for local communities.

Investment in Loan Funds for Small- and Medium-sized Enterprises

MSI supports the growth and business revitalization of small- and medium- sized enterprises through investing in fund, established by TOPAZ CAPITAL, INC., that for the first time in Japan provides risk money mainly based on loans.

The "MS&AD Insurance Group Award" for Venture Companies

In February 2017, MSI gave "the Mitsui Sumitomo Insurance Award" to three venture companies at the business contest "MIRAI 2017" organized by a corporate consortium "Incubation & Innovation Initiative." "MIRAI 2017" is Japan's largest-level business contest aimed at supporting the creation and growth of businesses that can have an impact on society. Several original themes deeply connected with insurance were set and ideas were widely solicited from corporations and individuals. The three companies that received the award have high affinity with the business of MSI along with excellent know-how, and MSI will begin considering pursuing collaboration in each of the relevant fields going forward. MSI works to develop innovative products and services through pursuing collaboration with various companies and widely incorporating external insights and know-how.

Strengthening the Ability to Recover from Disasters

Spreading Earthquake Insurance

Based on the "Act for Earthquake Insurance", earthquake insurance is managed by both government and the non-life insurance companies, and aims to contribute to rebuilding the stability of disaster victims' lives. The needs of earthquake insurance have been increasing since the Great East Japan Earthquake, the 2016 Kumamoto Earthquake, and the 2018 Osaka earthquake. MSI and ADI rediscovered the importance of customers understanding the necessity and the contents of earthquake insurance correctly. For many people to get earthquake insurance, we are offering advice about earthquake risks to our customers.

Smartphone App Useful During and After Disasters

MSI offers smartphone services that help out during disasters and to help users in areas hit by large-scale natural disasters to be safe and secure.

Creating Shared Value > Strive for resilient community development

Smartphone Disaster Navigator	 Guidance function that uses the phone's GPS and camera (AR) to provide directions to evacuation sites designated nationwide by local governments Registration/confirmation of information on user's safety Real-time provision of disaster prevention information disseminated by ministries, agencies and local governments based on the user's present location; "Know-how for Disasters" provided free of charge for use during disasters Services available to everyone, not just policyholders Services available in foreign languages (English, Chinese, Korean) 		
Earthquake! Where Are You? Service	 Services provided through the special "GK Home Insurance Grand" appl launched in April 2017 Automatically detects the location of family members and other persons registered in advance when an emergency earthquake alert is announced and shares information by push notification feature Confirms the locations of family members and shares information on their safety even right after an earthquake when telephone connections are unreliable Service available for individual "GK Home Insurance Grand" fire insurance policyholders 		

Providing "Branch/Office Seismic Intensity Checker"

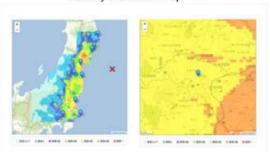
Since July 2018 MS&AD InterRisk Research & Consulting has been providing a members-only website ("Branch/Office Seismic Intensity Checker") that allows users to immediately confirm seismic intensity information for their company's branches/offices or those of a business partner when an earthquake of Shindo 6-lower or higher intensity occurs in Japan.

A major earthquake of Shindo 6-lower or higher intensity could cause communications outages, damage at branch/office locations, or other circumstances that might prevent access to needed information from parties in remote areas but, armed with at least seismic intensity information, damage can be forecast and prompt steps taken such as (1) prioritizing responses and (2) making preparations to implement these responses. The recently developed "Branch/Office Seismic Intensity Checker" will promptly deliver this seismic intensity information. MS&AD InterRisk Research & Consulting supports companies' disaster prevention/BCM efforts by offering consulting on forecasting disasters, establishing response rules and implementing first response/recovery drills premised on utilization of this website.

Overview	 This is a members-only website giving users quick access to seismic intensity information for stipulated locations such as their own company's branches or those of suppliers when an earthquake of Shindo 6-lower or higher intensity occurs in Japan. Entering just the address information (CSV-format) of the pre-registered locations at the website will allow users to quickly obtain (1) the branch's/office's position mapped onto a seismic intensity distribution map, and (2) seismic intensity is the detail.
	 intensity data listed by location. Another key point is that information on up to 300 locations can be obtained simultaneously in one step.

Image ①: Mapping of business location on seismic intensity distribution map

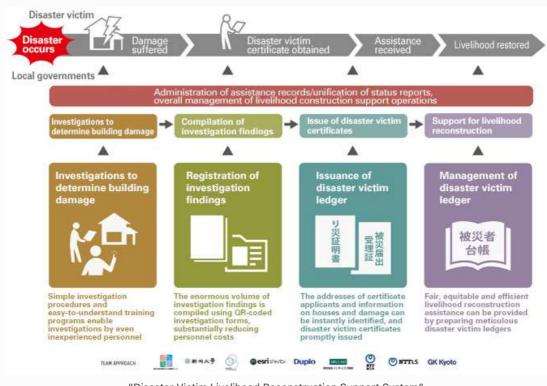
Image 2: Seismic intensity data list



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Supporting Quick Recovery from Disasters

MS&AD InterRisk Research & Consulting collaborates with Niigata University, Shizuoka University, the National Research Institute for Earth Science and Disaster Resilience (NIED) and others to help local governments introduce a "Disaster Victim Livelihood Reconstruction Support System" through business-academic cooperation. This Disaster Victim Livelihood Reconstruction Support System is designed to provide comprehensive support to local governments in their efforts to restore the livelihoods of disaster victims, including the issuance of disaster victim certificates, and to establish a society able to help disaster victims promptly rebuild their independent livelihoods. When the Kumamoto earthquake struck in April 2016, this system proved itself very useful in facilitating procedures for issuing disaster victim certificates in the afflicted areas.



"Disaster Victim Livelihood Reconstruction Support System"

Cat bonds (catastrophe bonds) issuance support services

MSI provides services that support issuance of Cat bonds (*) for customers such as infrastructure-related companies and manufacturers with large production bases.

In recent years, the occurrence of major earthquakes or the progress of climate change have led to increase in customers' demands for preparing a large-scale natural disaster risk. We have decided to launch this service in response to such demands.

The service will reduce customers' burden of cumbersome administrative procedures associated with Cat bonds issuance as well as realize customers' diversification of hedging methods for catastrophe risks through our advice on setting optimal issuance conditions etc.

(*) A Cat bond is a mechanism which transfers catastrophe risks such as earthquakes or typhoons from one party to investors in the capital markets. As long as no disaster exceeding a predetermined threshold occurs, investors (Cat bond purchasers) receive coupons periodically and have principal repaid at maturity. However, in the event that a disaster exceeding such threshold occurs, the principal to be repaid to investors is reduced partially or entirely so that it is used to compensate customers for their losses.

Comprehensive Insurance for Corporate Expenses/Profits (Special Provisions on Compensation for Specified Earthquake Hazards)

To address the rising need for earthquake risk countermeasures prompted by the large-scale earthquakes that have occurred in recent years and by government forecasts of future earthquakes, ADI since July 2016 has been providing products that compensate for lost profits when large-scale earthquakes disrupt companies' business operations. In future, the company will also offer products/services that help companies promptly recover from disasters.

BCP Support Tools for Welfare Facilities

MSI, ADI, and MS&AD InterRisk Research & Consulting have developed earthquake/water damage BCP preparation support tools for welfare facilities and hazard prediction training tools for nursing/welfare facilities, and the companies provide these tools for free. ADI has been utilizing some of these tools in conducting training sessions on preparing BCP in various communities. The companies will continue to make efforts to prevent accidents/disasters that affect welfare services and to provide information/tools that help keep these services available when disasters strike.

Support "good health and longevity"



With the aging population come additional issues that we must solve, such as in the areas of health and welfare, responsibilities of local communities, and changes in long-term care. The MS&AD Insurance Group will be there for our elderly customers, engaging in initiatives to help them lead a healthy and enriched life after retirement, while also assisting in the development of businesses that support the super-aging society.

Major relevant SDGs and targets

In the era of a 100-year life span, we will support "good health and longevity" by preventing health risks to help you stay active for your entire life as well as providing measures to help you build assets that will enable you to enjoy a fulfilling life after retirement.

Ensure healthy lives and promote well-being for all at all ages



3.4 By 2030, reduce by one third premature mortality from non-communicable diseases (NCD) through prevention and treatment and promote mental health and well-being.
3.8 Achieve universal health coverage (UHC), including financial risk protection, access to high-quality and essential health-care services and access to safe, effective, high-quality and affordable essential medicines and vaccines for all.

Business of MS&AD



Promoting health and disease prevention

"Kokokara Diary," supporting the health of the body and mind

MSI and MSI Aioi Life provide the "Kokokara Diary," a smartphone app that supports mental and physical health. This service enables users to measure their stress level, check how many calories they have consumed based on automatic count of the number of steps walked, take records of meals, height, weight, or hours slept, and check medical information, thus empowering users to manage their own health.

MSI and MSI Aioi Life also provide corporate clients with an exclusive website on which data on employees (number of steps, calories consumed, weight, body fat percentage, BMI, blood pressure, hours slept) can be aggregated and viewed. This can be utilized in providing health guidance to your employees, including for the prevention of lifestyle-related diseases, as well as for holding events such as walking rallies for health and productivity management using the function for ranking employees by number of steps walked. MSI and MSI Aioi Life will contribute to improving the health of individual customers, as well as to health and productivity management by companies.



Screen image

Promoting the certification of "Health Management Advisors"

MSI has signed a partnership agreement on the "Tokyo Workplace Health Promotion Assistance Project"*1 with the Tokyo Chamber of Commerce and Industry.

MSI's agents in Tokyo and its approximately 400 employees plan to acquire the "Health Management Advisor"*2 certification as authorized by the Tokyo Chamber of Commerce and Industry. They will then strive to spread and raise awareness on initiatives conducted by the Tokyo Metropolitan Government for small- to medium-sized businesses in Tokyo, including health promotion, and preventive measures against cancer, hepatitis, or infections in the workplace. MSI has been recognized under the "Certified Health & Productivity Management Organization Recognition Program (White 500)" managed by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi for the second consecutive year. MSI has promoted its own health management by ensuring a working environment that attends to the physical and mental health and safety of each employee, and supported the health management efforts of other companies by providing smartphone apps including the "Kokokara Diary" and "SAS Predictor Check" for sleep apnea syndrome. Through this partnership agreement, our agents as well as employees will play a role in the "Health Management Advisor" program and thus help enliven and invigorate companies, as well as seek to improve their productivity. MSI will continue to spread and raise awareness on health management.

(*1)Project by the Tokyo Metropolitan Government in collaboration with the Tokyo Chamber of Commerce and Industry to utilize the "Health Management Advisor" program and provide support to businesses for the purpose of effectively sharing expertise accumulated by the Tokyo Metropolitan Government on promoting health and preventing cancer, hepatitis, and infections, as well as promoting initiatives by businesses (*2)An expert who communicates the importance of Health and productivity management to businesses and creates triggers for action as well as provides businesses engaged in Health and productivity management with necessary information on administrative policies or consultation services and helps them take action

Activities to Communicate Medical Information to Customers

Provision of Leading Medical-Related Information Through the First "Virtual Reality" in the Domestic Life Insurance Business

MSI Aioi Life is providing information utilizing virtual reality (VR) media on smartphones for the first time in the domestic life insurance business. Provided by employees and agencies, customers are able to virtually experience facilities and techniques at medical institutions that conduct proton therapy, an advanced medical technology in cancer treatment that is not usually seen, as well as how changes occur to vision as cataracts progress, which rarely has subjective symptoms.

We believe it is one of our social missions as a life insurance company to convey medical treatment information which is evolving daily and support correct understanding, and to actively work on various information provision and awareness activities related to medical treatment. Guiding customers in a clearer manner and them knowing of our presence assists in facility selection and early detection of illnesses, and leads to customers' increased peace of mind. Going forward, through an animation movie explaining molecular targeted drugs, a form of anti-cancer drug, a simulated experience of dementia, and more, we will increase our various VR media and consider providing tools that deepen customer understanding regarding health and medical treatment.

Activities to communicate handy health information

In April 2017, MSI Aioi Life established Karada-Care Navi, a website with helpful information to support users' health. The site publishes clear explanatory articles (36 as of August 2018) with illustrations and diagrams divided into four categories: illnesses and medical care to be aware of, tips on health, staying healthy with food, and healthy life. All



of the articles received the supervision of experts, and provide information on prevention and coping methods for familiar diseases, bodily symptoms that would be frightening to ignore, and healthy ingredients. Going forward, we will provide tips for living healthily every day.

Cerebral Stroke Project

MSI Aioi Life organizes the "Cerebral Stroke Seminar" in collaboration with the Japan Stroke Association. This seminar

provides extensive information, such as advice on avoiding illnesses becoming serious, by conveying information on strokerelated knowledge and prevention, as well as first-aid measure when someone has a stroke. The seminar has been held 155 times so far, with cumulative attendance by 17,900 customers (as of the end of March 2018). Going forward, we will continue to support the lively long lives of our customers and citizens.



"Cerebral Stroke Seminar"

Research and study for the Future

In collaboration with the University of Tokyo Center of Innovation (COI), we started an initiative toward realizing a "sustainable society with healthy long lives"

The MS&AD Insurance Group Holdings, MSI, ADI, and MSI Aioi Life are collaborating with the University of Tokyo COI, the hub for a "Self-Managing Healthy Society," to start initiatives aimed at improving the health of citizens. Through this cooperation, we support everything from daily lives in which people take active preventative measures to protect their health, to people's daily lives if they happen to become ill, and contribute to creating a sustainable society in which people live longer staying healthy.

Industry-Academia Cooperation Toward Innovation in the Health and Medical Treatment Fields

MSI is participating in the Osaka University Cross Innovation Initiative (CII) that aims to realize innovation in the health and medical care fields through industry-academia cooperation. This initiative, which tackles commercialization of future medical treatments that cross organizations and fields, contributes to further development of health and medical industries and the realization of a society in which people live longer staying healthy with full of vitality by supporting safe, stable innovation.



A scene from press conference

Grant Programs of the 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 "Mitsui Sumitomo Insurance Welfare Foundation Prize" to the authors of excellent publications and papers. It also engages in activities to provide partial grants for the purchase of welfare vehicles used by welfare facilities for the elderly. They started to offer overseas aid to South East Asia in fiscal 2007. They subsidized studies in Singapore and Thailand, investigated and considered appropriate subsidy methods to expand subsidization coverage to include more countries. By the end of fiscal 2016, it



Presentation ceremony in Singapore

has furnished 894 million yen in aid for 843 projects in the elderly welfare (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

Products and Services that Support a Super-Aged Society

Due to the progression of aging, there are increasing needs for products and services that support nursing care and medical care. The MS&AD Insurance Group offers products and services that meet the needs of customers, aiming for a society in which senior citizens and local residents can live with peace of mind, and development of local community resilient to disasters.

Fire Insurance Products for Aging Society

MSI and ADI are offering fire insurance products for aging society. With the recent advancement of aging in our society, there have been more cases of elderly persons dying alone in rental housing, and needs for services to support the elderly in day-to-day living have been growing year after year. In order to respond to these changes in the environment, they developed and offer a special rider for fire insurance (new establishment of a special rider for landlord expenses, enhancement of fiduciary liability rider) and incidental services (furniture moving, light bulb replacement service).

Meanwhile, in recent years patients with dementia have been increasing in number. Once developed, the illness can cause a patient to wander, etc. and get involved in an accident or go onto train tracks by mistake and stop a train. Since such cases which are subject to a large amount of damage claim can be expected, there are growing needs to secure insurance if an accident should happen. Therefore, since January 2017 we have been offering a rider to cover "liability to pay for damage caused by suspension of train operation, etc. not involving property damage," which was not covered by the conventional liability rider for individuals.

Taking into account the further advancement of aging, we will continue to combine the know-how of group companies in actively pursuing the development of products and services that contribute to the "establishment of an aged society which is comfortable to live in."



Recommending: GK Sumai no Hoken "Kazai Grade Up Hosho no Goannai" (insurance guide on coverage for furniture & household goods and upgrading)



Tough Sumai no Hoken "Kazai no Hosho Jyujitsu Package" (package for enhancing coverage for furniture & household goods.)

Services and Tools Considering the Elderly People

Due to population aging and decline, the number of elderly people who live along or as couples increasing, driving the demand for services that will support them in daily lives. In light of these circumstances, MSI developed a new fire insurance "GK Sumai no Hoken Grand" and started selling it in January 2017.

This product not only provides protection in case of emergency, but also offers complementary services that make life comfortable, so that the customers feel the value of this product even in daily life when they do not have to use the insurance for emergency cases.

To deliver peace of mind and comfort, this product offers "Grand Select Service" which is widely useful in everyday life and can be used not only by the customers who join the insurance program but also by their relatives registered as emergency contacts.

In addition, MSI is making various tools more convenient for elderly customers by making them easier to read, understand and use.

"Grand Select Service" menu examples

Disaster prevention/mitigation information alert service	• In the advent of torrential rain, typhoon, heavy snow, lightening, and other critical situations that cause damage to the housing of a policyholder and his/her families/relatives (e.g., a child living away from home), an emergency notification is sent to the policyholder and his/her families/relatives by e-mail, etc.
Phone consultation service	• Free-of-charge consultation is provided by a specialist staff over the phone when a policyholder is facing issues related to health/medical, nursing care, pension/taxation, legal matters, inheritance tax, pets, PC operation, etc. in daily living.
Tsunagari report service	• A notification on the status of policyholder's use of services is sent to the policyholder's family/relative (e.g., a child living away from home). The service offers assurance for the family/relative living away that the policyholder is doing well.

The followings are the other incidental services (Japanese only)

Examples of tools corresponding to the aged society and offering enhanced user-friendliness and convenience

Brochures, policy provisions, insurance certificate, etc.	 The description space was considerably expanded (doubled in the brochure, 1.5 times in the policy certificate), and larger, easier-to-read letters as well as more illustrations have been adopted. Policy brochure is also available in the form of a video (AR (augmented reality) content).
Product description DVD • Offering a product description DVD that describes the coverage in an easy-to-understa	
Special insurance certificate folder	• We provide a binder made of highly durable material that comes with an inner pouch on which an explanation on the policy certificate placed is printed.

Advanced Medical Care Benefit Direct Payment Service

At the current time of the end of August 2018, MSI Aioi Life is offering use of its "advanced medical care benefit direct payment service (*)" for all medical institutions in Japan that perform proton therapy and heavy ion radiotherapy as advanced treatment approved by the Ministry of Health, Labour and Welfare. This service not only reduces the burden of policyholders to prepare funds in advance but also offers a sense of security for policyholders since they can receive types of treatment with particularly high technical fees.

(*) A service of directly paying advanced medical treatment fees for proton therapy and heavy ion radiotherapy to a medical institution on behalf of the policyholder. This service is available for a contract with an addition of any of the following: "advanced medical care rider," "advanced medical care rider (no cash surrender value return)," "lump-sum payment advanced medical care rider," "advanced medical care for cancer rider," "advanced medical care for cancer rider," "advanced medical care for cancer (no cash surrender value return) (18)."

Support for the Development of Regenerative Medicine Technology

MSI is a managing insurance company for the "Liability Insurance for Clinical Research, Including Regenerative Medicine," a system established by the Japanese Society for Regenerative Medicine. We commenced sale of a dedicated insurance product in line with this role. Under this system, when conducting clinical research on regenerative medicine in accordance with the Act on the Safety of Regenerative Medicine, etc., MSI provides donors and patients with compensation while offering coverage for damage liability that should be borne by medical institutions under law in this clinical research.

Under the system of "Liability System for Treatment, including Regenerative Medicine" introduced in July 2017, MSI as a managing insurance company began the sale of a dedicated insurance product. This provides compensation for health damage in cases where a doctor/medical institution covered by the conventional medical professional liability insurance is liable for compensation under law. In addition, the system of "Liability System for Treatment, including Regenerative Medicine" provides compensation in cases where a doctor/medical institution bears no liability for compensation under law, and offers compensation for donors as required under the Act on the Safety of Regenerative Medicine, etc. and also for patients not provided for under the said Act.

MSI will continue to operate these systems with a view to contributing to the increasingly sound development of technologies for regenerative medicine, etc. and the prompt, safe penetration of regenerative medicine in Japan.

Preparing for inheritance and business succession in the future ("Owner's Road" corporate insurance product)

In July 2018, MSI Aioi Life started providing the "Owner's Road" [official name: Nonparticipating Period-Specified Term Insurance for Disasters with Specified Period] for corporate customers. This is a product for ensuring compensation in order to support the customer's business with a reasonable insurance premium for a specified period from the inception date, while reducing the amount of compensation for death or disability due to causes other than disasters. Additionally, it ensures retirement pay to provide post-retirement support, and serves as funding in preparation for inheritance or business succession in the future.

Providing ways to build or pass on assets in response to needs of the super-aging society

In response to the super-aging society, MSI Primary Life provides a wide variety of products for building assets as self-help measures to supplement public pensions, as well as for properly passing on your assets to the next generation.

"Joy for Tomorrow" (Currency Selection-Type Existence Security-Oriented Individual Pension Insurance)

In May 2018, we launched the "Joy for Tomorrow" (Currency Selection-Type Existence Security-Oriented Individual Pension Insurance) at partner financial institutions across Japan to respond to needs for living benefits, in anticipation of a time when it is normal for people to live to be 100 years old. This is a pension insurance product denominated in foreign currencies with high interest rates, with the amount of annuities enhanced by a tontine scheme*1. Annuities can be received as early as one month from the contract date, and customers can choose between a life annuity, which provides a payment for life, and a defined-period annuity, under which a regular payment is received for a predetermined period. As a foreign currency-denominated pension insurance plan with a one-off payment, this product is the first of its kind in the industry*2 in that the amount of death benefit while payments are being deferred or premiums are being paid is kept lower than the amount of the single premium that is paid, and a life annuity without a death benefit is available. With higher life expectancy and the super-aging society, this is an attractive pension insurance product that allows customers to prepare for a long life, helping customers to enjoy themselves in the era of a 100-year life span.

(*1)Tontine pensions originate from an insurance program devised by the Italian Lorenzo de Tonti under which the longer you live, the more annuities you receive, using a system in which death benefits are minimized and money is allocated instead to annuities for living people.

(*2)According to research by MSI Primary Life (as of the end of April 2018). The target of research was singlepremium pension insurance products denominated in foreign currencies provided by life insurers as of the end of April 2018. "Currency Selection-Type Existence Security-Oriented Individual Pension Insurance" including the "Joy for Tomorrow" was the target of research.

"Connecting Kindness" (Currency option-type special whole life insurance)

"Connecting Kindness" (Currency option-type special whole life insurance) is a product launched in August 2016 that responds to needs in "receiving," "connecting," and "passing on." It is a whole life insurance product denominated in foreign currencies that are expected to have high interest rates (US dollar or Australian dollar) or Japanese yen. Living benefits can be received immediately after signing the policy. For policies in foreign currencies, the customer can designate the maximum amount of living benefits they receive in yen, and the receiver of the living benefits can receive up to the designated maximum.

There is growing interest in inheritance or Gifting using financial products, and this product is attractive to customers seeking to cleverly hand over their assets to the next generation or pass them on to treasured family members.

Also, a similar product called "Joy of Giving" (Currency Selection-Type Specialized Whole Life Insurance) was launched through the MUFG Bank from June 2018.

Based on "Our Customer-First Policy in the Operation of the Group's Business," we will continue to seek to provide attractive products and services that are finely tuned to customers' diversifying needs.

Initiatives for the individual-type defined contribution pension plan (iDeCo)

MSI and ADI are collaborating with financial institutions and others to spread the use of individual-type defined contribution pension plans (hereinafter, "iDeCo").

Since October 2017, MSI has partnered with JTB group companies to introduce iDeCo to customers of JTB Lifenet or members of "Eraberu Club," the benefit package service offered by JTB Benefit Service. Additionally, we have been commissioned to undertake the administration of "Yucho Plan A," the iDeCo plan promoted by the Japan Post Bank through approximately 20,000 post offices across Japan. Also, we are engaged in face-to-face consultation services, which Japan Post started on a trial basis at seven post offices, through which we provide services including explaining how to join Yucho Plan A.

ADI has positioned iDeCo as one of the one-stop services equivalent to non-life insurance and life insurance, and promotes the spread of iDeCo through its agents across Japan. Additionally, by collaborating with tax accountants as well as social insurance and labor advisors, ADI is focused on the promotion of iDeCo with an emphasis on its tax benefits.

Responding to Growing Health Care Needs

Provision of Products & Services for Nursing Care and Medical Care

Comprehensive Medical Institute Compensation Plan

MSI has developed and commenced sales of a new product, the "Comprehensive Medical Institute Compensation Plan," targeted at medical institutes, with the aim of covering the various risks confronting organizations such as hospitals (risks of property loss, liability, information leakage, etc.). In order to distribute the necessary compensation to customers in a reasonable manner, this product comes in a package that comprises both insurance and risk consulting services. By offering this plan, MSI seeks to provide support to customers that are entering new medical fields, and to contribute to the safe and stable operation of businesses.



Comprehensive Compensation Plan for Welfare & Nursing Care Business Operators, Nursing Care Insurance & Comprehensive Insurance for Social Welfare Business Operators

MSI and ADI distribute products that incorporate insurance and risk consulting options in a package so that welfare & nursing care business operators can rationally secure the necessary compensation against various risks (property damage risk, compensation liability risk, information leakage risk, etc.) that surround these business operators. Factors such as the diversification of services, the advancement of information disclosure, and the introduction of robotic nursing equipment have increased the complexity of risks faced by welfare and nursing care businesses. They contribute to the safe and stable operation of these businesses and support customers newly entering the welfare & nursing care sectors by providing solutions to these business operators.

Enhancement of coverage for nursing care and dementia ("&LIFE New Health Insurance A (Ace) Premia")

As of April 2018, MSI Aioi Life has been providing "&LIFE New Health Insurance A (Ace) Premia" [official name: Nonparticipating Health Insurance with Low- or Non-Cancellation Refund (18)]. This achieves enhanced coverage for nursing care and dementia, as well as newly introduced women-friendly coverage (coverage for childbirth and fertility treatment) and a "Lifestyle improvement assistance program," an exclusive service for policyholders. We will add new compensation and services based on progress in medical technology or changes in the social environment in order to comprehensively respond to increasingly sophisticated and diversifying customer needs.

Enhancement of coverage for nursing care and dementia (Whole life insurance "Whole Life Plan for nursing Care and Dementia")

Since April 2018, MSI Aioi Life has provided the "Whole Life Plan for Nursing Care and Dementia" [official name: Nonparticipating Whole Life Insurance (Low Cancellation Refund Type), Whole Life Nursing Care Compensation Special Contract (Non-Cancellation Refund Type) (18) with Special Provision for Lump-Sum Payment for Dementia], which is a product for preparing for nursing care risks including treatment for dementia. In December 2012, MSI Aioi Life launched the "Whole Life nursing Care Compensation Special Contract," for which the grounds for payment is linked to the public nursing care insurance system, providing coverage through lump-sum payment and pensions. This has been upgraded to add coverage for dementia care, which is the most burdensome among all types of nursing care, and to provide generous support for anxiety in nursing care, which is increasingly becoming a social problem.

Promotion of the training for dementia supporters

MSI Aioi Life promotes the training of "Dementia supporters," which is part of the "Comprehensive Strategy for the Promotion of Dementia Measures (New Orange Plan)" promoted by the Ministry of Health, Labour and Welfare. Employees and agents will take training courses for dementia supporters to acquire accurate knowledge on dementia and expertise to support dementia patients and their families, thus contributing to the local community.

BCP assistance tool for welfare institutions

MSI, ADI, and MS&AD InterRisk Research & Consulting have developed the "BCP creation assistance tool for earthquakes and flood damage" for welfare institutions and the "Danger prediction training tool" for care facilities and welfare institutions, making them available free of charge. Additionally, ADI holds "BCP creation workshops" in local communities using these tools. We will continue to provide welfare services with information and tools for prevention of accidents or disasters, as well as for business continuity in case of disaster.

Provision of Nursing-Care Services

Mitsui Sumitomo Insurance Care Network Co., Ltd. is a fully-owned subsidiary of MSI that provides a wide range of services for the advent of a super-aged society such as nursing homes, "Yu Life Yokohama" (established in 1995) and "Yu Life Setagaya" (established in 2006), as well as in-house nursing care services (Yokohama, Nagoya).



Yu Life Setagaya

ADI focuses on nursing care prevention and rehabilitation through its subsidiary Fureai Do-Life Service that operates day service centers in four locations. Being an operator of day service centers, which is expected to demonstrate its role as a function to support independence of users, they offer muscle training and functional training programs led by physical therapists and other specialists in an aim to help users maintain their physical functions and good health. Furthermore, they interact with elementary and junior high schools in the neighborhood, accept volunteers to experience and

study about welfare on site, and actively coordinate with volunteer organizations. In addition, they continue to engage in community-



Rehabilitation training conducted at Do-Life Shinagawa

oriented activities, such as holding an open house at the welfare training center annexed to each day service center and welcoming volunteer organizations and business operators in the community (181 times in fiscal 2017) and organizing nursing care seminars for nursing care business operators in the community.

Insurance for Compensating Salaries During Nursing Care Leave

In order for employees of companies, etc. to continue working, not only do they need to provide for themselves but also to prepare for nursing care for their parents. Many employees who face nursing care for their parents are in their 40s and 50s and belong to the manager strata that takes on the core role in operating the business for a company. Therefore, adopting a group insurance system which supports the effort of keeping a good balance between work and nursing care, is beneficial for both the company and its employees. MSI and ADI will continue to help their corporate customers establish and improve their workplace environment while providing employees involved in nursing care and their families with solutions to mitigate concerns in an aim to prevent workers from leaving jobs to give nursing care.

Support Service for Companies to Keep a Good Balance between Work and Nursing Care

MSI and ADI developed a service to support human resources departments of companies in their effort to keep a good balance between work and nursing care for their employees. In the current aged society, seeing employees leave jobs to give nursing care is a pressing issue for companies. As such, they decided to develop and provide a charged support service based on the initiatives presented under the "model for supporting balancing work and family care and preventing workers from leaving jobs" of the Ministry of Health, Labour and Welfare. We will continue to take part in promoting stable management of companies and in realizing a worker-friendly society.

MSI	 Launched in June 2016 Development/provision jointly with InterRisk Research Institute & Consulting and Mitsui Sumitomo Insurance Care Network A support service for giving advice on identifying issues, setting the direction to move toward, etc. based on the five initiatives presented by the Ministry of Health, Labour and Welfare in its model for supporting balancing of work and family-care to prevent workers from leaving jobs to conduct nursing care"
ADI	 Launched in July 2016 Development/provision jointly with Fureai Do-Life Service Co., Ltd., a subsidiary providing nursing care service A service using the "assessment sheet for measures to balance work and nursing care" to evaluate the level of measures for balancing work and nursing care of a company and offering services to the company for holding seminars depending on the status of measures, establishing a consulting desk, etc.

Contribute to climate change mitigation and adaptation



Progressing climate change has caused natural disasters to increase in number and scale, and there is a growing likelihood of disasters of unprecedented enormity. Even short of such major disasters, gently advancing changes in weather destabilize business activities and everyday living and cause physical and economic harm. Natural disasters due to climate change are an enormous risk shared by the entire planet, and there are also concerns that an increase in insurance money paid out in connection with such disasters will undermine the global insurance system. While we cannot stop climate change, we must take countermeasures to prepare for increased risks. The MS&AD Insurance Group provides the society

with security and safety by reinsuring losses from large-scale disasters and sufficiently preparing in other ways. Even as we promote adaptation to climate

change by offering suitable services to diminish or eliminate the damage and losses caused to customers by climate change-driven weather disasters, we will also support new businesses helping to mitigate climate change through insurance and consulting.

Key Relevant SDGs and Targets

To promote wider use of modern energy services and to face up to climate change and its impacts, we will provide means of adapting to or mitigating climate change through insurance products and risk consulting.

 Ensure access to affordable, reliable, sustainable and modern energy for all

 Image: Construction of the second s

MS&AD's Business

Services

	Identifying Risks and Providing Information on Risks	Preventing Risks from Being Realized / Reducing the Impact of Risks	Reducing the Economic Burden When Risks Become Real
Main	Assessment/analysis of climate change risks	Provision of risk management measures	Provision of products/services
			Support for renewable energy
Products	Endorsement of TCFD's final	Risk management for preventing	businesses
Lot	recommendations	natural disasters	
S			Weather derivatives

Efforts to Assess/Analyze Climate Change Risk

With approaches to addressing the new risks of climate change in demand, assessing/analyzing climate change risks has taken on greater importance. The TCFD (Task force on Climate-related Financial Disclosure) established by the FSB (Financial Stability Board) has asked that companies analyze the impacts of climate change on their finances and disclose this information because of the growing impact of climate change risks. Given these circumstances, the MS&AD Insurance Group is further accelerating its existing efforts to assess/analyze climate change risks.

Holding a Symposium on Climate Change and SDGs

Climate change and natural disasters have become issues to which solutions are being eagerly sought via SDGs adoption to achieve sustainable societies. In May 2018 the MS&AD Insurance Group held a climate change symposium entitled "Considering the Next Step toward Achieving SDGs with Climate Change in Mind" that featured intellectual figures and specialists who shared information with stakeholders through presentations on the latest developments involving SDGs and on the efforts of individual countries/companies, and who exchanged views in panel discussions.



Scene from symposium

Various tools newly made available by MS&AD InterRisk Research & Consulting to analyze business risks, including ESG-related and climate change risks, were introduced during the symposium.

Efforts designed to generate synergistic effects between local revitalization and disaster prevention/mitigation have been announced, as well as the flood frequency change forecast map as part of a project being carried out globally to analyze flooding risks due to climate change that was launched jointly with the Shibaura Institute of Technology and the University of Tokyo. The MS&AD Insurance Group is committed to continuing its focus on efforts against climate change in future.

Endorsing TCFD's Final Recommendations

The MS&AD Insurance Group announced its endorsement of the climate-related financial information disclosure guidelines released in June 2017 by the FSB's Task force on Climate-related Financial Disclosure (TCFD). At the urging of the UNEP FI, the Group also participates in a pilot project researching disclosure methods for insurance companies in line with the TCFD's recommendations, and it has joined with insurance companies worldwide to consider scenario analysis methodologies for standard insurance companies and determine what would qualify as appropriate disclosure.

Signing the Japan Climate Initiative

The MS&AD Insurance Group participated as a founding member of the Japan Climate Initiative, designed to allow non-state actors in Japan tackling climate change to comprehensively network, and it will be pursuing a wide range of activities in Japan and disseminating information on these to the rest of the world.

The Group has formulated the medium-term management plan "Vision 2021" that began in fiscal 2018, incorporating the resolution of social issues into our business model and presenting a vision for the company of achieving sustained growth by creating value alongside society. Climate change in particular is one issue we have long been addressing as a whole group. We have offered a variety of solutions based on a wealth of data and meticulous analysis, and we will play an active role in collaborating with other Initiative participants.

Providing an "ESG-friendly Investment Package for Companies"

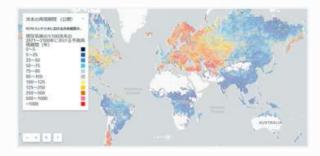
MS&AD InterRisk Research & Consulting has been offering an "ESG-friendly Investment Package for Companies" since November 2017. ESG-friendly investment has already been mainstreamed globally and, in Japan, Financial Services Agency established the "Stewardship Code" in 2014 to encourage financial institutions to ascertain the ESG-related risks and opportunities of investment destinations and to exercise their voting rights and engage in dialog with investment destination companies. Prompted by the shift in 2015 to ESG-friendly investment by the GPIF, which operates Japan's employee and national pension systems, ESG-friendly investment has rapidly become the mainstream in Japan as well. Accordingly, companies find themselves needing to take such steps as drafting ESG strategies and bolstering their efforts in this regard as well as disclosing risks and opportunities information concerning their own operations to investors.

As ESG-friendly investment became increasingly popular, the FSB at the end of June 2017 released the TCFD's final report calling on companies to disclose climate-related risks and opportunities as financial information. In light of this, we have been providing a package that presents comprehensive and issue-specific ESG proposals primarily for companies doing business globally.

Launched Climate Change Research Project with University of Tokyo and Shibaura Institute of Technology

The MS&AD Insurance Group and MS&AD InterRisk Research & Consulting have teamed up with the University of Tokyo and the Shibaura Institute of Technology to undertake the "Large-scale Assessment of Flood Risk Due to Climate Change (LaRC-Flood™)" and publish a "Map of Forecasted Flood Frequency Change Due to Climate Change" as part of this project. To clarify the relationship between climate change and flooding risk, we have also begun extensively and quantitatively evaluating the impacts of warming on the probability of past floods occurring, with a focus on major rivers in Asia.

Advancing climate change could increase flood risk globally in future, which would have a major impact on corporate management. The MS&AD Insurance Group as an insurer will strive to respond to natural disasters and prevent/mitigate damage from these disasters. Climate change in particular has long been an issue of interest for the Group as a whole, and we have been pursuing industry-government-academia collaboration to resolve social issues and bring about our vision of the ideal society.



Map image

Providing Risk Assessments and Risk Management Measures

Forecasting natural disasters and all the associated risks of such disasters and then preparing for these emergencies is of great significance. Leveraging the know-how it has cultivated thus far and the large volumes of data it possesses, the MS&AD Insurance Group provides business companies with a variety of risk management services to help them prevent/mitigate disasters.

Risk Management to Prevent Natural Disasters

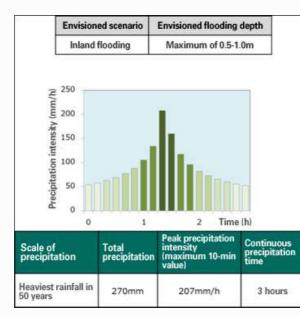
Global warming-driven climate change has increased the worldwide frequency of natural disasters, and the damage from these disasters has reached enormous levels. The MS&AD Insurance Group is utilizing natural disaster risk models and other tools developed by MS&AD InterRisk Research & Consulting to propose measures that reduce risk based on detailed risk analyses and studies.

Risk Assessment System to Forecast Flood Damage

MSI and ADI joined with MS&AD InterRisk Research & Consulting and a major US natural disaster risk assessment specialty company in May 2017 to develop a new risk assessment system (hereinafter, "new flood model") that forecasts flood damage. The new flood model can forecast flood damage caused not only by typhoons but also by seasonal rain fronts other than typhoons, localized torrential rains, etc. It is possible to forecast flood damage from overflowing rivers as well as urban flood damage from rainwater that accumulates on the ground surface without being drained off, and to make integrated forecasts of wind and water damage due to typhoons (flooding, storm surges). The MS&AD Insurance Group will be using damage forecast models to enhance its natural disaster risk management and consulting services.

Consulting Services on Water-related Disaster Countermeasures

MS&AD InterRisk Research & Consulting provides support services for water-related damage countermeasures. Focusing on river floods, inland flooding, and storm surges, the company runs inundation simulations using hazard maps and other published materials as well as field work, and then analyzes the envisioned inundation depth/time and the extent of damage. It also helps companies reduce the risk of water damage and formulate/improve business continuity management (BCM) by proposing both "soft" and "hard" countermeasures based on the analysis results.





Display of flooded area with mesh size of 10m2 (calculation results)



Consulting Services Using Tsunami Models

MSI and MS&AD InterRisk Research & Consulting use a "tsunami model" that forecasts the damage due to tsunamis developed in collaboration with a major US natural disaster risk assessment specialty company to provide consulting services that include "tsunami damage" in addition to conventional earthquake risk analysis. By using the envisioned damage results from probability analysis*1 of tsunami risk, the first for a Japanese insurance company, it is now possible to present the anticipated damage during the recurrence interval (the amount of damage anticipated once every 200 years) in line with the requests of individual

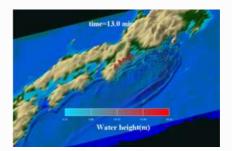


Image from tsunami model

customers, a very difficult task with traditional scenario analysis*2, and to propose priority countermeasures in multiple business locations.

*1: This analysis involves calculating the expected amount of damage to the properties under consideration from all anticipated earthquakes, compiling the results obtained, and processing these with probability statistics. This produces a probability-based image of the extent of risk in accordance with the estimated amount of damage (Exceedance Probability Curve [EP curve]) for each recurrence interval.

*2: This analysis involves envisioning earthquakes that occur on specific active fault lines, troughs, etc., and calculating the anticipated amount of damage to the properties under consideration. This produces an image of the extent of damage in the event of a specific earthquake, such as a Nankai Trough consolidated-type earthquake or a Taisho-type Kanto earthquake.

Weather Information Alert Service

MSI has teamed up with Weather News Co., Ltd., to provide a "Weather Information Alert Service", the first in the non-life insurance industry, aimed at policyholders of construction/contractor insurance (Construction all-risks insurance, Civil engineering all-risks insurance), fire insurance for companies (Property Master, Business Keeper) and transport insurance (Full Line, Support One)

precipitation, wind speed and snowfall surpass certain criteria* at

This service sends out alert e-mails when forecasts for



Top screen for Weather Information Alert Service

monitored locations stipulated by the customer on a special website (up to five locations) and when lightning is observed within the stipulated criteria for the monitored location*.

(*) Set in advance by the customer at two levels: "Caution" and "Warning"; for lightning, this refers to the distance of the lightning strike from the monitored location. The provision of weather information will help corporate customers prevent/mitigate damage by natural disasters and support their business activities.

Provision of Products/Services to Support Mitigation of, and Adaptation to, Climate Change

Provision of Products/Services Connected with Mitigating Climate Change

There have been many new businesses launched to resolve increasingly serious climate change issues. Actively supporting the growth of these businesses by offering insurance and consulting will contribute to economic revitalization and climate change mitigation. Efforts are also being made to develop/provide products that reduce environmental impacts.

Products that Support Renewable Energy Businesses

Even as we are selling a variety of insurance products that offer comprehensive coverage for a range of risks surrounding renewable energy businesses (asset/property damage, loss of profits, liability for compensation, etc.), we are also indirectly supporting the spread of renewable energies by providing services/information that meet risk assessment/consulting needs.

Solar power generation • Mega-solar comprehensive coverage plan • Handbook on solar power business accident risks, earthquake/tsunami risk analysis/insola assessments for mega-solar facilities, hazard studies for mega-solar facilities, solar power comprehensive risk management, solar power facility maintenance risk diagnostic services on solar power equipment and maintenance	
Wind power generation	 Small-scale wind power generation comprehensive coverage plan Handbook for assessing accident risks at wind power generation facilities, report preparation services for wind power generation facility risk survey reports, handbook on small-scale wind power facilities, wind power comprehensive risk management
Biomass power • Biomass power generation comprehensive coverage plan generation • Handbook on biomass power generation facilities, woody biomass power generation business diagnostic services	
Small/medium-scale • Small/medium-scale hydropower generation comprehensive coverage plan hydropower generation • Small/medium-scale hydropower generation comprehensive risk management	

Starting Risk Study Report Preparation Service for Wind Power Facilities

MSI and MS&AD InterRisk Research & Consulting offer a "Risk Study Report Preparation Service for Wind Power Facilities". This service for wind power companies comprehensively assesses overall business risk based on location, facility, and other conditions and provides this risk information in the form of a report. Wind power has lower power generation costs than other renewable energies and is a highly economical energy source but, given concerns about lower operating rates or accidents depending on location, facility design, maintenance and other circumstances, this service is designed to encourage customers to take measures to counter these risks and to help customers to stabilize their business operations.

Publishing "Handbook on Accident/Breakdown Risk for Offshore Wind Power Facilities"

MSI and MS&AD InterRisk Research & Consulting have issued a "Handbook on Accident/Breakdown Risk for Offshore Wind Power Facilities." This handbook provides information on offshore wind power generation, seen as a major contributor to the development of renewable energies, to suitably ascertain accident/breakdown risk. Offshore wind power generation has many benefits, including the greater abundance of available wind energy than for land-based wind power generation and the ability to upscale facilities because of fewer location restrictions, and expectations are high that it will prove a potent renewable energy source for Japan, a country surrounded by seas.

Publishing "Accident Risk Handbook for Solar Power Businesses"

MSI, ADI and MS&AD InterRisk Research & Consulting have published an "Accident Risk Handbook for Solar Power Businesses" as a joint development tool to aid in the steady operation of solar power businesses. The solar power business has expanded rapidly in the past few years, and the accident risks due to natural disasters have emerged more clearly as a result. This handbook provides information needed to appropriately assess accident risk.

Adapting to Climate Change

Abnormal weather due to climate change will inflict varying degrees of damage and loss on corporate activities, but we can help businesses achieve sustainable development in the face of climate change by suggesting measures to mitigate this damage/loss. With climate change inexorably advancing, a major key to business success will be taking steps to adapt to climate change.

Weather Derivatives

MSI and ADI sell weather derivatives to alleviate customers' financial losses stemming from unsettled weather. Weather derivatives helps alleviate lower sales or higher costs due to above-/below-average rainfall, extreme heat, cool summers, bitter winters, warm winters, etc., or shortfalls in power production caused by a lack of sunlight for

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See here for details

Food & Agribusiness Comprehensive Coverage Plan

In the agriculture and livestock sectors, unsettled weather resulting in a lack of sunlight, abnormally low or high temperatures, scarce precipitation, etc., brings poor harvests of agricultural products that serve as raw materials and lower production volume of livestock products, the consequence of which is soaring market prices. This constitutes unsettled weather risk.

To cope with this unsettled weather risk, the "Food & Agribusiness Comprehensive Coverage Plan" being sold by MSI provides weather derivative products based on weather indices that impact the harvest/production volume of the agricultural and livestock products covered.

Pacific Ocean Natural Disaster Risk Assessment and Financial Aid Initiative Insurance System

MSI serves as one of the underwriting reinsurance companies for natural disaster risk in the "Pacific Ocean Natural Disaster Risk Assessment and Financial Aid Initiative Insurance System", set up through cooperation between the Japanese government and the World Bank. The goal of this system is to swiftly provide recovery funding to Pacific Island countries (Samoa, Tonga, Marshall Islands, Vanuatu, Cook Islands) with insufficiently developed insurance markets when they are afflicted by natural disasters (cyclones or earthquakes/ tsunamis) above a certain scale. By participating in this system, MSI supports efforts to deal with natural disasters in the Pacific Ocean region and plays a role in making social contributions to this region.

[System Overview]

In the event of a natural disaster above a certain scale in a Pacific Island country, recovery funds are provided through a reinsurance agreement with Pacific Catastrophe Risk Insurance Company (hereinafter, "PCRIC"), the core insurance company administering this program.



*Payments will be made in line with disaster indicators (cyclone wind speed, etc.), using as a standard the envisioned damage calculated using stipulated risk calculation models. With no need for damage assessments, prompt payments can be made.

Supporting Flood Reinsurance System through Participation in Flood Re

MS Amlin has since February 2017 been participating in the "Flood Re" flood reinsurance program established by the UK government and the Association of British Insurers (ABI). Flood Re is operated and managed by the insurance industry using reinsurance funds for flood insurance sold to individuals. It offers households living in high-flood risk areas extensive support that enables them to make preparations against flood damage.

Strive to Improve Sustainability of Natural Capital



Our daily lives and our economic activities are supported by ecosystem services arising out of biodiversity. The flow of these blessings of nature is supported by stock known as natural capital. Business models that take the sustainability of natural capital into consideration support the sustainability of the entire society, including the private sector. The 17 Sustainable Development Goals can be achieved only if the four Goals associated with our global environment, that is, those relating to issues such as natural capital and stable climate systems, are realized as fundamental goals. The MS&AD Insurance Group will endeavor to build, preserve, and utilize sustainable links between natural capital and business activities.

Key SDGs and Our Targets

The SDGs are based on the four goals associated with the global environment (Goal 6: Management of water; Goal 13: Mitigation of, and adaptation to, climate change; Goal 14: Marine ecosystems; and Goal 15: Terrestrial ecosystems). We will implement various initiatives including international cooperation to balance the preservation of natural capital with the pursuit of business activities.

Ensure availability and sustainable management of water and sanitation for all



6.6 By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes.

Conserve and sustainably use the oceans, seas and marine resources for sustainable development



14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans.

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss



15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements

15.4 By 2030, ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development

Business of MS&AD

	Identifying Risks and Providing Information on Risks	Preventing Risks from Being Realized / Reducing the Impact of Risks	Reducing the Economic Burden When Risks Become Real
Main	Evaluation of the value of natu environment	ral Sustainable use of natural resources	Preservation of biodiversity
			Participation in initiatives
Products Services	Evaluation of the impact on	Improving eco-efficiency and	
	natural capital	Sustainable use of natural	Activities for the conservation of
s ts an		resources	<u>biodiversity</u>

Evaluation of risks and opportunities associated with natural capital

Evaluation of natural capital risks

If an overseas project or a business based on a global supply chain is likely to inflict significant damage on natural capital, such project or business may itself face serious risks. That is, the impact on natural capital may present a significant risk. We perform a theoretical quantitative evaluation to calculate the impact of a domestic or overseas development project on natural capital.

We support our clients in conducting specific risk evaluations aimed at understanding the value of natural capital surrounding their overseas business bases and development projects to enable them to make business decisions, as well as understanding where and what kind of impacts they have on natural capital through their supply chains. We also provide support for "natural capital accounting," which demonstrates the ways in which the entire business is connected to natural capital.

Providing Simplified Evaluation of Water Risks

There are a number of regions across the world facing water resource depletion, mainly due to climate change, population growth, and development in developing countries. Some enterprises are also threatened by such situations. In light of these circumstances, social pressure on companies to evaluate and disclose their own water risks is becoming stronger. The trend of major Japanese manufacturers requiring their suppliers to evaluate and disclose water risks and of investors demanding disclosure of water risks has thus become widespread. MS&AD InterRisk Research & Consulting assists in the evaluation of water risks (depletion of water resources, water-related disasters, etc.) for the domestic and overseas business bases of Japanese enterprises.

Business Taking the Sustainability of Natural Capital into Consideration

The Sustainable use of natural resources and land in various businesses will increase the sustainability of the global environment while enabling the sustainable growth of the enterprises involved. MS&AD InterRisk Research & Consulting provides various risk consulting services to support eco-efficiency and the sustainable use of natural resources. The MS&AD Insurance Group will contribute to the conservation of natural capital and growth of our clients through supporting sustainable use of natural resources and sustainable land use that takes the local environment into consideration.

Eco-supply Chain Consulting Services

For the manufacturing industry, the establishment of sustainable raw material purchasing networks is more crucially a management issue, in terms of securing the sustainability of business, than a means of fending off criticism about negative impacts on the environment. We will provide support for considering how to handle the related issues and formulating supply chain management by identifying raw materials assumed to have especially significant impacts on the environment, and selecting priority issues.

Biodiversity-based Land Use Consulting Service

In development projects, the utilization of the peripheral environment in consideration of regional biodiversity is a viewpoint more related to increasing the appeal of the relevant property than to performing a social responsibility. We will offer our proposals for enhancing biodiversity in systematic ways.

We provide comprehensive support ranging from research and analysis on the use of green space at office and residential complexes to the formulation of improvement and activity plans based on such research and analysis.

Preservation of Biodiversity

Natural bounty provided by biodiversity (ecosystem services) is the basis of our lives and business activities. A business model in consideration of biodiversity supports the sustainability of the entire society, which includes companies as well. At the MS&AD Insurance Group, the action plans in the MS&AD Basic Environmental Policy explicitly include approaches to preservation of biodiversity and we promote our approaches.

Creating Shared Value > Strive to Improve Sustainability of Natural Capital

Signing the Natural Capital Declaration

In July 2016, the MS&AD Insurance Group signed to the Natural Capital Declaration.

Signing the Natural Capital Declaration

Research and Educational Activities

We are conducting a study on what we should do to protect biodiversity, and disseminating widely the importance of protecting biodiversity.

Japan Business Initiative for Biodiversity (JBIB)

April 2008 saw the establishment of the Japan Business Initiative for Conservation and Sustainable Use of Biodiversity (JBIB), which serves as a network for joint research by companies concerned about preserving biodiversity and making sustainable use of natural resources. Ever since its establishment, MSI has been supporting the JBIB's activities as the chair company. JBIB, to provide references for environmental efforts to companies in Japan, develops guidelines for land use and raw material procurement caring biodiversity and discloses results of the studies. The activities of JBIB were referred to in "National Biodiversity Strategy of Japan 2012-2020". JBIB is highly regarded as one of the bodies with which the government should pursue further collaboration and cooperation. JBIB participated in the 13th meeting of the Conference of the Parties to the Convention on Biological Diversity (COP13) held in Mexico in December 2016. It is bolstering its presence in efforts for biodiversity preservation by exchanging information with "the Mexican Alliance for Biodiversity and Business". In September 2018, its development of tools and guidelines for mainstreaming biodiversity by companies was highly evaluated, and it received the award for excellence from the 5th Biodiversity Award (organized by the AEON Environmental Foundation).

Activities for Preservation of Biodiversity (Japanese only)



Cancun Business and Biodiversity Pledge Signing Ceremony at a business forum



Scene from discussions with "the Mexican Alliance for Biodiversity and Business"



JBIB logo

Symposium "The Story of Biology Told by Companies"

Since 2007, MSI has been holding a symposium "The Story of Biology Told by Companies" for corporate staffs as an enlightenment for companies in approaching preservation of biodiversity.

In February 2018, 11th symposium was held with the co-sponsorship of Ministry of Environment, Tokyo Metropolitan Government, Chiyoda City, Keidanren Committee on Nature Conservation, and the special cooperation of JBIB and MS&AD InterRisk Research & Consulting. Although the Aichi Biodiversity Targets *1 year of 2020 is approaching, the 11th symposium advanced discussions in relation to the SDGs *2 which have a target year of 2030. This time, there were discussions on the ideal post-Aichi Diversity Targets approach, as well as preparation of subcommittees that discussed three themes related to the SDGs: toward "promotion of sustainable water resources, " "the SDGs and community development," and "zero deforestation and ESG investment." The dialogues were well received by more than 230 participants while some described it as a valuable opportunity to contemplate on what roles companies should play in the biodiversity conservation.

Creating Shared Value > Strive to Improve Sustainability of Natural Capital

ABINC Certification Business Support

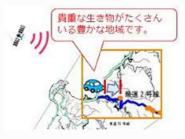
MSI takes a role as Chairman company in JBIB (Japan Business Initiative for Biodiversity) who formulated "JBIB Guidelines for Sustainable Business Sites." ABINC founded in 2013 is an organization that evaluates and certifies efforts related to biodiversity based on the guideline. The scope of evaluation covers from quantity and quality of green spaces of companies and factories to management and environmental activities. By FY2017, 67 facilities are certified by the certification system. As the secretariat, MS&AD InterRisk Research & Consulting contributes to certification business and dissemination activities.

Participation in Research Regarding Ecosystem Disaster Prevention and Reduction and Multifaceted Utilization

MSI participates in "Research and Social Implementation of Ecosystem-based Disaster Risk Reduction (Eco-DRR) as Climate Change Adaptation in Shrinking Societies," full research which was launched in 2018 as a research project of the Research Institute for Humanity and Nature of the Ministry of Education, Culture, Sports, Science and Technology's Inter-University Research Institute Corporation, which conducts comprehensive global environment research. As disasters such as floods, landslides, and water surges increase along with climate change, preparation against such disasters is becoming an urgent issue for the safety and peace of mind of regional communities. However, population decline is progressing in many regional communities. This research focuses on Eco-DRR, a disaster risk reduction technique utilizing diverse functions of ecosystems, seizes opportunities for reviewing land use due to population decline, and conducts research toward realizing regional communities where the blessings of bountiful nature and disaster risk reduction coexist.

Biodiversity Preservation by Sumaho, "Animal Alert Function Service by Smartphone"

In cooperation with MS&AD InterRisk Research & Consulting, MSI offers a smartphone service that calls users attention by an audio alert when a car approaches areas prone to accidents involving wild animals. The service was developed because traffic deaths, so called roadkill, is one of the reasons for the declining number of endangered species, and finding an effective measure had been an issue for local communities and the Ministry of Environment. A collision with a large mammal can be a significant automobile accident and cause damage, which the service contributes to the



Alert image

safety of automobile drivers. The scope of the service was expanded to medium and large-sized mammals such as deer, and the service is offered for six animals in five regions in addition to Okinawa Prefecture (Okinawa Rail or Iriomote Wildcat), Kagoshima Pref. (Amami Rabbit) and Nagasaki Pref. (Tsushima Wildcat). The scope of the target animals and services will be expanded gradually to cover wider areas of Japan.

"MS&AD Ramsar Supporters"

The MS&AD Insurance Group has been conducting "MS&AD Ramsar Supporters: Life–Connect–From the Waterfront" initiative, which is a waterside environmental preservation initiative focused on the Ramsar Convention registered wetlands. The initiative, which started in fiscal 2010, has now expanded to activities at 11 wetlands across the country, with about 1,800 group employees and their families participating. Departments and branches are also active. In fiscal 2015, to practice "wise use" which is advocated by the Convention, we started to grow rice in "Fuyumizutanbo," (winter rice-paddies) at Oyama City, Tochigi Prefecture which is



東京港野鳥公園 ラムサールサポーターズ活動

good for living creatures. Employees and their families participated in activities to experience the fun of growing rice and the joy of interacting with living creatures.

MS&AD Ramsar Supporters (Japanese only)

Supporting the Regeneration the Forests and the Creation of a Sustainable Local Communities (Indonesia)

MSI has promoted the tropical rain forest recovery project in Yogyakarta, on Indonesia's Java Island. Since 2005, in cooperation with the Department of Forestry of Indonesia, we have planted approximately 300,000 trees to restore and rehabilitate wildlife sanctuaries, which deteriorated due to illegal logging by local residents during the economic crisis in the second half of the 1990s. Agricultural technical guidance to help the local residents gain even greater financial independence as well as environmental education for teachers of elementary schools have been implemented, in order to regenerate the forests and build sustainable local communities. These efforts receive high evaluations from the Indonesian government. We started the Phase III project in April 2016, and we are working to revitalize regional economies and conserve protected forests by providing afforestation and forest guidance to local residents. In October 2016, the second phase completion ceremony was held in Yogyakarta with guests from Yogyakarta Special Governor, Indonesia Financial Services Authority and Embassy of Japan in Indonesia. In addition, the tour for employees that began in fiscal 2014 will be the fourth in fiscal 2017, and by visiting the regenerated forests and exchanging with local elementary schools that our overseas entities continuously support, we are deepening our understanding of social contribution efforts.

Indonesia Reforestation Project (Japanese only)



Training of agricultural techniques



Education program

The Green Resilience of the Surugadai Building that Considers Biodiversity and Disaster Prevention

The green area at the Surugadai Building became the first building in downtown Tokyo in 2017 that was certified as Green Legacy, which is the highest rank in "Social and Environmental Green Evaluation System (SEGES) " managed by "Fund for Greening in Cities". Surugadai Building and Surugadai New Annex collectively work as green bases to form "an Ecological Network" that connects the Imperial Palace and Ueno Park to expand habit ranges of wild birds.

The biodiversity-friendly afforestation and initiatives were highly evaluated, and received the 5th Green Society Contribution Award (organizer: Organization for Landscape and Urban Green Infrastructure) in September 2017.

In addition, the green areas that have a hierarchical structure of trees have beneficial effects on retaining rainwater and mitigating urban water flood. In a calculation, the roof garden only is capable of retaining 750 tons of rainwater, which is equivalent to a three-hour shower precipitating at 100 millimeters per hour. The basement of the Surugadai Building contains a rainwater collection tank that can hold 3,500 tons, and in conjunction with the rainwater accumulation effects of the green areas plays a function for disaster reduction. Going forward, MSI will continue to contribute to climate change mitigation and adaptation, and manage green areas that lead to resilient community creation.



SEGES Superlative Stage Certification label

Visiting Schools to Give Wetland Biodiversity Lessons

In 2014, with the aim of promoting environmental education, representatives of the MS&AD Insurance Group began visiting schools to give lessons under an environmental education program consisting of six videos and Q&A materials. Using supplementary teaching materials including a plastic sheet and a handbook distributed to each pupil as well as full-scale stuffed migratory birds, the program focuses on experiential learning and having fun. In fiscal 2017, the number of elementary and junior high school



A scene form the lesson

students who took part in our visiting program totaled 277. We will continue to offer the program, aligning our efforts with the Community Education Public Awareness (CEPA) principles for the conservation of wetland biodiversity as adopted by the Ramsar Convention.

Let's learn! Ramsar Supporters (Japanese only)

Sharing Information at ECOM Surugadai

"ECOM Surugadai" was opened in May 2012 as a communication space on the environment and nature. Visitors can enjoy the rolling green vista as well as an interior design that features natural hinoki cypress wood from the Yoshino region and wooden furniture. While focusing on the sharing of information on nearby green areas and neighboring zones, we also organize every 1 or 2 months photo exhibitions and other events relating to nature and inhabitants of the natural world. We also cooperate with universities in such activities as supporting academic research conducted at the Surugadai Green Space on urban biodiversity and the mitigation effects of green spaces on the heat island phenomenon.



The exhibition "Memories of Kanda, Students' Quarter. Tracks of Five Major Law Schools" attracted many visitors.

Work toward Realization of "Leaving No One Behind"



The "Leaving no one behind" concept of the SDGs has a lot in common with MS&AD Insurance Group's mission of: "To contribute to the development of a vibrant society and help secure a sound future for the planet, by enabling safety and peace of mind." Toward the realization of a sustainable society, we will proceed with initiatives for supporting public security as well as those for global partnerships, women, health, education, disaster prevention, and achieving quality growth on a global basis.

Major relevant SDGs and targets

We will contribute to the achievements of the SDGs as a global insurance and financial services company by transferring our insurance technologies to developing countries and providing them with products and services that support the development of primary industries.

End poverty in all its forms everywhere			
1 KEE KEES	1.5 By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.		
End hunger,	achieve food security and improved nutrition and promote sustainable agriculture		
2 ###	2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.		
Build resilier	nt infrastructure, promote inclusive and sustainable industrialization and foster innovation		
9 歴史と故師事新の 選択中へのう () () () () () () () () () ()	9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.		

Business of MS&AD

Support for the primary sector	Support for solutions to
	(1) (1) (1) (1) (1) (1) (1) (1) (1) (1)
	challenges in developing
Provision of products and	countries
services that support primary	
industries	Encouraging the spread of
	insurance in India (India)
	services that support primary

Community revitalization initiatives

Promoting Foster Parenting

MSI has provided support to promote and raise awareness of the foster parent system in Osaka Prefecture, which has the lowest rate of foster parenting in Japan. Specifically, we provided support for the promotion of Osaka Prefecture's foster parent program through becoming a co-sponsor of the prefecture's Foster Parent Forum (August 2017) and creating a suite of foster parent insurance products.

Support for Sustainable Development of Small and Medium-sized Enterprises

For many enterprises, going abroad represents a crucial strategic response to issues such as a shrinking domestic market, the need to supply overseas bases, and the desire to diversify in light of risks such as natural disaster. The MS&AD Insurance Group provides products and services to prepare for a variety of risks inherent to overseas expansion.

Support for Overseas Development of Small and Medium-sized Enterprises

MSI has been certified as a supporter of the New Exporting Power Consortium, a joint public-private framework established with the aim of supporting small and medium-sized enterprises planning to expand business overseas. Through this framework, MSI provides tailored advice on local risk management and insurance by utilizing its overseas network that spans 42 countries.

Comprehensive Coverage Plan for Global Business

MSI and ADI have jointly developed and sell an insurance policy known as the Comprehensive Coverage Plan for Global Business for small and medium-sized enterprises operating business overseas. The Plan consists of a set of five insurance policies that provide broad coverage for three kinds of risks: risks inherent to products to be exported, risks inherent to expatriate employees and overseas business travel, and risks inherent to freight and export transactions. These are concerns that many companies operating overseas and export firms have in common. We also provide backup to help ensure overseas business activities go smoothly by offering related services and systems ranging from daily operations to emergency responses in addition to reinforced compensation for contingencies.

Policies included in the plan

(1)Overseas product liability insurance	(MSI: Business Protector (for overseas	export); ADI: Tough Biz Global PL)
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- (2)Overseas crisis management expense insurance
- (3)Overseas travel insurance (comprehensive contract for corporations)
- (4)Export trade credit insurance
- (5)Overseas marine cargo insurance (Global Support One)

The Regional AD Club

As part of the initiatives of its Regional AD Club, ADI provides region-focused information and business information online and via newsletters. It has established websites for each of the 47 prefectures of Japan and holds seminars for participating companies where they can set ups booths.

The number of participating companies has increased each year to reach over 32,000 as of July 31, 2018. In fiscal 2018, as one of the regional revitalization initiatives, we held seminars for managers of regional companies, promoted exchange among real estate business owners, and hosted events for activating regional



A regional revitalization gathering

revitalization efforts. Furthermore, we continue to engage in regional contribution activities through the Bell mark activities and no-accidents campaigns.

The Regional AD Club (Japanese only)

Products and services supporting primary industries

Weather Derivatives

MSI and ADI sell weather derivatives to mitigate customers' financial damages arising from bad weather. Through underwriting the weather derivatives, we support the stabilization of businesses in primary industries, which are vulnerable to the impacts of weather.

MSI sells weather derivatives mainly in North America and Europe through its U.S. subsidiary MSI Guaranteed Weather. In December 2016, it became the first Japanese non-life insurance group to launch a global weather derivatives product utilizing satellite observation data from NASA and other sources. This product enabled us to provide weather derivatives even in areas where it had been considered difficult to do so in the past due to the impossibility of obtaining precise terrestrial observation data. By proactively selling weather derivatives globally, including in Asia, South America, and Oceania, we will help our customers to expand operations overseas and support local economic activities.

Comprehensive Coverage Plan for Food and Agribusiness

The agricultural and livestock industries are exposed to bad weather risks such as lack of sunshine, temperature extremes and low precipitation, which can damage crops and other raw materials. This can cause a decline in the production of livestock products, resulting higher prices in the market.

MSI's Comprehensive Coverage Plan for Food and Agribusiness covers these bad weather risks by providing weather derivatives products based on weather indicators that may impact the subject crops and production.

Support for the solution of challenges in developing countries

Investment in Sustainable Development Bonds

MSI, ADI, MSI Aioi Life, and MSI Primary Life invested in bonds focused on sustainable development (privateplacement bonds valued at US\$120 million, equivalent to approx. 13.5 billion yen) issued by the International Bank for Reconstruction and Development, a part of the World Bank Group. The Sustainable Development Bonds (SDBs) were issued specifically for the MS&AD Insurance Group, making them the first ever bonds to be issued by the World Bank for a single insurance group. The SDBs are issued in international capital markets and support a variety of World Bank projects including on education, health, infrastructure, administration, agriculture and the environment that are to be implemented with the aim of eliminating poverty and supporting development in developing countries. The funds invested by the MS&AD Insurance Group will be used as financing for the projects to promote the sustainable development of developing countries.

Participation in the Pandemic Emergency Financing Facility

In July 2017, MSI joined as an underwriter the Pandemic Emergency Financing Facility, which the World Bank had jointly established in cooperation with the governments of Japan, Germany, and others. This scheme was realized based on the lessons learned from the spread of Ebola hemorrhagic fever in West Africa in 2014. It is intended to protect developing countries around the world from the threat of infectious disease. In the event of an outbreak of a serious infectious disease, it will swiftly make available significant funds to mitigate human and economic damage and promote an early recovery. MSI endeavors to make social contributions to developing countries through participation in this scheme, upheld as the first ever measure to prevent infectious diseases by utilizing insurance and capital markets.

Investment in Industrialize Africa Bond Issued by the African Development Bank

In November 2017, MSI Aioi Life invested in a "Industrialize Africa" (private-placement bond) themed bond issued by the African Development Bank (AfDB). In September 2015, the AfDB developed a new strategic operational agenda, the High 5s, setting out the top priority areas for development with the aim of accelerating the implementation of its Ten-Year Strategy (2013–2022). The High 5s are: (1) Light up and power Africa, (2) Feed Africa, (3) Industrialize Africa, (4) Integrate Africa, and (5) Improve the quality of life for the people of Africa. Industrialize Africa is a project aimed at industrializing Africa and is one of the priority themes of the High 5s. The AfDB will strive to direct an amount equal to the net proceeds of the bonds' issue to increase the ratio of industry to GDP by 130% over the present figure—which is the target for 2025 within the strategic priority area of "Industrialize Africa"—and establish 35 special economic zones. Furthermore, funds will be used to provide loans to projects that will support the private sector by boosting the growth potential of small and medium-term enterprises (SMEs), thereby contributing to the sustainable economic and social development of Africa. Through this investment, MSI Aioi Life is promoting social contribution initiatives.

Investment in Social Bonds (JICA Bonds)

MSI Aioi Life invested in social bonds issued in Japan by the Japan International Cooperation Agency (JICA). Social bonds are bonds issued on the assumption that the proceeds will be applied to investments in, and loans for, such areas as development of basic infrastructure (water and sewerage, sanitation, and improvement of traffic conditions, etc.) and improvement of access to social services (health, education, vocational training, financial services, etc.). The proceeds from the JICA bonds will be applied to loans supporting economic and social development in developing countries, and the sound development of Japan and the international economic community. The issuance of the JICA bonds is stated as one of the specific measures to achieve the SDGs in the Implementation Guidelines for the Sustainable Development Goals formulated and published in December 2016 by the Japanese government. This investment demonstrates the intention of MSI Aioi Life to not only secure its profitability but also support social

contribution businesses while contributing to the formation of sustainable societies.

Encouraging the Spread of Insurance in India (India)

Expanding social security has been a major challenge in India. In 2016, the government set out to expand systems for protecting the lives and incomes of farmers during times of poor yield caused by natural catastrophes and droughts, and started a new agricultural insurance scheme with a low premium burden on farmers (PMFBY). Cholamandalam MS General Insurance Company Limited (hereafter, Chola MS), a local MSI subsidiary in India, has participated in this scheme since its start. Currently, Chola MS also sells livestock insurance for low-income groups in addition to the PMFBY.

Within the vast land of India, penetration of insurance in rural areas is also a challenge. Since October 2015, Chola MS has established small-scale offices ("Smart Offices") equipped with insurance policy certificate issuing machines in small and medium-sized cities, as well as towns and villages, where the penetration of insurance has been slow compared to large metropolitan areas (390 offices are established as of March 31, 2018). When a customer visits an office, a policy certificate can be issued on the



A smart office



A sticker made in a local language

spot. The fact that actual offices are located in familiar locations, such as local marketplaces, garners trust, has led to a steady increase in the number of insurance policies issued. This move has contributed to the penetration of insurance in regions where access to insurance has been inconvenient in the past.

Job Creation in Rural Areas (India)

In 2013, Chola MS began contracting out its insurance policy issuing services to an association that tackles job creation in rural areas. This was made for the purpose of creating jobs among women living in rural areas for whom there are few job opportunities other than agriculture. Having undergone continuous training that provides an understanding of insurance products and terminology, approximately 80 staff members are now involved in insurance policy issuing services for automobile and personal medical insurance. This staff has issued approximately 810,000 insurance policies per year. By advancing initiatives that increase



At a workplace

motivation, such as presenting gifts to staff who have improved quality to a significant degree, the project has also contributed greatly to improving the skills of women in the workforce.

Website of Cholamandalam MS General Insurance

Providing Vaccines for the Children of the World through Insurance products

Many children around the world die of infectious diseases that could be prevented with vaccines. MSI Aioi Life, with the aim of saving precious lives and giving life to future generations, makes donations for purchasing vaccines to Japan Committee, Vaccines for the World's Children in proportion to the number of new contracts for its "&LIFE" brand policy series. In fiscal 2017, in proportion to new contracts for these policies, we donated funds that provided polio vaccines for 127,000 persons.



Providing Vaccines for the Children of the World

Quality that earns the trust of society

We put continuous effort into enhancing the quality of our products and services and improving our operations to gain the trust of our stakeholders.

Earn the trust of society with high quality

We have built various systems to understand the expectations and needs of our stakeholders, and apply these to improving the quality of our products and services.

Detailed Information

Sincere, fair and just business activities

Each individual executive officer and employee complies with laws, regulations, and internal rules, and engages in business activities based on high ethical standards.

Detailed Information

Activities and dialog that respect human rights

In addition to disseminating and thorough enforcing the MS&AD Insurance Group Basic Policy on Human Rights, through which we aim to fulfill our corporate responsibility of respecting human rights, we have established due diligence systems for human rights, and promote the relevant initiatives.

Detailed Information

Investment activities that conform to PRI(Principles for Responsible Investment)

MS&AD Insurance Group supports the objectives of the PRI (Principles for Responsible Investment), and is a signatory of the initiative. We put into practice the Japanese version of the Stewardship Code, and carry out investment activities that give consideration to ESG.

Detailed Information

Continuing efforts to reduce the burden on the environment

We are committed to ensuring accuracy, speed, and integrity in providing Payment of Insurance Claim Service Preferable to Customers that our customers can feel secure about.

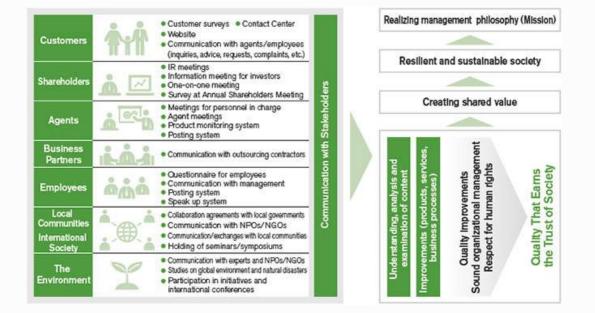
Detailed Information

Earn the trust of society with high quality

To remain a corporate group that is truly needed by society, we consider it important to know what our stakeholder voices are to improve the quality of products and services. The MS&AD Insurance Group has constructed various schemes to absorb stakeholder opinions, and are reflecting them in efforts to improve our products and services. In addition, stakeholder views are being reflected not only in business processes, but also in discussions at the management level.

Leveraging Stakeholders' Voices to Improve Quality

The MS&AD Insurance Group analyzes and reviews information obtained from all of its points of contact with stakeholders, including customers, and uses it to improve the quality of its products and services, improve business operations, enhance corporate value, and resolve social issues. Through these efforts, it aims to fulfill its responsibility to its stakeholders and meet their expectations.



Schemes for Receiving Feedback from Customers

The MS&AD Insurance Group has formulated a "Basic Policy for Responding to Customer Communications" and receives a wide range of feedback from customers including through consultations, requests, and complaints. This feedback is used to make quality improvements. In line with the policy, Domestic Group insurance companies utilize customers' views to improve their business processes so they can provide products and services that satisfy customers.

MS&AD Insurance Group Basic Policy for Responding to Customer Communications

We disclose the substance and results of these activities for improvement on our website so that the customers can see the actual improvement.

Domestic Group insurance companies: Approaches related to customer views

- MSI (Japanese only)
- ADI (Japanese only)
- Mitsui Direct General (Japanese only)
- MSI Aioi Life (Japanese only)
- MSI Primary Life (Japanese only)

Customer Questionnaires

Domestic insurance companies of the Group ask customers to fill out "a customer questionnaire" at contract closing and claim payment, and use their opinions to improve product and service quality. The questionnaire asks about customers' "degree of satisfaction" with the services at the time of contract, as well as their "degree of satisfaction" with accident response provided by our company/agents and the "advisability" of the products and services to others.

The main items on the questionnaire (level of satisfaction) have also been established as KPIs(*) aimed at promoting initiatives.

(*) Indices to Quantitatively Evaluate Initiatives

Customer Feedback Structure

The Group companies operate a complaint response system in conformance with international standard "ISO10002" (Quality management - Customer satisfaction - Guidelines for complaints handling in organizations). By thoroughly implementing the system, we will further make voluntary improvement activities (PDCA cycle) take root in response to customer opinions and promote initiatives to improve customer satisfaction.

Domestic Group insurance companies: Approaches related to ISO10002

- MSI (Japanese only)
- ADI (Japanese only)
- Mitsui Direct General (Japanese only)
- MSI Aioi Life (Japanese only)
- MSI Primary Life (Japanese only)

Schemes to Absorb External Experts Opinions

In a bid to offer more satisfying products and services to customers, MSI and ADI periodically exchange ideas with outside experts to receive opinions on issues for quality improvement. Expert opinions are also reported to management and utilized to improve the quality of products and services. In addition, external professionals in the consumer-related field are called in to gather opinions from consumers' viewpoints on brochures and application forms used at insurance solicitation and various materials about policy service procedures. The aim is to make them easier to understand.

Examination of Insurance Payment

MSI, ADI, Mitsui Direct General, and MSI Aioi Life examine cases that are determined to be ineligible for insurance claims, payments and cases where a customer filed a complaint. For cases meeting certain conditions, the examinations are conducted by a board of review consisting of outside lawyers and experts. At MSI and ADI, state of examination is disclosed at the company's website. Moreover, both companies put efforts into sharing information about the results of the examination through means such as internal news, contributing to further improving the quality of loss support work.

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

Schemes to Absorb Opinions of Agents

MSI and ADI have built their own agent networks as part of their measures to reinforce communication with agents. They receive opinions and proposals in a timely way on development of easy-to-understand products and revision from their member agents. They then apply these opinions and proposals to developing better products and services.

In addition, MSI, ADI, and MSI Aioi Life runs system which receives the request of improvement from our agents and canvassers(*) through our offices. Those requests to the system are being fully utilized for product development and revision, making forms simpler and improvement of agent system.

(*) Permanently-hired employees and trainees engaged in solicitation

Schemes to Absorb Employee Opinions

At the MS&AD Insurance Group, to reflect employees' ideas in improving quality, employee's voices are assembled for review by the headquarter departments and they build a system to feed back the review results. There is a bulletin board on the in-house intranet which is a tool for posting proposals to the head office divisions and displaying the discussion results. Assigned corporate executives have periodic meetings to exchange opinions in sites across Japan. Employees' opinions are utilized to improve management, products and services through the above efforts.

Upgrading Customers' Ease of Understanding and Convenience

In order to deliver information on insurance and services to various customers, the MS&AD Insurance Group is developing and providing simpler and more convenient business procedures. We are trying to provide business procedures and information which pay due consideration to the elderly and persons with disabilities, while utilizing PCs and smartphones.

Provision of Easy-to-understand Explanatory Materials

MSI, ADI, MSI Aioi Life, and MSI Primary Life have laid down in-house rules concerning terms to be used in policy clauses and items for notation in pamphlets, we began using policies and pamphlets with plain terms and figures.

When soliciting insurance with policies effective, we have adopted a fonts type that are easy to read and identify (UD font) in pamphlets and disclosure statements for explaining to customers about important areas in their documentation such as the "policy summary" and the "information calling for attention." Regarding the disclosure statement, we have worked to present the materials in easier-to-understand formats, such as formats that explain processes in chronological order.

Easy-to-understand Pamphlet

At MSI, a pamphlet called "Book to Answer Your Questions on Automobile Insurance" is available for children to aged readers, which easily explains what automobile insurance is. With larger prints and full of illustrations, the pamphlet answers customers' doubts in a question-and-answer session to provide an "easy" image to automobile insurance which is considered to be hard to understand.

In the pamphlets of its core "TOUGH Automobile Insurance," and other products, ADI has made efforts for helping customers get an easy-to-understand general idea about automobile insurance, which is often considered difficult. They do this by providing pages that shows the entire coverage for bodily injury and property damage liabilities. A simple pamphlet is also provided, which includes summaries of products offered.

For "&LIFE New Medical Insurance A (Ace) Premier" pamphlets, MSI Aioi Life has endeavored to communicate our insurance products in a more easy-to-understand manner for our customers. For example, we have created pages listing our lineup of coverage options so that customers can view them altogether, as well as laying out the pamphlets in such a way that our customers can understand our various insurance products as they turn the pages.



"Book to answer your question automobile insurance" pamphlet



"TOUGH Automobile Insurance" pamphlet



"&LIFE New Medical Insurance A Plus" pamphlet

Received UCDA Award 2017 (Another Voice Award)

Mitsui Direct General was presented with Another Voice Award (Insurance, Credit, Public Services Categories) at the 2017 UCDA Awards organized by the Universal Communication Design Association (UCDA). This marks its third consecutive year of receiving the UCDA Awards after last year and the year before last. It was also the only nonlife insurance company to be presented with this award in FY2017.

The "Notification of Payment Request," which was the subject of the appraisal for the award, was highly rated with comments such as "Achieves a clear layout by minimizing the volume of information," "The use of colors and easy-to-understand procedures has won the overwhelming support of consumers," "Motivated efforts to improve the notification, including reducing the number of colors, simplification of text, and creative manipulation of fonts, have enhanced readability."

Printed Material in Using Universal Design

As an insurance and financial business services provider, we not only provide compensation in times of accidents and disasters, but also put effort into providing services and conducting research and studies on preventive measures to prevent the occurrence of accidents and disasters, and on the detection of the risks that give rise to such accidents and disasters. In this way, we aim to create sustainable societies.

MSI	 Obtained a certification by Color Universal Design Organization Selected colors and designs from users' perspectives (Brochures for GK series)
ADI	• Adopted colors and designs that take into consideration differences in color vision due to disability, aging, and other factors (Brochures for Tough series)
Mitsui Direct General	 Used fonts that are easy to read for the elderly (Minnanomoji) (pamphlets, disclosure statements, and insurance claim form) Used Universal Design Fonts (insurance certificate, guide to agreements, etc.) Creative efforts to minimize volume of information and create reader-friendly designs (Notification on Outstanding Monthly Payments)
MSI Aioi Life	 Used Universal Design Fonts that are easy to read for the elderly Use of colors that gives consideration to individual differences in color perception Obtained "Easy-to-understand design certification" by Universal Communication Design Association (UCDA) (Life insurance declaration form)
MSI Primary Life	 Used a design combining different shapes, patterns distinguished by line and colors and other features to look neater and more legible to users. (Part of pension payment invoice and ledger sheets for insurance protection procedures) Obtained "Easy-to-understand design certification" by Universal Communication Design Association (UCDA) (Claims Support Guide)

Improve the Convenience for Customers in Contracts

Internet Services

MSI sells overseas travel insurance, insurance for bicycle users, golfer insurance, and motor bike liability insurance, as well as driver's insurance that is sold on a 24-hour basis, known as "1 Day Insurance," and comprehensive life compensation insurance sold on a 24-hour basis, known as "1 Day Leisure Insurance," on the website of agencies. Approximately one million customers use the "Customer Web Service" provided to private customers on the website. Online, customers can confirm the content of policies with the "eco insurance certificate" and "insurance clause on the web," change the address, and take procedures to replace vehicles covered by "GK Automobile Insurance." It is also possible to confirm the contents of policies and take procedures to change your address through the free smartphone app, "Suma-Ho." ADI provides "My Page" to customers with any online environment, for example, PC, smartphone, tablet PC, or cell phone. ADI supports customers with various services, such as the "paperless insurance certificate" and the "insurance clause on the web" to confirm policy contents, the "accident progress report" to confirm the status of accident responses, prizes for customers to apply with accumulated points to receive gifts, and donate bell marks. More than 7 million customers have used these services as of April 2018.

Mitsui Direct General sets "My homepage" for each policyholder and has about 700,000 registered users as of March 2018. Available services at the "My homepage" include procedures for contract renewal, getting estimates for a new policy, app procedures and reporting an accident.



MSI's website



Insurance Policy Detail screen at Customer Web Services (MSI)



ADI's website

Electronic Contracting Procedure

It is possible to indicate the contents of insurance contract in an easyto-understand manner on the screen, change the contents of coverage, and re-estimate the premium on the spot. The contracting process is completed by pressing the application button on the screen. As a result, it is not necessary for a customer to sign or submit an insurance application form.

A function that is linked to "Regi-pay," a dedicated terminal for account registration, has been added for customers who select the option of payment through account-to-account transfer. Through this system, it is



not necessary to attach a dedicated application form or the official seal of the financial institution during account registration. This makes it possible to complete procedures in a paperless and seal-free manner from the contract procedures to account registration procedures.

For customers who select the option of credit card payment, a function has been added to display a two-dimensional barcode (QR code), which allows them to easily access the dedicated registration site for their credit card information from their mobile phones or other smartphone devices. This contributes to improving convenience for customers. We hope to expand the usage of electronic procedures by making the functions strengthened and improved.

MSI Aioi Life offers paperless app procedures called "Seiho Kantan Mode" which allow customers to make an insurance contract just by going through the app procedures on a computer. In addition, digitizing paper items such as product brochures that were necessary for proposing insurance products to customers allows them to obtain various pieces of information and make inquiries through a computer. We have achieved a significant improvement in convenience and simpleness from proposal to contract process.

Dissemination of Information on Insurance Products, etc. on "LINE"

MSI, ADI and Mitsui Direct General offer new services for customers using "LINE", a communication app operated by LINE Corporation.

MSI offers customers registered with "Customer Web Services" a useful function in case of an accident or disaster. The function, using the Talk and Personal ID function of "LINE", allows users to check the details of their own insurance contract and report an accident. Furthermore, through "LINE," it has also extended its sympathy to policyholders in areas affected by the earthquake that struck the northern part of Osaka and the heavy rains in Western Japan in 2018, and informed them that they may be eligible to receive payouts for insurance claims.

ADI is trying to make contract procedures more convenient, while providing information on "One-day Supporter," automobile insurance whose contract procedure can be easily completed through smartphones, and on insurance products according to the season. In addition to information on insurance products, it is delivering useful contents, such as quizzes for safety driving and healthy recipes.



Mitsui Direct General delivers information about the maturity of car insurance, alerts during large-scale disasters, and other useful information in a timely manner to customers who connect "My Homepage" with "LINE."

The MS&AD Insurance Group will continue offering products and services that satisfy customer needs.

Consideration for the Elderly and Persons with Disabilities

MSI, ADI and MSI Aioi Life are promoting appropriate insurance sales to the elderly and persons with disabilities by instituting the fundamental rules that salespeople must strive to "gain an accurate grasp of customers' intentions," "explain things in an easily understood and polite manner," and "arrange for customers' relatives to sit down together with customers to assist in decision making.

Moreover, aiming to market insurance products with still greater politeness and appropriateness, the companies have instituted detailed rules for conscientiously catering to customer needs when necessary through such methods as "arranging for customers to be served by multiple salespeople," "arranging for multiple meetings when requested," and "arranging for another salesperson to confirm and follow up on transactions."

Additional "making a memorable impression" rules for interacting with elderly and disabled customers include "speak in a steady voice, slowly, clearly, with clear enunciation," "seek to present explanations while replacing foreign loan words and insurance jargon with ordinary words."

Mitsui Direct General has published a new section on the company website titled "For Customers Who have Difficulties in Hearing and Speech," for users with such disabilities. While it has always offered various services to customers who have difficulties in hearing or speech through the use of its website, e-mail, and proxy phone services, it has now consolidated information about these services on one webpage to further enhance convenience for users.

MSI and ADI stipulate that sales people deal with persons with disabilities in the same manner as they deal with the elderly. In light of the implementation of "the Act on the Elimination of Disability Discrimination", we will further strive to avoid discriminatory treatment and give reasonable consideration to disabled customers.

Furthermore, we are working to make reference material easier to understand by using fonts with lettering that is easily distinguishable and that can be easily read by even the elderly, such as "Universal Design Fonts," enlarging text sizes, and adopting colors and designs that consider individual differences in the ability to see color among persons with disabilities and the elderly. MSI also provides information in Braille for customers with visual disability, such as product overview and notifications about policy contents. In order to ensure the appropriateness of these initiatives, we will continue to improve products and services even further by analyzing opinions from elderly customers as well as customers with disabilities and considering appropriate improvement measures.

"Easy Guide to Procedures" for the elderly and those with visual disability

MSI Aioi Life provides information about the flow of procedures when making claims for insurance benefits, and specific examples of when insurance benefits can and cannot be paid out, through the booklet "Submitting Claims for Insurance Benefits."

It has also prepared an "Easy Guide to Procedures" for the elderly, which provides a simple summary of procedures in a booklet printed in large font. This Guide also comes with an audio code, allowing customers to listen to an audio recording of the contents in the Guide by scanning this code using a dedicated reading device.

To allow those with visual disability to identify the audio code printed in the booklet, a semicircular notch in standard specification has been inserted into the Guide. By touching this notch, the user will be able to identify the position that the audio code has been printed on.

The "Company Name," "Information about documents for claims procedures enclosed" and "Guide comes with audio guidance function" are also printed in Braille on the envelope that the claims procedure documents and Easy Procedure Guide are sent out in, making it easier for those with visual disability to understand.

Quality that earns the trust of society > Earn the trust of society with high quality

"Family Eye (Relatives Notification System)"

MSI, ADI, and MSI Aioi Life provide the "Family Eye (Relatives Notification System)" as a bridge that connects parents and children. This system is the first service in the non-life insurance industry which ensures that important notifications regarding insurance policies are delivered to the registered relatives of the policyholders from us or agents/canvassers during emergencies when we cannot contact the customers.

We support security and safety of the aging society with the aim of responding to recent changes in the environment where elderly people



are increasingly living apart from relatives as a result of the further aging of society and declining birthrates.

Improve the Services Aimed at Meeting the Specific Needs of Elderly Customers

MSI Primary Life carries a rich line-up of products, including asset-building products that complements public pension through the customer's own efforts, and products that can be used as inheritance measures to ensure that assets are passed on appropriately to the next generation. MSI Primary Life has many policies outstanding to senior citizens.

After giving consideration to improve services to the elderly and tailor them specifically to their needs, we are making various efforts. For example, we introduced to customers "Family Registration Service," which allows family members of a policyholder to inquire about and obtain the details of an insurance contract.

Magokoro Visiting Service (Car Insurance)

MSI provides the Magokoro Visiting Service upon request, in cases where customers or other parties involved in an accident have been hospitalized, or where it is difficult to contact the aging customer or customer with disabilities by telephone. We did so by taking into account the changing societal environment and diversified customer needs including the progress of the aged society and elimination of discrimination against people with disabilities. MSI will continue making efforts for improving the quality of accident response.

Internet-based Roadside Services for People with Hearing Impairments

MSI and ADI offer an Internet-based roadside service system for people with hearing impairments. Customers can use the e-mail and Internet functions of mobile phones and smartphones (iPhone and Android) and follow on-screen guidance to transmit the required information, rather than using oral communication. Customers can also use this service through their smartphones (iPhone, Android devices).

Responding to accidents using the sign language interpreting service for customers with hearing disability

MSI provides accident response using a sign language interpreting service for customers with hearing and speech disabilities. The customer and an operator communicate using sign language via a video telephone, and the contents of the conversation are interpreted simultaneously into audio format to a company representative. This enables smooth communication between the customer and the company. The service is available 365 days a year, from the point when the company receives notification about an incident related to car insurance, fire insurance, accident insurance, and casualty and surety insurance, until the point of the payout of insurance claims.

Quality Improvement using Advanced Technology

The MS&AD Group, in a bid to respond to various customer needs in a sophisticated manner, is engaged in various efforts. These include the development of products and services utilizing technology such as advanced ICT and making innovative changes on how to solicit insurance leveraging new technology such as artificial intelligence (AI), Big Data and voice-recognition.

In addition, we have integrated system security across the Group for stable service and protection against cyber risk that is increasing along with the advancement of ICT technology.

Damage investigation	MSI has introduced "FaceHub," a video chat platform developed and operated by FacePeer, since 2017 to communicate with customers regarding damage investigation and claim payment. Communication with customers had been mainly via telephone and in writing.
using "FaceHub"	Utilizing "FaceHub," we will enable us to give meticulous explanations to customers and arrange for prompt payment by sharing videos and still images with them in real time in a simple operation.
Quality Improvement using Artificial Intelligence (AI)	MSI conducts various demonstration experiments and creates an environment that is necessary to improve products and services using artificial intelligence (AI). In addition, MSI and ADI have improved the efficiency of the company-internal operations leveraging AI. We will make progress in quality improvement using AI and work on developing innovative products and services to meet various customer needs.

Quality Improvement of the Contact Centers

"MS&AD Group Contact Center (CC) Quality Standards," evaluation standards for CC's operations and quality that is common to the whole Group, have been developed. Each Group company checks its CC's operations against the standards, and carries out the necessary improvement measures. By sharing the status of each Group companies' efforts and best practices within the whole Group, we are improving the quality of the whole Group. Concerning evaluation by an external organization, we received three stars at FY2017 HDI Benchmark organized by HDI-JAPAN, the world largest organization in the support service industry. In addition, ADI received "a five-star certification" which means that "its management of commercially value-added support centers and leadership in management of companies and centers meet certain standards comparing with internationally recognized best practices."

Received a three star for "Contact Point"	MSI, Mitsui Direct General and MSI Aioi Life	
Received a three star for "Web Support"	MSI, ADI, Mitsui Direct General and MSI Aioi Life	
Received a three star for "Monitoring"	ADI and MSI Aioi Life	

Contact Center Strategy Meeting

"Strategy meetings" by heads of the Contact Center of each Group company and PT (theme: center operation, education and training) by persons in charge are held periodically. The purpose is to improve the quality of the whole Group's contact centers, reinforce operations, and improve operational efficiency and human resources development while sharing information.

Personnel Exchange

For information sharing (exchange) among the contact centers in the Group and training each other, the staff of contact centers actively interact with each other through "the Group Contact Center (CC) Joint Training" and "CC Visit".

Telephone Support Contest

Aiming to improve the customer service quality and mutual training of customer service representatives, the Group holds the "MS&AD Group Contact Center Telephone Support Contest" every year. The contest provides an opportunity for exchange among contact centers, and creates a climate of friendly rivalry conducive to learning new things above and beyond the framework of each contact center's operating style. In fiscal 2017, from around 4,000 staff members at contact centers, 16 were chosen to participate in the contest and competed to show off their telephone support skills.



Telephone support contest

Quality that earns the trust of society > Earn the trust of society with high quality

Payment of Insurance Claim Service Preferable to Customers

The MS&AD Insurance Group is taking various steps with high levels of accuracy, speed, and integrity in order to provide customers with reliable claim services.

Reliable Receipt System for Accident Report and Provision of the Course of Accident Response

The Group's domestic non-life insurance companies have established "accident reception centers" that are open for receiving information on accidents in Japan 24 hours a day, 365 days a year. On weekday nights and holidays, the centers will provide various kinds of initial support, such as contacting the other parties in automobile accidents on behalf of customers, and in cases when customers have been injured and hospitalized, the centers offer such special services as visits to the hospital by specialized staff. Moreover, the post-accident response measures include staff members telephoning customers to provide detailed explanations of the progress of claims adjustment situations, aiming to put themselves in customers' shoes, alleviate their worries, and respond to whatever questions they may have.

MSI receives information on accidents on the internet through the MSI's website or own "Suma-Ho" smartphone application. In order to ensure the accident response reliable to our customers, MSI installed a "one-accident, one-team" system for reinforcement of coordination when two or more personnel are assigned to a single case. In this and other ways, the work processes constructed in response to customer views are in operation at Service Centers nationwide. ADI is working to deliver quick, considerate and reliable accident response services under "the Full Support Declaration". In addition, we launched "24/7 Accident Response Service" in FY2016 and are providing the same level of accident response services as those provided during normal business hours even during night time and holidays. We are doing this in a bid to provide an accident response that meets the needs of individual customers. We take in accident reports through our website and website for feature phones as well as normal telephones. In addition to accident report menus on our website and website for feature phones, a fax number dedicated for people with a hearing or speech impairment is available to take accident reports. We have created a barrier-free environment for accident reports.

Through "My Homepage," prepared for each individual customer, Mitsui Direct General receives notifications about accidents, and provides information and guidance about the response process for incidents involving objects or people, payment history for insurance claims, etc. Customers and full-time staff can also exchange two-way messages via the "Anshin Message Board," a dedicated communication tool set up for customers.

Improving Customer's Satisfaction by Responding to Incidents

Aiming to realize non-life insurance services which satisfy customers, the MS&AD Insurance Group is taking various steps to improve the work quality of claim service staff.

MSI provides prompt and attentive explanations and the appropriate payout of insurance benefits to all customers involved in an accident and other parties involved in the same accident. It also practices accident response that "reaches the heart," and which places customers as the first priority.

ADI, under "the Full Support Declaration," aims to be a reliable partner by delivering quick, considerate and reliable accident response services. We make our best efforts to ensure customers feel "I'm happy that you are the person in charge," and be a customer-preferred insurer.

In order to provide professional and sympathetic accident services, Mitsui Direct General is engaged in efforts to improve the quality of its accident response services based on the results of survey responses received from customers.

Quality Improvement Campaign

MSI carries out practical training such as role-playing on telephone response and daily guidance by a trainer with specialized skills, and holds presentations of accidents cases. Through those efforts, MSI improves employees' skills to ensure high level and uniform service nationwide. In addition, we utilize the opinions offered in the questionnaire postcards sent to customers when paying insurance money to further improve quality.

In addition to sharing videos with repair workshops, advanced technology such as video chats and drones are also used to verify the extent of damage, thereby contributing to prompt payouts of insurance claims.

In times of large-scale natural disasters, incident reports are received speedily through the Wide Area Disaster Customer Web System, which incorporates Robotics Process Automation (RPA) technology. In addition, through other systems such as the Wide Area Disaster Witness Management System*, efforts are also made to ensure that insurance benefits reach the claimants quickly. Even during times of disaster, the company strives to respond attentively to customers, such as by providing information about submitting insurance claims to customers in the affected areas who have not submitted any incident reports, so as to be absolutely certain that all customers will be able to receive their insurance benefits.

ADI is working to improve customer service skills through carrying out regular trainings and conducting Nationwide Heartful Support Contest etc. Efforts are also made to improve overall business performance and quality by presenting and sharing frontline initiatives in the independent and autonomous operations of the Claims Services Department.

Mitsui Direct General strives to improve customer service skills by organizing presentations of good practices and telephone reception competitions. In February 2018, it became the first company in the non-life insurance industry to receive the highest rating of three stars in the FY2017 HDI Rating Benchmark organized by HDI-Japan, for its accident response and insurance benefit payout departments under the "Monitoring" category.

(*) A system that enables the integrated management and efficient inquiry into appointments with customers, number and schedule of investigators, and location information of the affected property.



A Scene from Know-How Presentation



Damage Verification Using Video Chats



Participants in Heartful Support Contest

Work of Claims Adjusters

Claims adjusters of insurance companies investigate damages of a car accident when such accident occurs, such as the confirmation of damages of a vehicle and the finalization of repair cost.

In addition to deepening the cooperation between claims adjusters and case managers, MSI has established claims study teams at 21 locations across Japan to further promote the appropriate certification of repair costs. Moreover,

we are always performing quicker and more appropriate handling of accidents from the perspective of customers; for example, when vehicles and buildings are damaged at the same time by wide-area water disasters, we investigate their damages together.

At ADI, its affiliate, Aioi Nissay Dowa Claims Adjusting Company, Limited holds a national claims adjuster skill contest and a national good practice presentation, where adjusters show results of daily self-improvement and good practices and share them nationwide to further improve the skills and capabilities of damage investigations.

Quality Improvement by Reviews on the Insurance Claims Payment Processes

Mitsui Sumitomo Insurance Underwriting at Lloyd's(*) Limited (MSIUL), which is MS Amlin's subsidiary, has established an internal working group with the aim of building an insurance claims payment system that customers can rely on. In addition to conducting analysis and reviews on the insurance claims payment processes, it has also introduced important management indicators to improve insurance claims payment services by providing initial support to accident response and payment of insurance claims. Through these efforts, we have achieved greater efficiency, speed, and transparency in our insurance claims payment processes. Lloyd's is an international insurance trading market located in London, UK. MSI was the first Japanese insurance company to enter the Lloyd's market in 2000, when it commenced underwriting work.

In addition, we are working on training employees with necessary expertise and skills for supporting the handling of special accidents and improving the operational quality of affiliated companies that provide accident support services in a bid to deliver accurate, quick, stable and high-quality services. Our claim payment department and risk engineering department cooperate to issue a periodic report titled "Loss Incident". In it, the causes of frequently occurring accidents and special accidents are analyzed and countermeasures are discussed. This report contributes to improving risk management and accident prevention among customers.

Services in 14 Languages using Phone Interpretation

MSI, ADI and Mitsui Direct General provide services in 14 languages using a telephone interpretation service. The purpose of the service is to deliver high-quality services to customers who have difficulties in communicating in Japanese by improving the multilingual environment. The MS&AD Insurance Group, as a whole, will continue further improvement of customer service quality to bring safety and peace of mind to non-Japanese-speaking customers.

"Introduction of Accident Response" screen

At Mitsui Direct General, "Information on Accident Response" contents have been provided on our Website about accidentresponse services to remove customer's anxieties and provide assurance. We have continued to expand the pages providing explanations on the flow of procedures from occurrence of accident to resolution and flow of Internet incident response services, and put effort into further improving the quality of contents while placing first priority on preserving peace of mind for customers involved in an accident. Furthermore, we also aim to provide peace of mind to even more customers through initiatives



Screen of "Information on Accident Response"

such as the dissemination of information through a section where staff from the "Anshin Center" speak about what they keep in mind when responding to accidents, and what they feel is rewarding about their jobs.

"Information on Accident Response" (Japanese only) []

Claim Support Guide

(ii) nsurance Claims Support Guide

In order to inform the insurance claims procedures in an easy-tounderstand manner, MSI Primary Life is taking the following steps: (i) cement on the website

MSI Primary Life has produced videos about the insurance claims procedures about which it receives many inquiries, and released them on its website. We provide explanations from the inquiries that we receive when family members of contracted customers first call to the payment of insurance claims, as well as samples of required documents and notification of completed procedures.



Video screen

When sending insurance claim forms, we enclose the "Insurance Claim Support Guide," which simply explains the flow of procedures. The "Insurance Claim Support Guide" has obtained from the Universal Communication Design Association the "Viable Design Certification," which is the certification standard not only for design and color design but also for the meaning of sentences and the convenience of use.

Click here for the actual videos: (Japanese only)

Provision of Recovery Services of Afflicted Facilities

MSI and ADI, in collaboration with BELFOR Group, the world's top class disaster recovery specialty company, have been providing high-quality recovery services for afflicted facilities(*). 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 earthquakes and typhoons, we intend to support our afflicted customers for early recovery by providing these afflicted facilities recovery services in support of BCP.

(*) MSI has been providing the service in 11 Asian countries in cooperation with BELFOR Asia. In addition, in cooperation with Recovery Pro, this service is provided in Japan to the customers of Comprehensive Corporate Property Insurance (called "Property Master"), Business Activity Comprehensive Insurance (called "Business Keeper"), Basic Fire Insurance, and the Business Cost/Comprehensive Profit Insurance. ADI has provided the service in Japan in cooperation with Recovery Pro. This service is provided to all customers of the Comprehensive Corporate Property Insurance as well as the customers of the Business Activity Comprehensive Insurance (called "Tough Biz Business Activity Comprehensive Insurance").

Examination for Payments of Insurance Claims

MSI, ADI, Mitsui Direct General, and MSI Aioi Life examine cases that are determined to be ineligible for insurance claim, payments and cases where a customer filed complaints. As for the other cases that meet the certain criteria, the examinations are conducted by a board of review consisting of outside lawyers and experts.

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

MSI and ADI share information via internal newsletters and take advantage of the access to extra information in enhancing service quality of damage support.

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

Growth with Our Agents

Scheme and System for Improvement of Agent Work Quality

At MSI, ADI, and MSI Aioi Life, the headquarters' department in charge of agent education has offered education policies and educational programs for the agents to gain knowledge for insurance sales such as compliance, products, office work/systems and sales skills. The educational programs are offered through Internet and collective trainings, while staffs in charge of education at sales departments promote attendance at sessions and support to raise levels of agent business skills.

Support for Improvement of Agent Work Skills

Providing an Online Learning Environment

MSI and ADI have a "College" that allows for the integrated management of insurance qualifications, group training attendance, and e-learning progress by participant. The e-learning contents are used by agents and canvassers (*), delivering preliminary learning for seminars and qualification acquisition on compliance, details of products, and other information, which leads to better solicitation quality. MSI, every month, delivers the "Agent Educational Program", a studying tool to enable an agent to develop and educate solicitation staff independently. By distributing Good Practice News and quarterly journals on the Internet, ADI introduces information and tools useful for solicitation activities by agents and canvassers.

MSI Aioi Life provide e-learning contents (compliance, approach to providing protection and coverage, products, etc.), and periodically disseminates various videos about the fundamentals, products, sales methods, and other information related to life insurance through the "MSA On-demand Lite" service.

(*) Permanently-hired employees and trainees engaged in solicitation

Training in Response to the Needs of Agents

To fulfill diversifying customer needs and to improve the consulting capability in response to the changes in the market, MSI Primary Life is enhancing various training programs and supporting sales systems of agents.

As a part of the training course that provides support for "customer-oriented business operations" practiced by dealers, a new training course on "customer-oriented interviewing skills" was developed in FY2017 in addition to the "consulting sales training" and "training on the correct method of insurance solicitation" courses.



A scene of training

From the basics of interviewing to practical skills aimed at sharing the customer's feelings, this new training course helps agents to master the three steps of interviewing skills: listening, hearing, and asking.

In addition, we also provide "Training to Promote the Active Participation of Women" for women not only to learn the knowledge and skills for working proactively and vigorously but also to plan a well-balanced career design and way of work according to one's own environment and situation.

The purpose of maximizing the training effect is to promote active learning type training styles, and to introduce the latest learning devices such as tablet PCs, which enables two-way communications between lecturers and trainees.

Feedback of Customer's Voices (Complaints and Compliments)

MSI, ADI, and MSI Aioi Life facilitate implementation and use of "the Customer's Voice Management System," have agents themselves analyze customer's opinions, lead them to operational improvement and carry on activities to be a customer-preferred agent. In addition, they develop a system to feed back the customers' opinions collected through "Questionnaires to Customers" to their agents and share the statistics and analysis results at agents' regular meetings and training to reflect them in operational improvement.

By making use of these mechanisms and taking the valuable opinions provided by customers seriously, it seeks to clarify problems from the customer's perspective and formulate response measures, so as to improve the quality of agent operations.

Quality that earns the trust of society > Earn the trust of society with high quality

Framework to Secure Quality in Agent Work

Basic Perspective

MSI, ADI and MSI Aioi Life offer support to enhance the quality of agents which serve customers and have scheme to inspect their business conduct in order to deliver high-quality products and services to customers of all types.

Agent Quality Certification System

MSI, ADI, and MSI Aioi Life have established a systematic operation process (*) related to the solicitation of clients for agents to surely follow so that all customers can afford insurance with confidence.

(*) This has been named the "Fundamental Insurance Cycle" in MSI, and the "AD Quality Standards" in ADI, and the "Recruitment Activity Cycle" in MSI Aioi Life.

In addition, MSI, ADI, and MSI Aioi Life each created the Agent Quality Accreditation System to secure Quality in recruitment of insurance and response to accidents in collaboration with agents.

Communication with Agents

Regular Training and Seminar

MSI, ADI, and MSI Aioi Life hold collective training sessions regularly held for agents in order to strengthen mutual communication and help improve their quality effectively and efficiently. The head office division supplies training tools every month based on themes such as the revision of product and administrative systems, and initiatives that harness feedback from customers, while training sessions are conducted by the sales section branch offices.

Cooperation with Organization of Agents

MSI, ADI, and MSI Aioi Life are supporting mutually enhanced 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.

Each agent organization through its operations works on the development of a system and the enhancement of growth potential of member agents and local and social contribution activities aiming to deliver high-quality services and the best insurance products to customers.

Professional Agents Association	Mitsui Sumitomo Insurance Agent Association (MSA)	
	The Nation-wide Professional Group (AD Professional Group)	
Automobile Mechanic Businesses Association	Advanced Club (AC)	

Management Support for Agents

The number of agents has been increasing in size, creating the need for a higher level of managerial skills. In providing support to agents, therefore, greater specialization, objectivity, and medium- to long-term perspectives have become important.

To this end, MSI and ADI deploy dedicated staffs with expertise in support for agents, covering areas from management and systems to individual operational issues. The companies make efforts to improve and expand the management foundation and quality of agents through various supports by such staff including trainings, seminars and individual meetings.

Quality that earns the trust of society > MS&AD Insurance Group Basic Policy for Responding to Customer Communications

MS&AD Insurance Group Basic Policy for Responding to Customer Communications

MS&AD Insurance Group Basic Policy for Responding to Customer Communications

The MS&AD Insurance Group shall respond to all customer communications quickly, appropriately and in good faith based on the Group's management ideology. The following principles for conduct are hereby promulgated to contribute toward greater customer satisfaction.

1. Definitions

(1) Definition of Customer

As used herein, "customer" shall refer to "a customer having a relationship with the activities of the MS&AD Insurance Group" with respect to both individuals and companies.

(2) Definition of Customer Communication

As used herein, "customer communication" shall refer to "any and all expressions from customers (inquiries, consultations, requests, complaints, disputes, praise, expressions of gratitude, etc.)." Here, "complaint" shall mean "an expression of dissatisfaction from a customer."

2. Principles for Conduct

(1) Basic Stance

(i) All officers and employees shall respond to all customer communications quickly, appropriately and in good faith.

(ii) All officers and employees shall be conscious of the fact that customer communications constitute "important information for assuring trust from customers, realizing corporate growth and further improving quality."

(iii) All officers and employees shall compile and analyze information relating to customer communications, and while making effort to reduce complaints, shall also use this information to create measures that improve quality and raise the level of customer satisfaction.

(2) Management of Responses to Customer Communications

(i) Domestic Group insurance companies shall prescribe policies for responding to customer communications that factor in the business conditions present at their respective companies consistent with the "MS&AD Insurance Group's Mission Statement" and the "MS&AD Insurance Group Basic Policy for Responding to Customer Communications."

(ii) Domestic Group insurance companies shall prepare rules, manuals and the like regarding the procedures and specific individual actions for responding to customer communications.

(iii) When necessary, the other Group companies shall prepare measures for responding to customer communications and put these into practice as appropriate.

Sincere, fair and just business activities

The MS&AD Insurance Group has established Our Mission, Vision and Values as aspirations that Group officers and employees should prioritize in all aspects of their work. We are working to disseminate these aspirations among all the officers and employees of our company and Group companies. In addition, we have established corporate governance, compliance and risk management as priority issues within our group medium-term management plan, and we are actively promoting that plan.

Detailed information

Activities and dialog that respect human rights

MS&AD Insurance Group Basic Policy on Human Rights

In June 2004, the MS&AD Insurance Group proclaimed its support for the United Nations Global Compact, and is advancing the approaches for the respect of human rights as a supporting company of the Universal Declaration of Human Rights, ILO Core Labor Standards, and OECD Guidelines for Multinational Enterprises through participation in the United Nations Global Compact.

In addition, the MS&AD Insurance Group formulated the MS&AD Insurance Group Basic Policy on Human Rights in February 2017 to further fulfill its responsibilities to respect human rights. The business activities which the Policy applies to include not only those inside the MS & AD Insurance Group, but also to the business activities by the other stakeholders widely in the value chain of the Group, including suppliers related to procurement of services etc. and business partners such as agencies. The MS & AD Insurance Group is engaging with the stakeholders to prevent and mitigate adverse impacts on human rights in the businesses.

Participation in the United Nations Global Compact

Basic Policies for Respecting Human Rights

The MS&AD Insurance Group stipulates respect for human rights in the "MS&AD Insurance Group Basic Policy on Human Rights".

MS&AD Insurance Group Basic Policy on Human Rights

The MS&AD Insurance Group is committed to enhancing the enterprise value and contributing to the creation of a sustainable and resilient society through behavior that takes into account interaction with the environment and society in all business activities, with the aim of realizing Our Mission. We recognize our responsibility for the actual and potential adverse impact our business activities have on human rights, including the impact of value chain. Our actions and dialogue will show respect for human rights. This Basic Policy has been adopted to prepare for this.

(1) Compliance with laws, regulations and norms related to respect for human rights

(i) The Group respects international norms on human rights such as the United Nations International Bill of Human Rights, the corporate code of conduct in the United Nations Global Compact, and the principles concerning fundamental rights set out in the International Labour Organization Declaration on Fundamental Principles and Rights at Work.

(ii) In addition to complying with laws and regulations in countries and regions where we conduct business activities, we seek ways to respect the principles of internationally recognized human rights when these laws and regulations conflict with the principles, while considering the circumstances in such countries and regions.

(2) Non-discrimination

We respect basic human rights in all business activities, and not discriminate based on race, nationality, gender, age, ethnic origin, descent (family origin), social status, creed, religion, physical characteristics, disability, sexual orientation, gender identity or pregnancy.

(3) Corporate culture that respects human rights

(i) With "achieving mutual growth by respecting one another's individuality and opinions, and by sharing knowledge and ideas" as one of Our Values, we will foster a corporate culture that respects human rights.(ii) We respect diverse values and engage in the creation of a friendly working environment with consideration for the mental and physical health and safety of every single employee.

2. Human Rights Due Diligence

We will create a system for human rights due diligence in accordance with the United Nations Guiding Principles on Business and Human Rights, and engage in dialogue, consultation and reporting.

(1) Assessment and prevention

We will identify and assess any actual and potential human rights risks, and take prioritized steps to prevent and mitigate them.

(2) Remedy, remediation and dialogue

If the Group causes adverse human rights impacts, we will perform appropriate remedy and remediation through appropriate procedures, and engage in the prevention of recurrence. Moreover, if it is found that we are involved in such impacts through the value chain, we will sincerely engage in dialogue.

(3) Education and Training

We will engage in a broad range of activities to raise awareness of human rights through every opportunity to ensure our officers and employees have a deeper understanding of global, country-specific or regional issues related to human rights and their involvement with our business activities and have respect for human rights.

3. Responsibilities as a Global Insurance and Financial Services Provider

(1) Protection of privacy

In light of the importance of personal information and in accordance with our Basic Policy for Management of Customer Information we will protect personal information to ensure that there is no adverse impact on human rights including privacy.

(2) Reflection in business processes

As a founding signatory to the UN Principles of Sustainable Insurance (PSI) and a signatory to the UN Principles for Responsible Investment (PRI), we will consider environmental, social and governance aspects in order to meet our responsibility to respect human rights in our insurance underwriting and investment decision-making processes.

END Established, February 1, 2017

President & CEO

7. Kuron

Yasuyoshi Karasawa

Statement on the UK Modern Slavery Act 2015

- FY2017 Slavery and Human Trafficking Statement (338KB)
- FY2016 Slavery and Human Trafficking Statement (176KB)
- FY2015 Slavery and Human Trafficking Statement (453KB)

Human rights due diligence

The MS&AD Insurance Group is building a system for human rights due diligence in accordance with the United Nations Guiding Principles on Business and Human Rights, and performs due diligence on a continuous basis. We will carry out the following human rights due diligence based on the Basic Policy on Human Rights formulated in February 2017.

STEP1 :	Identify any actual and potential human rights risks arising from the Group's value chain and stakeholders			
STEP2 :	Assess and analyze such risks identified in terms of [1] severity and [2] probability of occurrence (creation of a risk map)			
	Severity is assessed based on the scale, scope and difficulty of remediation of the estimated damage.			
STEP3 :	Determine significant risks identified through review of the risk map as priority issues			
STEP4 :	Study and implement necessary preventive and remedial measures as well as review the effects			

As part of the human rights due diligence, the MS&AD Insurance Group identified and assessed any actual and potential human rights risks according to the processes up to STEP 3. As a result, we took as priority issues the infringement of privacy arising from the leakage of personal information of customers and our employees and the physical and mental effects of employees' long hours of work, etc.

The MS&AD Insurance Group will periodically review identification and assessment of human rights risks, and determine its priority issues reflecting changes in society and the environment that surrounds the MS&AD Insurance Group and the value chain.

Human rights assessment and remedial measures

As human rights due diligence process, we conduct human rights risk assessment, periodically monitor the two priority issues, and implement measures to mitigate the relevant risks.

Regarding personal information protection, each group company implements establishment of internal regulations, introduction of security measures, and education to employees and agencies, according to MS&AD Insurance Group Basic Policy for Management of Customer Information. To ensure thorough assessment, we regularly conduct checks and audits to agencies, outsourced vendors, and employees on the respective information management systems, and we promptly provide corrective guidance and take actions for future prevention against problems found as a result of the checks and audits.

In fiscal 2017, we conducted information management checks and audits to 61,345 agencies/outsourced vendors, and implemented corrective guidance to about 100 companies.

Click here for Information Management

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

Regarding the health and safety of our employees, we are making a group-wide effort to reform their way of working, while continuing the existing management of their work hours on a system. In addition, we established a Speak Up System (whistleblowing system) and a counseling desk, and in fiscal 2017 after conducting employee surveys we worked to keep employees well informed about the whistleblowing system and create an environment where it is easy to use the consultation services.

Click here for health management

Education about Human Rights

The MS&AD Insurance Group is working on raising awareness of human rights to employees to foster a "corporate culture that respects human rights" stipulated in the Basic Policy on Human Rights.

Structure of Education about Human Rights

In the MS&AD Insurance Group, the Sustainability Section of the Corporate Planning Department of the holding company plays a central role in promoting efforts to respect human rights inside and outside of Japan, in collaboration with departments in charge of overseas compliance and departments in charge of human rights awareness in the operating companies.

MSI has the following objectives:

- chieve a company culture based on the philosophy of respecting human rights through training to increase human rights awareness.

- D velop employees who are able to act independently as members of the society who understand and recognize various human rights accurately, and who respect the human rights of others.

To achieve these, it has established a Human Rights Promotion Headquarters at the head office and a Human Rights Promotion Committee at each branch office. The Human Rights Promotion Headquarters implements initiatives related to various human rights issues, validates the feedback and opinions of employees, and plans and formulates as well as operates, implements, and manages workplace training programs for all employees. At the same time, it works to raise awareness among members of Human Rights Promotion Committees at the

workplace on the role of Promotion Committee members and the human rights promotion system, provides information and explanations about the operation of workplace training to all employees, and works toward maintaining the quality of training at all workplaces.

ADI has established "Human Rights Promotion Meeting", chaired by the director in charge of human resources, to further human rights awareness and corporate social responsibility, nurture and maintain internal culture to respect human rights, and grow employees with high respect for human rights. The Promotion Meeting deliberates employee enlightenment/training programs and execution outlines, checks execution status of training programs, and verifies improvement in human rights awareness. Furthermore, they carry out trainings for all employees and training sessions by ranks to provide employees with opportunities to access human rights issues broadly while regularly issuing a newsletter titled "Jinken-no Tobira" (Gateway to Human Rights).

Training on Human Rights

The MS&AD Insurance Group provides workplace training for all employees once a year using standardized training materials and common themes, in an effort to create a more comfortable working environment.

In addition to the above, MSI implemented workplace training "Various Human Rights Issues" seeing social issues as familiar issues to promote mutual awareness in accordance with the principle of respecting human rights. In connection with Human Rights Week, we invited our employees to submit "Human Rights Education Slogans," and raised awareness about having sincerely empathetic respect for human rights by expressing and sharing what employees have learned and what they feel on a daily basis. Other initiatives to develop an awareness of human rights among the employees include rank-based training--training for new employees, promoted employees, and managers--as well as creating opportunities for self-learning through e-learning.

ADI implemented workplace training for all employees carried out twice a year, and in one of them ADI provides Internet TV trainings that are common across the Group. It has received feedback from employees at many workplaces, such as, "I have learnt about mutual respect for individuals in order to prevent harassment, as well as the importance of instruction and dialogue that corresponds to the individual," and "I have become keenly aware of the importance of respecting the feelings of others as anyone can become a perpetrator." In addition, e-learning training courses were also conducted for all employees. "Human Rights Slogans" were collected, and contributed to fostering an awareness of human rights in the company. It has also continued to implement rank-based training for all general managers, newly appointed line managers, newly appointed general managers, line managers, seven year experienced employees and new employees, with the aim of creating a comfortable workplace that respects human rights.

Percentage of Human rights training implementation

	Implementation content	FY2017
MSI	Participation rate of seminars	100%
ADI	Completion rate of e-learning	100%

Consultation service desk

The MS & AD Insurance Group has established a system to receive voices and make appropriate remedy correspondence in case of human rights violations.

Quality that earns the trust of society > Activities and dialog that respect human rights

Reporting System from Employees (Speak Up System)

In order to prevent violations of laws and regulations, violations of internal regulations, and inappropriate conduct from being neglected and spread, the MS&AD Insurance Group has in place a reporting and consultation system ("Speak Up System") that employees can directly report through so the company can promptly identify the facts and take necessary measures. With this system, the Group pushes ahead with compliance with ethics, laws, and regulations.

To be more specific, the following matters are subject to the reporting system.

 $\bigcirc\,\mathsf{Any}$ matters related to non-compliance

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

OAny matters related to working environment, such as work hours and overtime work

We make efforts to allow informers and consulters to readily use the system by setting up an external contact point at an outside law firm. In addition we protect the informers and consulters by paying a sufficient amount of attention to ensure the informers' and consulters' privacy and protect their information. We also make sure the informers are not treated disadvantageously.

Harassment Consultation

At MSI, the Staff Consultation Office serves as the channel for consultation about and handling of sexual harassment, power harassment and maternity harassment (discrimination against pregnant women) cases. We have also set up a harassment hotline (harassment consulting room), and are working to create an environment where it is easy to talk about these issues. Matters are arranged so that employees who feel victimized can consult staff there with peace of mind. Based on the swift performance of fact-finding investigations, it makes corrections and punishment as the need arises. The company is also making efforts for prevention such as by holding seminars and e-learning to educate the employees about harassment prevention.

At ADI, we have a desk especially for consultation about sexual and power harassment within the Personnel Department, and have taken steps enabling the employees to use consultation service without any reluctance by placing counseling desk in an external organization. As for issues taken up, we verify the report immediately, we internally punish those involved severely. As for prevention, we post posters with consultation desk details within the workplace cautioning against power and sexual harassment, training sessions via internet TV (once a year) and e-learning (once a year) and the publication of articles on human rights are held to boost employees awareness of human rights.

Diversity promotion and Health and productivity management

The MS&AD Insurance Group Basic Policy on Human Rights stipulates that the Group shall respect diverse values and strive to create a worker-friendly environment considerate of the physical well-being and safety of individual employees. For specific initiatives, please see the website shown below.

Click here for details of diversity promotion and health-based business operation

Improvement for sound relationship with labor union

In the MS&AD group, the company and the labor union respect each other's position complying with the agreement in good faith, by engaging in effort to maintain and improve the company's democratic and healthy development, the employee's working conditions and their position.

Based on this agreement, negotiations and consultations are carried out in the context of wages, personnel systems and operations, work environment and management plan.

Labor union participation rate : 93.8%

Continuing efforts to reduce the burden on the environment

Policies and Management Systems Related to Environmental and Social Contribution Activities

The MS&AD Insurance Group positions environmental problems as an important management issue, and aims to build a sustainable relationship between the Earth's environment and our business activities. Based on the MS&AD Insurance Group Environmental Basic Policy, we are actively engaging in environmental activities.

MS&AD Insurance Group Environmental Basic Policy

Under its Group Mission Statement, "Through our insurance and financial service businesses, bringing security and safety to people and businesses around the world and making a lasting contribution to the enrichment of society," the MS&AD Insurance Group has made the environment a part of its corporate strategy. The Group has established the following Key Issues and is advancing efforts in these areas in line with the Standards of Conduct listed below.

The Group is committed to ongoing improvement through its environmental management system, and to abiding by environment-related laws, regulations, principles and guidelines agreed to by all members of the MS&AD Insurance Group.

1. Key Issues

- (1) Mitigation of and adaptation to climate change
- (2) Sustainable use of resources
- (3) Reduction of environmental burden
- (4) Preservation of biodiversity

2. Standards of Conduct

(1) Initiatives via our insurance and financial services

We will create insurance and financial services that contribute to the Key Issues, and work to resolve social issues and thus enhance corporate value.

(2) Initiatives as part of the business process

Through an innovative reassessment of our business processes, we will work to enhance quality and improve business operations, while making more efficient use of resources and energy.

(3) Environmental awareness and protection activities

By raising environmental awareness among all of our executives and employees, our communities and the next generation, we will work with stakeholders to promote environmental protection activities, gaining their trust and building sympathy for these issues.

Established April 1, 2010 Revised April 1, 2016

Policies and Management Systems Related to Environmental and Social Contribution Activities

Under the "MS&AD Insurance Group Environmental Basic Policy," all Group companies have been putting the "Standards of Conduct" into practice by combining the ISO14001 certification, which is the international standard for environmental management systems, and the "MS&AD Our Earth Project," the Group's unique environmental & social contribution management system.

Although the scope of ISO14001 certification is limited to department in headquarters of seven Group companies(*),we have stipulated in our EMS manual to apply our environmental aspects of organizational activities,

products and services that we determine that we can manage or influence in the life cycle viewpoint according to the concept of Standard ISO14001:2015. We work with our Group companies and also with our business partners as necessary promoting initiatives throughout the value chain of the insurance business such as, i) energy conservation and resource saving by reforming insurance contract process including efficiency of logistics by the digitalization of securities and contracts, ii) development of insurance products and services leading to the resolution of environmental problems, iii) procurement of goods used in office work.

From fiscal 2018, aiming for the Goal "Resilient and Sustainable Society," which is set in our new medium-term management plan "Vision 2021," we utilize the PDCA cycle of ISO14001 to also address the social issues other than environment issue.

Approach for Acquisition and Maintenance of ISO 14001 Certification

With the integration of the Group in FY2010, the MS&AD Insurance Group decided to acquire and maintain the ISO14001 certification as a group, which had previously been undertaken by each operating company. We worked on formulating a Group-wide standard manual and establishing a structure that positions the Holding Company as the secretariat for the entire Group. These efforts, among others, resulted in the acquisition of batch certification for the Group. Through the departments in each headquarter of the seven Group companies, we are now engaged in the provision of products and services that contribute to solving environmental/social issues, and the promotion of operational efficiency.

ISO 14001 Management System Certification (346KB)

MS&AD Our Earth Project

The MS&AD Insurance Group is promoting a management system "MS&AD Our Earth Project" in all of the companies and all of our business sites to push forward with environmental and social contribution activities that every employee should address. Based on the Secretariat Manual, the Group as a whole is grappling with activities for energy saving, resource saving, waste management at offices/ data centers and preserving biodiversity and contributing to society.

In fiscal 2015, the original logo was selected by a vote of all group employees to further promote these activities. We created this logo in collaboration with an NPO by making a request to a young artist. It expresses the idea that each one of our employees engages in environmental and social contribution activities to create the Earth's future for all of us.



"MS&AD Our Earth Project" logo

Support for Certification under Eco Action 21

The MS&AD Insurance Group supports our agents and SMEs which is our important business partner to obtain environmental management systems certification "Eco Action 21" recommended by the Ministry of the Environment to make environmental efforts together with the value chain.

MSI participates in "Partner companies Greening Program" in which auditors in each area hold seminars and provide follow-up for the members of "Advance Club." an organization of service and repair shop agents who engage in ecomaintenance, and is continuing to engage in environmental management.

Awareness Raising Activities for Stakeholders

The MS&AD Insurance Group, together with society, has been making efforts to build a sustainable global environment.

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 ecomaintenance and eco-inspection. Eco-maintenance and eco-inspection consist mainly of engine washing; the interiors of combustion chambers in automobile engines are washed by a special procedure. Besides curtailing emissions of toxic gas, the removal of residue of carbon and other substances in the chambers helps to reduce CO2 emissions because it improves fuel efficiency and thereby decreases fuel use. As of March 31, 2018, the number of repair shops performing engine washing reached 386.

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

Promotion of Eco Safety Driving

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

Enlightenment of the Employee

MS&AD Our Earth Project Check

We believe that continuous awareness activities for our employees, the principle actors of our business, are necessary in order to promote the Group's environmental and social contribution activities.

The MS&AD Insurance Group conducts its "MS&AD Our Earth Project Check" campaign every year so that every employee can reflect on environmental protection and social contribution activities—such as eco-life practices including energy saving, eco-activities at office, volunteer work, charitable giving—as well as enhancing their consciousness toward them.

Environmental and Social Contribution Education

Environmental problems surrounding us, such as global warming and the crisis of biodiversity, are becoming more serious. To tackle these environmental problems, the MS&AD Insurance Group is conducting e-learning sessions, etc. for environmental education in order to share that same recognition with all of our employees.

Awarded Minister of the Environment's Award at "Environmental Education Award 2016"

The MS&AD Insurance Group was selected for the Environment Minister's Award (grand prize) at "the Environmental Education Award 2016" organized by the Environmental Consortium for Leadership Development (Eco Lead) of Ministry of Environment. The Group's efforts for human resource development for raising awareness about environmental and societal issues were recognized. Following the excellent awards received in 2014 and 2015, the Group received the Minister's Award (grand prize) in 2016.

Medium- and Long-term Reduction Goal of CO2

The MS&AD Insurance Group supported the Paris Agreement adopted at COP21 (21st Conference of the Parties to the United Nations Framework Convention on Climate Change) in December 2015, and signed on to the Paris Pledge for Action dealing with climate change and global warming. Following up on this signing, we have established the CO2 reduction goal of 2050 for the whole group including overseas, in addition to the existing one for fiscal 2020. As an insurance and financial group engaged in business globally, we will proactively pursue reduction of CO2 emissions as an entire group.

Reduction goal (%)	FY2020	FY2050
[Base FY] FY2009	▲30%	▲70%

Reducing the Environmental Burdens of Business Processes

We have achieved a significant reduction in environmental burdens by digitizing insurance policies and payment procedures. We are also contributing to the environment by saving resources used in automobile repairs. We will promote initiatives to feed back the environmental preservation results by sharing the fruits of the efforts to reduce environmental load shown above.

- Digital Insurance Policy Procedure
- Provision of Recovery Services of Afflicted Facilities

Approach to the "Eco-insurance policies" and the "Web Policy "

MSI promotes the "Green Power Supporter program", which engages in the global environment protection with customers through insurance. According to the level of achievement of the 4 approaches below, MSI donates to environment protection and other activities,: 1) "web policy/Eco-insurance policies," and 2) "Electronic contracting procedures," which helps reduce paper consumption, 3) "Use of recycled automobile parts," which facilitates eco-friendly car repair, and 4) "Eco-maintenance/Eco-inspection," which helps reduce CO2 emissions and emissions of hazardous substances. In fiscal 2016, we donated to the Indonesia tropical rainforest recovery project and Tohoku reconstruction aid. From 2009, which is when we started our involvement, through March 2017, the total number of cases amounted to 42 million, leading to approximately 217 million yen worth of donations.

As a part of its environmental preservation activities, ADI is working to cut down on the usage of paper resources and energy by introducing a paperless insurance certificate (Eco-insurance policies) and Web Policy Clause. Donations are made to NPO organizations and local public organizations in each region corresponding with the number of customers who select the paperless insurance certificate (Eco-insurance policies) and Web Policy Clause, thereby supporting environmental preservation activities that are deeply rooted in local communities.

- MSI Green Power Supporter / Eco-Insurance Pokicies and Web Policy (Japanese only)
- ADI Donations through Paperless Insurance Certificate and Web Policy (Japanese only)

Go Green Program (German)

Aioi Nissay Dowa Insurance Europe (ADE German branch) which is the Europe subsidiary of ADI has been participating in "Go Green Program" held by Deutsche Post DHL since the spring of 2011. In the "Go Green Program," an environmentally friendly delivery service is practiced in which the amount of carbon dioxide (CO2) exhausted when delivering postal mails to customers is calculated and the same amount of CO2 is reinvested to environmentally friendly projects (like hydroelectric power generation and wind power generation plant). ADE German branch made a donation equivalent to total of about 52 tons of CO2 in the end of 2017, and was awarded a certification by Deutsche Post DHL. Many Germany companies including the local subsidiary of the MS&AD Insurance Group's business partners are participating in the program.



Certification by Deutsche Post DHL

Environmentally-Friendly Building

The new wing of MSI's Surugadai office, completed in February 2012, is an energy-thrift architecture built with the latest environmentally symbiotic technology. Having the full-fledged double-skin (double window pane construction) exterior system installed, the building is expected to allow for more reduction in thermal load in summer and added insulation effects in winter. Moreover, Natural ventilation system is in place and lightings in the office are controlled by sensors for automatically switching on and off, sensitive to lightness and human presence, thus saving energy. On roof-tops, solar battery panels are installed.



MSI's Surugadai office

Promotion of Use of Forest Certified Paper(*)

At the MS&AD Insurance Group, switch over to forest certified paper has been in progress since 2010 for printing material like pamphlets. By using paper stock made from forest lumbers properly managed, we contribute to conserving forests and maintaining biodiversity.

(*) Paper made of wood pulp from forest lumbers properly managed for the purpose of sustainable use and conservation of forest resources

Investment activities that conform to PRI(Principles for Responsible Investment)

The MS&AD Insurance Group is engaged in initiatives in the areas of insurance underwriting and investment analysis, which take the environment, social, and governance (ESG) into consideration.

Signing to the Principles for Responsible Investment

In June 2015, the MS&AD Insurance Group became a signatory to the Principles for Responsible Investment (PRI) Initiative. This seeks to incorporate environment, social, and governance (ESG) issues into the investment decision-making process. And we began taking initiatives that contribute to resolving social issues by implementing investment & lending

Signatory of:



activities and providing financial products & services. We also works to establish investment and lending processes that take ESG issues into consideration and strives to expand investment opportunities in new areas.

Implementation of Japan's Stewardship Code

From the perspective of fulfilling their social responsibility as institutional investors, MSI and ADI have announced their agreement with and acceptance of Japan's Stewardship Code, a code of behavior laid out for institutional investors. In line with the Code, we have constructive dialogue with investee companies to encourage them to enhance long-term and medium-term value and sustainable growth, and, through the dialogue, we focus on understanding their management issues, the shareholder return policy, ESG, and non-financial information. In fiscal 2016, MSI and ADI conducted constructive dialogue with a total of 535 firms.

- MSI Our Policies According to «Japan's Stewardship Code» (Japanese only)
- ADI Our Policies According to «Japan's Stewardship Code» (Japanese only)

Environmental, Social, Governance Friendly Investment and Loan

The MS&AD Insurance Group promotes initiatives that give consideration to environmental, social and governance (ESG) issues in areas such as insurance underwriting and investment analysis.

Investment in Sustainable Development Bond

MSI, ADI, MSI Aioi Life, and MSI Primary Life invested in the Sustainable Development Bonds (private placement format: USD 120 million equivalent to roughly JPY 13.5 billion) issued by the World Bank (International Bank for Reconstruction and Development).

Detailed Information

Quality that earns the trust of society > Investment activities that conform to PRI(Principles for Responsible Investment)

Investment in Mirai Creation Fund

MSI and ADI invest in funds that are deeply connected with the environment. They have made capital contributions to the Mirai Creation Fund established by the Sparx Group with the aim of helping to accelerate innovation by supporting companies with technologies that drive the growth of future society, such as artificial intelligence, robotics, and technology for realizing a hydrogen-based society. In addition, they invest in equity funds based on decisions made upon evaluating the capabilities of individual firms to respond to environmental and societal issues.

Investment in Regional Economy Vitalization Corporation of Japan

MSI and ADI support the efforts to revitalize local economies through investing in the fund established by the Regional Economy Vitalization Corporation of Japan (REVIC). The objective is to support the prompt management improvement of firms standing at the core of local communities and help to develop core firms that serve important roles for local communities.

Providing Loans for Renewable Energy Power Stations

MSI supports the spread of renewable energy power generation by providing loans for the construction of mega solar power plants and wind power stations.

Investment in Loan Funds for Small- and Medium-sized Enterprises

MSI supports the growth and business revitalization of small- and medium-sized enterprises through investing in fund, established by TOPAZ CAPITAL, INC., that for the first time in Japan provides risk money mainly based on loans.

Investment in Social Bonds

MSI Aioi Life made investments in social bonds issued in the Japanese market by the Japan International Cooperation Agency (JICA).

Detailed information

Investment in Industrialize Africa Bond issued by African Development Bank

In November 2017, MSI Aioi Life invested in the "Industrialize Africa" themed bond issued by the African Development Bank (as a private placement, "the Bond").

Detailed information

Participation in Initiatives

The MS&AD Insurance Group takes its social responsibilities and roles as a global financial institution seriously. With a view to strengthening its efforts to ensure environmental and social sustainability as well as spreading these efforts to society at large, it participates in a variety of domestic and international initiatives.

Participation in Initiatives

Management platforms that enable employees to play active roles

Management platforms that enable employees to play active roles



Promotion of diversity & inclusion

The MS&AD Insurance Group believes that providing all motivated employees with the opportunity to grow through their jobs and exercise their capabilities brings about an improvement in corporate competitiveness.

Detailed Information

Encourage employees to learn and think by themselves, take on challenges and continue to grow

We are engaged in human resource development efforts aimed at enhancing the professionalism of each individual employee, pursuing innovation without being satisfied with the status quo, and maximizing our collective strength as an organization.

Detailed Information

Health and productivity management

The MS&AD Insurance Group places emphasis on the perspective of sound management. To promote the maintenance of mental and physical health for each individual employee, we strive to create a workplace environment that gives consideration to health and safety.

Detailed Information

Highly transparent and effective corporate governance

To bring about the realization of long-term stability and development, we put effort into building a management system that is transparent and equipped with check-and-balance functions, and into enhancing our corporate value.

Detailed Information

Promotion of diversity & inclusion

To promote the Group management in order to cope with changes in the global environment, it is important to promote teamwork among individual employees with diverse skills and values. The Group believes that giving all ambitious employees the opportunity to grow and demonstrate their talents through their work will lead to the augmentation of its competitive strength.

For details of the MS & AD Insurance Group's diversity and inclusion efforts, please see "D & I Promotion Report(Japanese only)".



"D & I Promotion Report(Japanese only)" (4,472KB)

The Number of Employees

FY 2017: Number of employees (Unit: People, as of March 31, 2018)

MSI	14,572
ADI	13,287
Mitsui Direct General	571
MSI Aioi Life	2,609
MSI Primary Life	394
MS&AD Holdings	390
Overseas Insurance Affiliates, and others	9,472
Total	41,295

Detailed Information

Hiring of New Graduates

Under the concept of "Tough Spirits, Big Heart", MSI conducts people-centered hiring practices in accordance with the basic policy that stipulates open, equal, and fair recruitment. We aim to hire human assets(*) who have an international perspective and can create a new era with their own creativity and initiative. To become a company staffed by cheerful and dynamic employees supporting customers with the utmost effort, ADI

has been engaged in recruiting activities under the slogan of "What inspires you?" The company seeks to hire highly-enterprising persons of diverse and noteworthy individuality features regardless of their nationality and gender.

(*) Human assets: At the MS&AD Insurance Group, in the spirit of valuing the individual, we refer to our employees as "Human assets" rather than "Human resources."

Internship

MSI implements a MSI internship program, from the standpoint of development of human asset through industry-academia collaboration. By completing this program, participants can experience the social significance of non-life insurance, as well as the work of the sales department and the damage claim support department. In fiscal 2017, approximately 2,500 students participated in the program nationwide. MSI contributes to the growth of the students by providing the medium and long-term type internship of group work type, workplace acceptance type etc. (max 15 days). These top-quality programs have been highly appraised, and were commended with the Merit Award in the



Internship activities underway

FY2017 "Internship Award Chosen by Students" administered by Mynavi Corporation.

ADI has been conducting two types of internship programs comprising: 1) Letter of Challenging Task by Boss, a planning-based internship under the theme of Telematics Insurance; and 2) Boss Bag Carrier, a practical work experience-based internship involving a full-day accompaniment service with a sales business unit manager or branch manager. The fiscal 2017 internship programs were participated in by a combined total of 855 students. These programs are aimed to allow the intern to gain an in-depth understanding of the significance and appeal of property and casualty insurance through group work and workplace experience.

Promoting the Career Development of Women

The MS&AD Insurance Group considers it important that female employees take on challenges and bigger roles in the workplace by utilizing their own advantages and characteristics. This leads to the growth of both the employees and the company. MSI, ADI, MSI Aioi Life established a professional team to assist career development and work-life balance for female employees, and strive to foster intra-workplace culture that supports them. In July 2011, the MS&AD Insurance Group established a joint declaration for promotion of female employees and has been conducting activities to support women in their career aspirations.

As a result, there are now 613 women in managerial roles across the five Group insurance companies, with women making up approximately 9.9% of all management positions (compared to 7.1% in the last fiscal year)

Furthermore, female executive officers play active and successful roles in MSI and ADI. The MS&AD Insurance Group will continue to promote the success of women toward the realization of its Medium-Term Management Plan "Vision 2021."

Training for Female Leaders for the Next Generation

Since fiscal 2010, the "seminar for women" has been held, targeting about 100 female employees who have been candidates for female leaders for the next generation in domestic Group insurance companies. By providing opportunities to understand the expanding women's roles, we support the career development of our female staff who challenge themselves.

MSI is expanding the number of female employees who can aim for a management position, by administering the "MSI Female Leaders School" for management position candidates to master business knowledge and leadership skills, such as management skills, and administering the "MS Mind-up Female School" for young employees. Starting October 2017, the MS Female Academy was newly established for women in managerial or higher positions, with the aim of developing human resources who can exert leadership at a higher level and take on the responsibilities of organizational management. Through this initiative, the company will further accelerate efforts to expand the human resource development system for female employees and promote the active participation of women.

At ADI, the Female Management Seminar has been implemented since FY2014 for potential managers, developing next-generation female leaders by helping them to acquire the necessary skills needed in the managerial positions and contributing to their future career advancement. Since FY2011, it has also introduced the Mentor System aimed at providing further opportunities for growth for female managers and potential managers, as well as enhancing their management attitude. The heads of departments and branch offices across Japan (about 170 people) have been appointed as mentors, taking on the role of guiding and consulting with female employees.

The number and the ratio of women in positions of manager or higher

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

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
MSI	2.9% (120)	4.0% (163)	5.1% (204)	6.6% (262)	10.1% (259)
ADI	4.4% (159)	5.3% (191)	6.6% (221)	7.7% (252)	10.4% (256)
Mitsui Direct General	1.8% (1)	1.7% (1)	2.9% (1)	12.3% (8)	11.5% (11)
MSI Aioi Life	2.1% (6)	3.4% (10)	4.3% (12)	5.7% (17)	8.0% (49)
MSI Primary Life	6.7% (10)	7.4% (12)	6.5% (11)	7.1% (12)	8.6% (15)

(*) The number of women in positions of manager or higher

Support for Diverse Work Styles

Provisions for Change of Place of Employment

MSI and ADI have introduced provisions for a change of place of employment. The provisions enable area-specific employees(*) to move and continue working for the company instead of quitting when they are compelled to move for reasons such as the transfer of their spouse, the marriage or care of parent. This provision is helping to support employees' work-life balance as well as to stem the efflux of first-rate personnel.

(*) Area-specific employees: employees who are not subject to transfer entailing a change of residence (ADI employees includes MI employees, contract employees, etc.)

Rehiring Program (Rehirement of Employees who Retired for Personal Reasons)

MSI and MSI Aioi Life have a rehiring program former area-specific employees who left the company on account of life event such as marriage, childbirth or care of parent, and make it easier for highly motivated previous female employees to reapply after finishing childcare. For female employees of the same industry, the same policy has been applied to make the best use of their experience by offering them better terms.

ADI has a "re-hiring system of retired former employees" which is provided to those former employees who retired/resigned due to certain life events during their working career (childbirth, child rearing, family care spouse's transfer, etc.(*) when they can return to work. This system can put the former employees' knowledge and skills to better use again.

Mitsui Direct General has introduced a "re-hiring system based on applications," in which former employees can return to the position at the time of resignation by application within a certain period of time after resignation for employees who have to resign against their will due to childbirth, child rearing, family care, spouse's transfer, etc.

(*) The target life events vary depending on employee category.

Diversity Management Selection 100

MSI and ADI were honored with the Diversity Management Selection 100 award by the Ministry of Economy, Trade and Industry due to high recognition given to their efforts on diversity promotion and female empowerment.



Diversity Management Selection 100

Global Human Asset Utilization

The Group has a network covering 47 countries and regions throughout the world, employs more than 9,000 people at its overseas subsidiaries and affiliates, and has created systems to promote mutual exchanges between Japan and various locations in the world. Aiming to make the most of the abilities of employees with diverse backgrounds, personalities, and ideas so that it can augment its own capabilities for responding to dynamically changing markets and elevate its competitiveness, the Group is endeavoring to utilize human assets in a manner that surmounts national borders.

Details on Global Human Asset Development

Employment of Persons with Disabilities

Group companies continue to engage in hiring activities to expand and anchor places of employment for persons with disabilities. They are also adapting workplaces into friendly environment and developing duties performed by persons with disabilities.

As of April 2018, the share of persons with disabilities among the workforces of domestic Group insurance companies exceeding the minimum employment rate (2.20%) required by law.

Detailed Information

Support for Employees with Disabilities

In June 2018, MS&AD ABILITYWORKS Co., Ltd. was established as a special subsidiary company with the aim of promoting the employment and active participation of persons with disabilities.

MSI established a team called Team WITH(*) to promote assimilation of persons with disabilities into the workplace by giving educational support and creating support systems. "Team WITH" provides consultations and interviews employees with disabilities, implements questionnaire surveys for them and their bosses, and provides manuals to improve the working environment. An annual seminar is held for hearing-impaired employees in order to boost the level of skills necessary for business and promote exchange between employees with the same disability.

(*) WILLINGLY & THOUGHTFULLY

ADI has been striving to recruit persons with disabilities in earnest through efforts to: 1) hire them by using nationwide Hello Work placement offices as a key means; 2) pursue a local community-focused recruitment model; and 3) establish disabled worker-dedicated workplaces. Under the local community-focused recruitment model, a model that employs students from special education schools in the regions as administrative assistants through an internship program has been expanded to departments and branch offices across Japan. Three graduates from special education schools were employed through this model in FY2017, and nine in FY2018. Starting from FY2014, the company began to actively hire para-sports athletes, based on the basic principles of supporting their sports activities by partially subsidizing their competition and activity costs and giving them work exemption to a certain extent for game participation, etc., and of offering them continued employment even after they retire from sports.

Employment for the Elderly

MSI and ADI have a rehiring program for employees who have reached retirement age. The program allows employees to continue exercising their talents by applying their experience and skills. Employment contracts can be renewed in accordance with such factors as the company's operating needs and the nature of the job, enabling employees to work until a maximum age of 65. Under the program, several work options are offered by job types, number of working days, and work hours so that a variety of working patterns are available to choose from. As of April 2018, the number of re-employed retirees (total of new hires and continued employees) was 580 at MSI and 519 at ADI, respectively.

Consideration for LGBT

To respect the human rights of LGBT employees, a gender minority group, and develop a friendly workplace environment for them, the company is widening the scope of leave granting and allowance payment, which was applicable to employees with spouses, to include employees with same-sex partners in its personnel affairs system and employee welfare scheme. Moreover, in the facility aspect, the company has also installed multi-purpose toilets mainly at large offices, running facilities that can be used easily by all



at large offices, running facilities that can be used easily by all Logo for LGBT-ALLY member of ADI employees regardless of gender and whether or not they have any disability. The company is also putting effort into initiatives to deepen understanding among employees and to foster a corporate culture that respects diverse values. In addition to group-wide training to raise awareness on human rights, MSI and ADI also disseminate various information through their internal portal sites, with the aim of deepening understanding of LGBT. Furthermore, ADI launched the LGBT-ALLY Community in December 2017, comprising employees who have expressed their agreement with the LGBT-ALLY Charter. Through communication via a members-only community site, members are cooperating on creating a work-friendly environment for LGBT employees.

Achievement of Work-Life Balance

Promotional Committee for Work-Life Balance.

Work Style Reforms

In October 2016, MSI have been committed to Work Style Reforms and is working on rectifying long working hours. In addition to efforts aimed at correcting long work hours, we are focused on creating an improved work environment as we remain conscious of the diversity of our employees and raise productivity.

Specifically, from the perspective of Improving Productivity, Reforming Awareness of Individuals and Managements, Reducing Waste and Inefficiency, and Support of a Variety of Work Styles, we are improving the working environment sequentially. We set up a Work Style Reform Promotion Team composed of members of each department of the headquarters within human resource department, and the team is responsible for supporting the various initiatives on the front line and invite the opinions of each workplace.

Also, MSI has been using thin-client PCs, which allows a variety of work styles, including work from home and work from remote locations. From April 2017, we have set 7 pm as the latest time to end the work day (except in cases where unavoidable reasons apply), working together as a company to reduce the total number of working hours. Furthermore, from December 2017, we have been putting effort into improving management skills and strengthening the development of human resources in order to achieve work style reform for each individual employee. At the same time, we are working to further improve productivity and enhance competitiveness by developing a working environment that underpins this work style reform. These initiatives have been highly rated, and the company was presented with the highest honor of the Minister of Health, Labor and Welfare Award for Enterprises and Workplaces with Pleasant Working Environments and High Productivity in February 2018.We will continue to promote investment for self-growth and enhancement of lifestyles by proceeding with the change to time-efficient way of working through work style reforms and actively utilizing the time generated by this and vacation hours. As a part of our initiatives to promote Work/Life Balance that enriches both work and private life, we have thoroughly enforced the rule of leaving the company at 7 pm (6 pm on the day for ending work early one day per week), introduced a systematic grant system for annual paid holidays, actively promoted vacation acquisition through the utilization of the "My Premium Friday" system, and promoted improvements in the workplace environment along with work efficiency improvement efforts. In addition, we are moving forward on developing systems toward further improving productivity, such as plans to introduce a new system to respond to the diversification of working locations, such as mobile working and telecommuting. We are working to firmly establish these initiatives as a culture through the dissemination of easy-to-understand materials (manga) to company employees. These initiatives have been highly rated. As a result, the company was the first in the insurance industry to receive the grand prize in the 10th Work-Life Balance Award for Working Individuals (April 2018), organized by the Japan Productivity Center's

We will continue to work on establishing the educational system to become a trusted and accepted employee, and invigorating events that enhance the unity of the workplace.

Support for Employees Raising Children

Building a Working Environment while Raising Children

MSI holds a seminar for employees scheduling to take a childcare leave to prepare them to be successful when they return to work and provides an environment which allows e-learning to be available at home during childcare leave, in an effort to support employees' performance after their leave. In addition, dedicated childcare operators partnering with the company call the employees six months and three months before the month that their childcare leave is due to end, providing support for employees by checking on the situation of their childcare activities(*), and providing information about nursery schools.

From April 2018, we have extended the childcare leave period for employees who are unable to enroll their children in nursery schools, from "children up to two years old" to "children up to three years old." We have also institutionalized and fully launched the MS Crowdsourcing system to allow employees to make effective use of any free time during their childcare leave to take on temporary work at home. While developing an environment that allows employees to focus on looking for nursery schools for their children, we also provide support for their smooth return to the workplace by responding to the motivation of employees who wish to continue working during their childcare leave period. Since May 2018, we have introduced "Pediatrics Online," a remote health and medical consultation service provided through a smartphone app, to give employees with children greater peace of mind while they work.

To further strengthen support for female employees who hope to work actively after childcare leave, ADI launched the Childcare Career Support Project, in which interviews between the employee and her supervisor before both taking childcare leave and after return to work are set as mandatory, as well as introduced the Working Mother Meeting, which offers a venue for communication among female employees who return to work from childcare leave, thus helping to ease various worries and encouraging them to think about their future work styles. Additionally, as a means of support for creating a friendly environment for employees raising children, corporate-led nursery facilities have become newly available for use at 70 locations across Japan.

On-site nursery facility (Narimasu, Itabashi-ku, Tokyo) set up by ADI can be used by employees of MSI, MSI Aioi Life, and Mitsui Direct General in addition to those of ADI. Furthermore, each of the MS&AD Group companies, in a tie-up with childcare-related business operators, provides a program under which discounts can be enjoyed for admission fees, annual membership fees, and usage charges when using day nurseries, babysitters, etc. to help employees raise their children, as a unified Group.

(*) Activities of guardians that enroll their children in the nursery schools

Posting of Substitutes for Employees on Childcare Leave and Provisions for Shorter Hours

To make it easier for female employees who are going to give birth to take childcare leave, MSI has their substitutes work with them starting three months before the maternity leave, to get fully accustomed to the duties. In the shorter working hour system, working hours can be selected from six types which include flextime and rotating shift systems.

ADI has in place a substitute employee scheme so that a female employee moving closer to giving birth can smoothly hand over duties when taking childcare leave. The company's shortened time work system, which allows an employee to freely cut short his/her work hours in units of 30 minutes up to two hours a day, as well as the shift work system (offering four different options), covers a wider scope than required under laws, authorizing an employee with a child up to elementary school third grade to use the system. In addition, an employee is allowed to take annual paid leave and nursing care leave in units of hours.

MSI Aioi Life operates a system that posts substitutes from before an employee goes on childcare leave. Furthermore, it has also enabled a 30-minute unit setting under its shorter working hour system, and made it possible for employees to utilize this system in tandem with the flextime and rotating shift systems.

Mitsui Direct General, MSI Primary Life also operate the "Posting of substitutes for employees on childcare leave".

Leave for Daddy Activities/Leave for Daddy-to-be

MSI provides employees (male employees) who have not taken childbirth leave a paid leave of five days from the date the childcare leave starts. The company supports male employees to participate in childcare, by sending eligible employees and their bosses e-mails encouraging them to take this five-day "leave for daddy activities."

ADI has introduced a spouse birth-giving preparation holiday scheme, in which an employee is allowed to take a one-day paid holiday within the week to the day before the scheduled date of birth-giving by the spouse. Moreover, the company sends e-mails calling for taking leave to the employee who has a new-born child and his superior, and thereby supporting involvement of male employees in childcare. Moreover, it is actively exchanging information with other companies by joining the lkuboss Alliance hosted by Fathering Japan, a non-profit organization.

For an employee who has not taken his childbirth leave, Mitsui Direct General changes the first five days of childcare leave to paid one. The company sends e-mails calling for taking leave to the employee who is eligible for leave and his superior, and thereby supporting involvement of male employees in childcare. Moreover, it is also possible to take two-day paid leave at the time of childbirth by spouse.

MSI Aioi Life has introduced a leave system "Ikumen leave" for men to assist childcare in order to support male employees to proactively participate in childcare. It is possible to take the paid leave for three days in total before and after the expected delivery date, or within six months after their spouse gives birth.

Support for Family care

Care Leave, Temporary Resignation for Family Care

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

MSI allows employees to work in shifts, flexi-hours, and/or shortened hours if they are providing nursing care. Also, it has introduced a care aid service provided by the NPO "Sea Care," which provides support for balancing work and care for parents. In this way, MSI provides assistance to employees who are shouldering the burden of providing family care.

ADI allows shortened work shifts and work hours so employees can provide nursing care. The company has in place a nursing-care leave scheme and a life-support leave scheme that can be used in units of hours, as well as a nursing-care work suspension scheme for leave of up to one year. In addition, it offers a re-employment system for employees who have left the company for nursing-related reasons. It has also introduced the Nursing Station and BELS Family Club schemes offered by Benefit One Inc. as a part of the company's welfare and benefit system. By enabling employees to search smoothly through approximately 600,000 offices and nursing care facilities across Japan, allowing them to consult freely with more than 70,000 care managers and receive attentive answers, and using members' benefits (discounts) for various nursing care life support services, it thereby provides support for balancing nursing care and work.

Moreover, to allow a person faced with nursing care duties to address the situation in a composed manner without panicking, the company has released an AD-version nursing care handbook titled "Yakudatsu Hon" (Useful Book) that explains nursing care in an easy-to-understand manner even for first-timers. It also provides a checklist that should be kept in mind while one's parents are still healthy and well. In addition, it has launched "Tomo Care," an internal nursing care community, with the aim of dispelling troubles and anxiety about nursing care.

Implementation of Family Day (Company Tour for family)

MSI holds Family Day, where families who support our employees are invited to the workplace, in order to deepen their understanding about the company and the workplace, and exchange with members of the workplace. By increasing communication at the workplace, this event has led to the creation of a more lively and active working environment. In fiscal 2017, ADI held a family day event at 15 outposts in Japan as the company aimed to become an enterprise staffed by cheerful and dynamic employees supporting customers with the utmost effort. This event consisted mainly of visits to workplaces with the goal of vitalizing communication at the respective workplaces and promoting understanding of work-life balance. Among other activities included in the program were para-sports (such as a wheelchair basketball/boccia experience session).



Exchange of business card

Management platforms that enable employees to play active roles > Encourage employees to learn and think by themselves, take on challenges and continue to grow

Encourage employees to learn and think by themselves, take on challenges and continue to grow

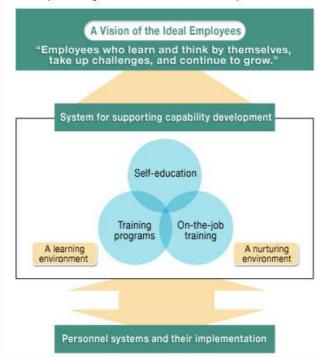
We aim to develop human assets(*) with the goal of elevating the level of professionalism of each employee, pursuing betterment as opposed to remaining complacent with the status quo, and maximizing power at the organizational level through the aggregation of individual capabilities.

(*) Human assets: In the spirit of valuing the individual, the MS&AD Insurance Group refer to our employees as "Human assets" rather than "Human resources."

Ideal Employees

The MS&AD Insurance Group envisions the ideal employees to be "Employees who learn and think by themselves, take up challenges, and continue to grow." To encourage employees to work as professionals who feel pride and are satisfied with their jobs, domestic Group insurance companies educate and support staff through measures such as "Training", "OJT(*)" and "Self-education" programs.

(*) OJT: On-the-job training



Conceptual image of the Human Asset Development Structure

Management platforms that enable employees to play active roles > Encourage employees to learn and think by themselves, take on challenges and continue to grow

Education and Training

Domestic Group insurance companies offer various opportunities for self-education, including training sessions and external correspondence courses, to assist employees with their self-directed learning and development. As part of our Group-wide initiatives, we have been offering learning opportunities to all Group employees since fiscal 2014 through the "MS&AD Open College" (*1) and the "MS&AD Online Business School" (*2).

An OJT program has been established to help newly hired employees familiarize themselves smoothly with the workplace, and utilize their work experience while acquiring the knowledge and skills they need.

In fiscal 2018, we held a one-day training session for all new employees of the nine Group Companies including insurance companies in Japan, focusing on thinking about and expressing MS&AD's goals for the next five years, and clarifying the first step toward achieving these goals, in an effort to foster a sense of unity among all employees.

(*1) Grow up training program for acquiring business skills such as problem-solving skills

(*2) Learning tools for acquiring MBA knowledge using mobile devices



Joint training for new entry-level employees of 9 Group companies

Support Taking Up the Challenge

Trainee System

Domestic Group insurance companies have put in place a trainee system, which is a short-term program that allows employees to experience work they have never done before, or workplaces that they are interested in. Through this system, employees are able to experience the work of other departments and companies, which in turn leads to fostering a greater sense of unity within the Group, and to strengthening communication.

FY 2017: Number of participants of the trainee system

	Within Group companies	Internal
MSI	39	165 *
ADI	21	218 *
Mitsui Direct General	6	0
MSI Aioi Life	10	63
MSI Primary Life	13	33

(*) The number of trainees at the head department, etc.

Management platforms that enable employees to play active roles > Encourage employees to learn and think by themselves, take on challenges and continue to grow

In-house Application System

MSI, ADI, MSI Aioi Life provide In-house application system. This system contributes for the support of careerbuilding of employees who have a strong challenging spirit and have recorded a certain amount of achievement in their current position.

Among them, the "Post Challenge System" is a job posting system in which an employee communicates to the company the details of the career that they want to build and their dreams. This is a system where they can challenge themselves to realize their goals and through this system, we realize the ability of employees to determine their own career development paths.

Pursuing Goals

Domestic Group insurance companies have a goal management system, which helps each employee to pursue challenging new work and realize their development and feel more fulfilled on the job.

The employee and his or her superior engage in direct dialogue several times a year. The objective is to build up their consent and fairness in the eyes of the employees by sharing the target, task, achievements of him or her and his or her company and to lead their development.

In addition to the daily communication with superiors, they arrange opportunities for direct dialogue between the two. These dialogues offer support for employees who want to work in new domains or play bigger roles, strengthen their motivations, and help them to feel more fulfilled on the job.

Initiatives to Innovation of Employee Roles

MSI has been working on the work style reform initiative in order for individual employees to discharge duties at an upgraded level and achieve higher productivity and greater competitiveness, thereby enabling the organization to realize sustained growth. We aim to realize a company where diverse employees can grow and play an active role, while further promoting a reform in our awareness and actions about a highly-productive and time-conscious work style.

ADI has launched a cross-departmental corporate culture innovation project, based on the pillar of work style reform. It aims to improve time productivity through the diversification of working locations and times, promote work-life balance, and drive improvements in the workplace environment toward enhancing work efficiency, in order to realize a company where bright and energetic employees can provide full support to customers.

Training for Managers

Domestic Group insurance companies are implementing manager training programs designed to provide comprehensive support for human asset development by strengthening participants' "management skill" and "workplace communication skill."

At MSI, in addition to conducting group training programs, department/branch office management training programs are also implemented at each department and branch office based on the themes of skills that managerial staff should acquire, from the perspective of strengthening teamwork.

With the aim of systematically nurturing the next generation of managers equipped with management and global sensibilities, ADI conducts web seminars for the acquisition of knowledge, as well as discussions (AD Management School) at group training programs conducted based on the premise of this knowledge acquired.

Newly Established and Improved Training Menu for Female Employees

In addition to the existing MS Female Leaders School and MS Mind-up Female School targeted at mid-career employees, MSIs established a new MS Female Academy in FY2017 with the aim of nurturing human assets who are able to exert leadership at an even higher level and take on organizational management responsibilities. This has further accelerated initiatives to promote the active participation of women.

ADI is aggressively promoting more active roles of women. To produce female executives, ADI introduced the "Mentor System" in 2011, aiming to provide more opportunities for female managers and enhance their consciousness about management. Moreover, the company introduced the "Female Management Seminar" in fiscal 2014 to produce female executives. Since fiscal 2015, ADI has enhanced the curriculum by incorporating researches on themes to present the findings to directors, etc. Moreover, the company also provides opportunities to participate in pan-industry exchange meetings (for instance, seminars for marketing staff) to accumulate various experiences.

Management platforms that enable employees to play active roles > Encourage employees to learn and think by themselves, take on challenges and continue to grow

Endorse Declaration on Action by the "Group of Male Leaders Who Will Create A Society in Which Women Shine"(*)

In October 2016, the MS&AD Insurance Group endorsed the "Declaration on Action by the Group of Male Leaders Who Will Create A Society in Which Women Shine" supported by Gender Equality Bureau Cabinet Office. With the top management themselves appealing to outside the company, we will further promote active roles of women.

(*) Declaration on Action by the "Group of Male Leaders Who Will Create A Society in Which Women Shine" In March 2014, the "Council for Supporting Women to Shine" was held at prime minister's office. It started the movement to support women who are shining or striving to shine in various regions and fields.

In June 2014, male leaders who had been aggressively promoting active roles of women gathered and formulated the Declaration on Action by the "Group of Male Leaders Who Will Create A Society in Which Women Shine," which sets out specific activity guidelines. Comprising the three pillars: "Taking actions and sending messages ourselves," "Disrupting the status quo," and "Developing networking;" the Declaration on Action has announced that male leaders will take specific actions in order for women to have higher motivations and exert their abilities to the maximum extent.

Developing Global Human Assets

To foster the development of international specialists equipped with an abundance of cosmopolitan sense and expertise in each field, MSI has implemented the MS Business University, a training system for job training, business skills, and linguistic skills held overseas (such as overseas subsidiaries) for one year in principle. In fiscal 2016, 37 employees were dispatched under this program. Furthermore, with the aim of expanding its base of global human assets, the "Global Human assets Introductory Course" is also implemented to promote understanding of the mindset and skills that are required of global human assets.

With the aim of nurturing employees who are able to support global business expansion in various fields both within and outside of Japan, ADI implements a dispatch program to overseas subsidiaries through which employees can experience working for a year at an overseas subsidiary, an MBA dispatch program (HMBA/ICSMBA) to the graduate school of Hitotsubashi University, and an overseas career challenge training program at various parts of Japan that aims to enhance the understanding of overseas work among even regional-based employees, through exchanges with employees who have had experience working abroad. In fiscal 2017, five employees participated in the overseas subsidiary dispatch program, while four employees participated in the MBA dispatch program (HMBA).

Global Trainee System

MSI implements the "Global Trainee System," which allows employees in Japan to experience working at overseas entities, as well as local employees at overseas entities to experience working at the head office. This contributes to the expansion of the global human assets base, internationalization of the head office divisions, as well as mutual exchange and understanding between Japan and other countries.

In fiscal 2017, a total of 55 employees from Japan and 51 local employees from overseas entities made use of the Global Trainee System.

Scene of local employees from overseas bases participating in the program in Japan

Since FY2017, ADI has been conducting a short-term overseas

training program lasting for one week at an overseas office (overseas subsidiary) or close affiliate. Through practical observations and lectures, and by experiencing working life overseas, the program helps employees to strengthen their linguistic abilities while providing them with the opportunity to create their career vision from an early stage, thereby motivating global human assets. Twelve employees participated in the short-term overseas training program in FY2017.

Management platforms that enable employees to play active roles > Encourage employees to learn and think by themselves, take on challenges and continue to grow

Number of participants of the Global Trainee System

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	Total
Domestic Employees	12	11	11	16	26	28	38	67	209
Local Employees at Overseas Bases	14	25	32	43	46	38	52	51	301

Temporary Transfer System to Headquarters from Overseas Branches

MSI accepts the secondment of local employees from overseas entities into the international department and some departments in East Asia and India divisions at the head office. By fiscal 2017, 78 employees from overseas entities have made use of this program to work in Japan.

The seconded employees have played an active role at the departments they were dispatched to, and improving the quality and efficiency of work processes. The system has also contributed to the advancement of globalization through the process of developing an environment that the seconded employees can play an active role in. To the seconded employees, the program provides an invaluable opportunity for understanding the functions and attitudes of the head office, through the practical implementation of the management philosophy (mission), management vision, and action guidelines (values) of the MS&AD Insurance Group.

Furthermore, active exchanges are also achieved through the holding of events such as seminars with other departments that typically have little contact with overseas companies, thereby contributing to enhancing mutual understanding.

Number of participants of temporary transfer system to headquarters from overseas branches

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	Total
Local Employees at Overseas Bases	8	14	11	12	13	11	9	78

Meeting of Global Compliance Controllers

The MS&AD Insurance Group appoints a Compliance Controller charged with promoting compliance at its overseas activities. In order to ensure compliance promotion at all group companies inside and outside Japan, a group training program for all non-Japan-based Compliance Controllers is held at the Japan headquarters.

In fiscal 2017, approximately 60 employees from 22 countries and regions participated in the training. Taking into consideration the expansion in the areas that compliance departments have to cope

with these days, participants learnt about topics such as



Participants from around the world

preventing bribery, preventing money laundering, the Antimonopoly Act, regulations on protecting personal information, and responding to human rights issues, under the broad theme of "Challenge to Emerging Compliance Risks."

Furthermore, participants engaged in group discussions aimed at putting effective and efficient monitoring into practice. This served as an opportunity for providing them with ideas on promoting compliance initiatives based on risk evaluation.

Health and productivity management

Having healthy employees not only means an improvement in the employees' QOL (quality of life), but is also vital for the MS&AD Insurance Group to put its Mission Statement into practice. Placing an emphasis on the perspective of health management, the MS&AD Insurance Group will endeavor to create the workplace environment paying due consideration to health and safety, in order to maintain and promote healthy minds and goodies of each individual employee.

Taking Paid Leaves

MSI believes business efficiency and productivity would increase by ensuring off-time by making sure leaves are taken, which can promote the mental and physical health and ensure capacity development of employees, in addition to being an effective opportunity to develop abilities. The main leave schemes include ordinary leave (such as summer vacation, fresh-up vacation, and anniversary vacation), leave carried over from the previous year, and additional vacation.

Particularly for the summer vacation, fresh-up vacation, and anniversary vacation under the ordinary leave scheme, we put particular effort into ensuring that all employees of the workplace can make plans at the beginning of the fiscal year to use these vacation periods, and to do so in a systematic and well-balanced manner. As for Summer vacation, a consecutive five-day holiday is available during July - August.

ADI believes that work-life balance is the essence to work style reform and creates motivation and a sense of reward, and positions it as an important issue. For that reason, under the systematic leave granting system that makes it mandatory for employees to take 13 days of annual paid leave a year in principle, the acquisition of paid holidays for all employees is promoted through planning of leave in advance for the first and second half of the year, and periodically confirming the leave acquisition records. We also introduce annual leave system in 1-hour units, half-day paid leave system and My Premium Friday system to promote a good work-life balance.

FY 2017: Number of vacation days with pay(*) (Unit: Days)

FY 2015	FY 2016	FY 2017
15.7	15.7	16.0

(*) Scope includes all employees of the company

Detailed Information

Management platforms that enable employees to play active roles > Health and productivity management

Health Management of Employees

Certified Health and Productivity Management Organization Recognition Program (White 500)

In a heath-based management superior company certification scheme sponsored by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi, certified Health and Productivity Management Organization Recognition Program in the large enterprise category



(White 500) was given to the Company as well as its group companies MSI, ADI, MSI Aioi Life and MS&AD Systems. This scheme, being intended to award large companies and small-to-medium-sized companies performing healthbased management of particularly high quality, was aimed to identify companies engaged in health-based management and develop an environment in which such companies obtain a proper social evaluation from stakeholders. The MS&AD Insurance Group will continue to develop an environment that enables all employees to work enthusiastically in future.

Medical Checkup

The MS&AD Insurance Group introduced the operation of a Group-unified medical checkup system that provides the services, health check-ups and reviews of their results. In this way, our group employees are able to receive a homogeneous health diagnosis and result determination wherever Group employees work.

Medical Checkup Systems

Types of Medical Checkups	Age Group	Characteristics
General Medical Checkup (Items included beyond those required by law)	Employees below the age of 35	Medical checkup items uniform for the Group,
Total Medical Checkup (Complete medical checkup)	Employees over the age of 35	Criterion uniform for the Group

This enabled the group employees to get health check-ups and results no matter where they are employed. For the employees who need a follow-up health check, the welfare guidance by industrial doctors and nurses are provided at each company's health management departments (MSI Health Management Center, ADI Health Management Center, and MSI Aioi Life Health Management Promotion Center, etc.). Also, for the employees who use personal computers over a certain period of time, interview guidance by industrial doctors are conducted.

For Maintaining Employees' Health

MSI and ADI are taking various initiatives enhancing their lifestyles such as exercise and eating styles to foster employees' health and well-being. Our sports facilities, such as exercise athletics stadiums or tennis courts, are open for group employees' and their families' use and we hold sports learning classes of judo or running. In addition, we promote activities of our internal sports clubs and have corporate memberships with external fitness facilities. We also provide tools aimed at equipping employees with the necessary knowledge and skills to improve their health (e-learning courses, providing information (including videos) about mental and physical health as well as information about lifestyle habits including dietary habits, exercise, sleeping and smoking, smartphone apps).

"Kokokara Diary" - A Smartphone App ("Suma-Ho")

Management platforms that enable employees to play active roles > Health and productivity management

Mental Health of Employees

To aid mental health care, the MS&AD Insurance Group has established health management centers and employee consultation offices (or officers) and implemented mental health care for employees. The health management centers are staffed with full- and part-time industrial physicians and industrial nurses, and stay with the employee over the entire process from initial consultation to reinstatement in the workplace. In addition to the employee consultation offices that are ready for consultation on any matter, we emphasize support for reinstatement in the workplace, and work in collaboration with the health management centers. Moreover, by implementing stress checks by the same method within the Group from the current fiscal year, we will strengthen the system to prevent mental health problems from developing, while utilizing the results of analysis on the group for creating a better workplace environment.

Activities to Support Mental Health Care

MSI supports mental health care activities through the cooperation of the health management center and the employee consultation office. These activities include prevention and workplace reinstatement

- Prevention activity: Training, E-learning, Stress checking system, Health Consultation system in workplaces etc.
- Support for patients: Consulting during the recuperation etc.
- Support for reinstatement: Preparation of reinstatement in the period of recovery etc.

In its e-learning system, ADI has incorporated issues related to mental health and is implementing them. The Personnel Department provides information about self-care for prevention through the training programs about mental health and creating the guide book for all employees for new entry-level employees, line section heads, and line department managers. The company constructed a setup for ready consultation by employees about mental health, by establishing EAP centers(*) and healthcare centers (health management offices in each region) within the company and a consultation office by an outsourced consultation organization. The company provides a variety of consultation methods, which includes the support of reinstated employees and consultation of those under medical treatment.

(*) Employee Assistance Program to provide general consultation in dealing with employees' problems in mental health, physical health, workplace worries, normalization issues, etc.

Safety of Employees (Safe Driving, and Number of Worker Injuries)

In the insurance business, a work-related accident which most frequently occurs is a traffic accident while driving a company car. The Group insurance companies which use company cars make various efforts for safety driving in accordance with safety driving control rules for company cars by managing the status of accident occurrence. Since fiscal 2014, MSI has worked to increase awareness of safety driving by distributing tablet PCs and using the Suma-Ho "Driving Capability" diagnostic application.

FY 2017: Number of claims of work related injuries (Unit: cases)							
	Number of						
	worker injuries	Work related accident	Accident during commute	Fatalities			
The MS&AD Insurance Group	178	76	102	0			

Improvement of the work environment

A comfortable work environment that takes into consideration lighting, ventilation, temperature and humidity, noise disruption as well as ergonomics will improve employee work efficiency and ensure employees' mental and physical health.

Domestic MS&AD Group companies established a hygiene committee based on the Industrial Safety and Health Act to investigate and discuss matters concerning prevention of health problems and promotion of health maintenance once a month.

In addition, we conduct workplace surveys and risk assessments from the viewpoint of preventing occupational accidents and improve the work environment if necessary.

Management platforms that enable employees to play active roles > Health and productivity management

Communication with Employees

Employee Satisfaction

Each year, the MS&AD Insurance Group implements an opinion poll asking all Group employees in the Group such questions as those about the degree of diffusion of the Group Mission, Vision, and Values; about whether the Group has a sense of unity; and about whether they feel strong senses of motivation and personal growth. Questions are prepared from the stationary standpoint of "approaches to practicing the Group Mission, Vision, and Values," "a sense of unity as a Group," and "a lively working environment" to observe the opinions of the Group's employees. As the concept of the Group's Mission, Vision and Values becomes more known among employees every year, it is confirmed that a sense of unity as a Group is enhanced and employees' motivation for work and growth is being actualized.

■ KPI to Promote Our Sustainability Approaches "Employee Satisfaction"

Index		FY 2015	FY 2016	FY 20	17
		Performance	Performance	Target	Performance
Employee satisfaction (questionnaire results), "Pride, Job satisfaction"	Ratio of employees feeling pride or job satisfaction (all-employee average on a 6-point scale).	4.4point	4.4point	Equal to or greater than the previous year	4.4point
Employee satisfaction (questionnaire results), "Working Vigorously"	Ratio of employees, regardless of sex and age, feeling free and lively at workplaces (all-employee average on a 6-point scale).	4.3point	4.2point	Equal to or greater than the previous year	4.3point

Key Performance Indicators (KPI) to Promote Our Sustainability Approaches

Utilizing Employees' Voice for Business Improvement

Each company in the Group has implemented the message board in intrasystem to collect the views of employees to utilize employees' voice for business improvement. Their voices are considered at each division at the headquarters and the results are fed back.

Schemes to Absorb Employee Opinions

Communication with Board Members

The management-level executives of MSI, ADI, Mitsui Direct General, MSI Aioi Life and MSI Primary Life regularly have an opportunity to exchange opinions with employees, among other continued efforts to draw on employee feedback for running operations.

Highly transparent and effective corporate governance

The MS&AD Insurance Group worked to improve the effectiveness of the Board of Directors in line with the basic strategy specified in the previous medium-term management plan, Next Challenge 2017, which defined "Strengthening of Group governance" as one of the four drivers for promoting the plan. Under the current medium-term management plan, Vision 2021, we will also reinforce our corporate governance system to ensure transparent, fair, rapid and decisive decision-making in order to achieve sustainable growth of the Group and enhance its corporate value.

Detailed information

Approaches to Local and International Communities

Activities by each employee as a citizen of local communities do not just lead to employee growth, they a also important as means of understanding the issues faced by the societies in which our business activities take place and the kind of behavior expected for us.The employees of the MS&AD insurance. Group are undertaking various activities with people in every region, both domestically and international

Contribution to Local and International Communities

As a member of local and international communities, our employees voluntarily conduct activities to conserve the environment and contribute to local communities in order to support the sustainable development of the communities, in addition to activities benefiting communities through our insurance and financial service business.

Detailed Information

Social Contribution in the Field of Sports, Culture and Education

We aid Japan's promotion of sports by fostering and supporting players to be successful on the front line in the sports world, and we are working to spread and strengthen sports for persons with disabilities. Furthermore, we also conduct activities to contribute to local communities and the society, for example, we manage concert halls, support local cultural promotion foundations, and endow courses at universities.

Detailed Information

Contribution to Local and International Communities

The MS&AD Insurance Group, as a member of local and international communities, is involved in a sustainable development of society by, for example, employees' voluntarily conducting activities to conserve the environment and contribute to local communities, in addition to activities benefiting communities through our insurance and financial service business.

Relief Donation for Disaster Matching Gift Program

The MS&AD Insurance Group has been engaging in Relief Donation for Disaster Matching Gift Program in which the Group provides disaster victims with donations in addition to those from employees. In the approximately 13 years since the start of this program in fiscal 2004, we have donated a total of more than 600 million yen. In the approximately 14 years since the start of this program in fiscal 2004, we have donated a total of more than 600 million yen.

In fiscal 2017, a cumulative total of 10,594 employees gave donations for four disasters, which, coupled with a matching gift from the Group, resulted in donations totaling 29.45 million yen being provided to disaster victims.

Types of disaster covered	Domestic: disasters covered by the Disaster Relief Act, for which donations are
	collected
	Overseas: large-scale disasters for which the Japan Business Federation provides
	information related to Assistance
Amount of donation	As a general rule, the same as the amount of donations collected from employees.

Past Donations

Continued Support for the Areas Hit by the Great East Japan Earthquake

Seven years have passed since the Great East Japan Earthquake, and there are still so many people in the afflicted areas that are in need of support and assistance. With this in mind, the MS&AD Insurance Group is committed to providing continued support through a variety of approaches.

Soccer School Organized by J Leaguer in Minamisanriku-cho

Since fiscal 2013, the MS&AD Insurance Group has sponsored a soccer school organized by the Japan Pro-Footballers Association in Minamisanriku-cho. Such as the competition of boys and girls' soccer team and J leaguer, it is a fun social event. In fiscal 2016, 60 children participated and 87people from the Japan Pro-Footballers Association and 15 employee volunteers cooperated in running the event.



Soccer School

Supporting Schools in the Disaster Areas by Donating Bell Marks

ADI started an activity to donate collected Bell Marks to local elementary and junior high schools, with Bell Mark collection boxes set up in the Company in January 2011. After the Great East Japan Earthquake, the destination of donations was changed to elementary and junior high schools in the disaster areas, as part of our measures for reconstruction aid. The activity has been advanced together with the local citizens including customers, agents and canvassers.

The number of companies and organizations that agree with the activity (Bell Mark supporter) has increased year by year,



Supporting schools in the disaster areas by donating Bell Marks

exceeding 5,300 as of the end of March 2018. As a result, Bell

Marks equivalent to approximately 15,900,000 points were collected over seven years, and donated to 176 schools in total. The activity will continue in fiscal 2018 to support schools in the disaster areas such as Tohoku and Kumamoto area.

Assistance to disaster-affected companies through local community reconstruction matching event "Yuinoba" and restoration aid sales events

In an effort to help resolve various business challenges faced by disaster-affected companies, MSI has continually participated in a Reconstruction Agency-sponsored local community reconstruction matching event titled "Yuinoba" as a partner company on 19 occasions since the 2012 launch. We have been engaged in management seminars and support for individual companies, etc. in many areas.

In view that a large number of people still has no choice but to live as evacuees in temporary housing even today, seven years after the Great East Japan Earthquake struck, ADI continues to hold specialty product fairs to support reconstruction every year in the areas affected by the disaster, as a part of its activities to ensure that the earthquake disaster is not forgotten with time. The specialty product fair held in March 2018, associated with regional AD club activities and regional revitalization initiatives, was organized in cooperation with Fukushima Prefecture, Tono City, and Shiroishi City as local public organizations in disaster-affected areas that have concluded collaboration agreements with the



Sales event in progress

company. Many products only available in the local regions were sold at the fair, which helped to publicize the appeal and famous specialties of the localities. Many employees visited the fair to buy the products, making it a great success.

Sponsorship and Operation Support for Restoration Marathon Event

As an official partner, ADI sponsored the Tohoku-Miyagi Revive Marathon held in the coastal area of Miyagi Prefecture. Additionally, a number of employees and agents of the company also competed in the marathon on a voluntary basis, bringing extra excitement to the event. The entire length of the course runs through areas that were devastated by the March 2011 Great East Japan Earthquake and the following tsunami. The event aims to keep the public updated on the restoration status by giving runners and spectators alike an opportunity to view firsthand the progress of the post-disaster restoration work, including the construction of seawalls and the lifted roads. In support of the objective, ADI has been a partner at the event since the first marathon in 2017.



Kawauchi-no Sato Kaeru Marathon

ADI has also sponsored the Kawauchi-no Sato Kaeru Half Marathon* in Fukushima Prefecture as a main sponsor from the first competition in 2016. Its employees and other related parties have voluntarily competed in the race to help make the event a success.

* A marathon based on a proposal made by elementary school students in the Kawauchi village during the Restoration Class for children, a special session where students worked out ideas for rebuilding their community.

Support Activities of Social Contribution by Employees

Various activities are underway since we believe that each individual employee taking action as a citizen in the local community will not only lead them to grow but also be important for the purpose of knowing what challenges are faced by the community that our business activities involve as well as what is expected of us.

System of Volunteer Leave/Temporary Retirement

MSI, ADI and MSI Aioi Life have instituted the system of Volunteer leave/temporary resignation, and supports employees to participate in the social service activities such as welfare activity, disaster-relief activity, and bone-marrow donation.

Local Contribution Activities Conducted Nationwide

Branches of MSI and ADI all over the nation actively conducted activities to conserve the global environment and contribute to society according to needs of each community.

MSI encourages branches to perform at least one environmental or social contribution activity a year, more than 170 branches conducted activities with the themes of "Environment," "Safety," "Welfare," or "Support for reconstruction from natural disasters" in fiscal 2017.

ADI has implemented activities of regional contribution such as traffic safety and environmental conservation in various parts of Japan, These are held as a part of activities related to "Appreciation Month (Thank you, local citizens!)." This initiative, which was launched in 2003, has become an event that draws participation by more than 10,000 people every year, including participants in the regional and social contribution activities organized in association with company-wide regional revitalization projects.

MSI Aioi Life conducts environmental protection and local contribution activities through employee volunteer activities. For example, they maintain flowerbeds and green spaces at "Zoorasia Yokohama Zoological Gardens" Furthermore, "Heart Point System" has been implemented, where points are granted to employees who conduct voluntary and active social contribution activities, and contributions are made to NPOs, etc. according to the total number of points. We have also carried out various local community contribution activities with a promoter appointed for each workplace, for example, "community cleanup campaign" and "fund-raising/donation."

Each year, volunteers from Mitsui Direct General conduct cleaning in Koishikawa Korakuen park lying in the vicinity of its headquarters building. 45 employee volunteers participated in the cleaning event in 2017.

- Nationwide Efforts Made by MSI (Japanese only)
- Efforts Made by ADI (Japanese only)



Activities in the "MS&AD Forest" in Shimane



Traffic safety activities in Hamamatsu



Maintenance flowerbeds and green spaces at "Zoorasia Yokohama Zoological Gardens"

Activities of Social Contribution by Employees

In the MS&AD Insurance Group, employees are participating in activities for solving social issues of each region at the sites not only in Japan but also all over the world.

MS&AD Unison Smile Club

The MS&AD Insurance Group has a system that employees donate 100 yen apiece monthly toward one or more initiatives that they support. The money goes to NPOs or social contribution programs. As of the end of March 2018, there were a total of 16,110 participants from the entire Group. In addition to groupwide activities, individual group companies have been engaging in independent activities such as the donation of wheelchairs and welfare vehicles, donation to guide dog development aid organizations and assistance for disability sports in Thailand.



"Gift Knitted Items to Children Around the World" Project

(Main activities of the Group)

- Donation to NPOs coupled with a matching gift by the company
- Let's present knitted goods to children around the world
 Project
- "MS&AD Unison Smile Club" Activities



Soccer School Organized by J Leaguer for Children in Foster home

Since 2000, the MS&AD Insurance Group has sponsored a soccer school organized by the Japan Pro-Footballers Association for children in foster home. In fiscal 2017, the JPFA Soccer School event was held in the Kanto, Kansai and Hiroshima areas with the attendance of 220 children. For the operation of this event, cooperation was provided by 33 members of the Japan Pro-Footballers Association as well as 88 employee volunteers.



Soccer school

Assistance for children with disabilities (Thailand)

Aioi Bangkok, a Thai subsidiary of ADI, has been engaged in support activities for children with disabilities in Thailand since FY2016, through the Wheelchair and Friendship Center of Asia (Thailand) (WAFCAT)(*) under the MS&AD Unison Smile Club scheme, a voluntary donation program for directors and employees. In FY2017, it donated wheelchairs to children with severe disabilities (24 wheelchairs, Ubon Ratchathani Province in the northeastern part of Thailand) and organized a wheelchair dance camp (Nakhon Nayok Province). The use of wheelchairs that matches the type of disability and the environment of use is aimed



Assistance for sports by persons with disabilities in Thailand

at helping children becoming independent in their daily lives, and to increase their opportunities for going outdoors and receiving an education. Family camps such as the wheelchair dance camp also aims to improve the health of both the children with disabilities and their parents or guardians.

(*) About WAFCAT

WAFCAT is a Thai non-profit organization established in 1999 as part of the social contribution program of Denso Corporation. The organization provides wheelchairs and scholarship, among other educational aid, to children with disabilities in the country.

Aioi Bangkok Insurance Public Company Limited Website (Thai, English and Japanese only)

Social Contribution in the Field of Sports, Culture and Education

The MS&AD Insurance Group companies engage in contribution activities to local communities and the society in the field of sport, culture and education.

🔽 Support for Sport 🔽 Promotion of Culture 🔽 Education Support

Support for Sport

Women's Judo, Women's Athletics, and Triathlon

Some of the top national and international athletes belong to the MS&AD Group's clubs for women's judo, women's field and track, and triathlon. In the past, the Group has produced a number of Olympic athletes and supported them in various competitive events, helping strengthen Japan's position in the world of sports. The Women's Judo Club is active on the international stage and has achieved much through exchanges with athletes from other countries thus far. Through invitations to joint training sessions offered to national teams from Myanmar, Brazil, and elsewhere, the Club hopes to contribute to the promotion of judo in other countries.

The Club does not just carry out competitive activities, it also works to actively contribute to society through running classes for local residents and initiatives to communicate the fun of judo to younger generations by hosting judo classes for elementary school students.

Support for Sport (Japanese only)



Joint practice session with the Brazilian national team



Running class (Photo: AFLO SPORT)

Supporting Corporate Marathon Relay Race

ADI is supporting "Osaka Corporate Marathon Relay Race" as a special corporate cooperator in an effort to boost sports and to codevelop 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. The number of participating teams for the event is increasing every year. For the 71st race held in January 2018, a total of 963 teams entered the race. The number of



Participated runners

participating teams from the company also reached the largest number ever at 255 teams.

Women's Soccer

Our group companies are staffed by seven soccer players of JEF United Ichihara Chiba Ladies in Division 1 of the Women's Soccer Nadeshiko League (Japanese women's soccer league). MSI Aioi Life is an employer of two soccer players of SFIDA Setagaya in Division 2 of the same league. These players of the two teams have been working successfully with a good balance between their playing career and work.



JEF United Ichihara Chiba Ladies ©JEF UNITED

Support for Special Olympics

To assist athletes with intellectual disabilities, MSI serves as a premier sponsor of Special Olympics Nippon Foundation. For FY2017, the 3rd Special Olympics Unified Sports Soccer Tournament, which the company has been supporting since the inaugural tournament, was held in Osaka in June. Like in previous years, many employees of the company participated as volunteers and were involved in the operation of the tournament. At the 7th Special Olympics Nippon, Summer National Games Aichi, for 2018, held from September 22 to 24, approximately 100 employee volunteers provided support to all athletes and for the operation of the tournament.

Going forward, the company continues to support the activities of athletes with intellectual disabilities, and contributes to promoting the understanding of diversity and inclusion as well as SDGs among employees.



大会の様子

Activities as a Tokyo Sports Promotion Company

MSI and ADI nurture athletes who are active on the frontlines of the sporting world, and their contributions toward the strengthening and prosperity of the competitive sporting world have been highly rated with the receipt of the Fiscal 2017 Tokyo Sports Promotion Company certification (*). ADI was also certified as a Fiscal 2017 Tokyo Sports Promotion Model Company following up from last year, being given an award for the third time and for three consecutive years. This certification is presented to companies selected from among the Fiscal 2017 Tokyo Sports Promotion Companies that engage in initiatives that have particularly significant impact on society and ripple effects, such as support for Para-Sports and enhancement of employee health.

(*) What is the Tokyo Sports Promotion Company Certification Program?

The Tokyo Sports Promotion Company Certification Program is a Tokyo Metropolitan Government scheme that certifies companies that engage in an initiative to promote employee sports activities and which provide assistance in the sports segment. The government delivers a certificate and certification sticker to certified companies before releasing their corporate names on its website.



Partnership Agreement with Bodies/Sports Associations for Persons with Disabilities

ADI is engaged in company-wide initiatives on sports promotion, particularly activities that aim to communicate the appeal of parasports. These activities are lead to support and development to athletes with disabilities for the next generation, through means such as sponsoring organizations, recruiting athletes, and establishing the Para-Athlete Scholarship System that was launched in fiscal 2017.

It also places great value on "seeing," "feeling," "experiencing," and "thinking," and encourages employees, agents, and canvassers to actively go to watch the tournaments. At the same time, it collaborates with local governments to organize experiential events



Strong performance at the Kita-kyushu championship

and seminars, conducts hands-on lessons in elementary and junior high schools, and strives to promote understanding of a symbiotic society.

<Partner Organizations>

- ▶ Japanese Para-Sports Association (Japanese only) (2014~)
- Japan Wheelchair Basketball Federation (Japanese only) (2006~) []
- Japanese Para-Swimming Federation (Japanese only) (2016~)
- Website for Supporting Sports for persons with disabilities [AD Challenge Support] (Japanese only)
- FAD Challenge Support Facebook page

Partner Contract with Para-Sports Related Organizations

At MSI Aioi Life, we intend to continue to provide useful support for the Persons with Disabilities to reintegrate into society, find life purpose, and improve their quality of life. To do this, we have assented to the activities of NPO Japan Blind Judo Federation, and Japan Para Athletics and are working to spread and enhance sports for the Persons with Disabilities. Every year our employees participate in the All Japan visually impaired person judo tournament as volunteers and it was covered in a webcast and watched by many of within and outside of the company. In addition, two visually impaired judo athletes employees actively balances their work and sport life.



Support for the All Japan Judo Championships for the visually impaired

Employment of Athletes with Disabilities

MSI promotes the employment of Persons with Disabilities with the aim of providing support for them to lead independent lives. Currently, a disabled track athlete is an employee of the company, and is training hard with the aim of participating in the Paralympics while engaging in everyday work responsibilities. Starting from fiscal 2015, ADI has been recruiting Para-Sports athletes. As of April 2018, 14 athletes with disabilities are employed in the company, including eight who will participate in international games such as the Paralympics, the Deaflympics and world championships. These employees strike a good balance between work and sports activities. Moreover, transcending the boundaries between the persons with disabilities and the healthy, athlete workshops are held regularly with four athletes in women's soccer and swimming who are aiming to participate in the Olympics.



An employee uses a special PC that makes sound to help users operate it

ADI is an official partner of the Japanese Para-Sports Association., and has been supporting sports for persons with disabilities. In order to further realize the community-based approach laid out in our guidelines for action, we are engaged in various activities, including cheering on athletes at the matches, setting up a support site for Pala-Sports, and setting up a panel exhibition at the local AD Club(*) "Gathering of Thanks." The foundation of our activities consists of an awareness of "watching" and "feeling," and we encourage many employees to personally attend sports matches for persons with disabilities.

(*) Based on the three pillars of providing information, corporate exchange, and contribution to the community, it is engaged in activities that play a useful role in the community. Specifically, various seminars, exchanges between different industries, as well as environmental conservation events, disaster and crime prevention events, and various charity events are held. In addition, homepages are set up for each area, and local community information as well as business information is provided through the websites and e-mail newsletters.



Employees' watching and cheering at competitions



Scholarship certification ceremony

The local AD Club (Japanese only)

Promotion of Culture

Introduction of Concert Halls

MSI Shirakawa Hall

MSI Shirakawa Hall was opened in Nagoya in 1994, as the concert hall equipped with the highest level sound system in the world. As a premium hall for the community, it contributes to creation of an enriched society and is admired widely by musicians; from the world's top artists to local amateur musicians. It is playing the positive role as music cultural facility in keeping with mission of "Possibility of music for a better society".

Mitsui Sumitomo Insurance Shirakawa Hall (Japanese only)

Aioi Nissay Dowa Insurance THE PHOENIX HALL

ADI has positioned "The Phoenix Hall" as a site for mecenat activities in support of the arts and culture. The Hall continues to provide quality musical programs with a focus on classical music performed by artists in Japan and overseas through concerts planned by the company.

Also, the hall serves as a venue for concerts on over 200 occasions annually, contributing much to the development of musical and cultural activities in the region. To make music more intimate to our customers, we made the hall more accessible and familiar. Furthermore, we will continue to support arts and culture promotion as a base for social contribution over the long term.

Aioi Nissay Dowa Insurance THE PHOENIX HALL (Japanese only)

Mitsui Sumitomo Insurance Cultural Foundation

The Mitsui Sumitomo Insurance Cultural Foundation (*) engages in activities aimed at supporting efforts to promote culture on the local level, and provides assistance in the fields of music and folk arts. Its main activities are "Concerts for local residents" held in civic halls in various areas and "Assistance for programs of international cultural interchange." At the end of fiscal 2017, as for "Concerts for local residents," a total of 808 concerts were held in cities, towns, and villages, around the country. In addition, "Assistance for programs of international cultural interchange," finished 462 programs (total of 293 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



A scene of concert

Special Sponsorship for the Czech Philharmonic Orchestra Tokyo Concert

MSI Primary Life sponsored the Czech Philharmonic Orchestra concert held in October 2017 at Suntory Hall in Tokyo. This was the second time of such special sponsorship of a concert, with the first being undertaken in 2015.

The Czech Philharmonic, one of the world's most prestigious orchestras, has been blazing a brilliant trail through the world music history. In particular, the orchestra is known for its first historic concert held in 1896, which was conducted by the great Czech composer Dvorak.

MSI Primary Life has also sponsored the biennial concert of The 12 Cellists of the Berlin Philharmonic in Tokyo since 2006. While continuing to operate its life insurance business, the company has been introducing world-class art and cultural events as cultural contribution activities in hopes of delivering excitement and inspiration, and helping our customers enjoy fulfilling lives after retirement.



The Czech Philharmonic Orchestra Tokyo Concert

Exhibition of Owned Arts, "Tsubaki"

ADI shows its owned arts, "Tsubaki" in public art and natural

history museums all around the country so that many people can observe them. Tsubaki is one flower cherished by the Japanese from olden times, which used to be the corporate symbol for the former the Dai-Tokyo Fire and Marine. A lot of people have appreciated these arts, in which the beauty of Tsubaki is portrayed by Japanese major artists.



Kenzan Ogata "Sabie Tsubaki-zu Kakuzara"

Education Support

Participation in the Bell Mark Campaign

In April 2000, ADI became the first financial institution in Japan to participate in the Bell Mark campaign as a supporter, and affixes Bell Mark points to its all "TOUGH" series products which are personal fields products such as automobile insurance, fire insurance, and accident insurance.

Bell Mark points are converted into collector school savings on a one-point-one-yen basis, and they can be used to buy goods needed by the school. This scheme allows each school's equipment and environment to be upgraded. At the same time, the scheme paves the way toward providing assistance to backcountry schools, disaster-hit schools, special aid schools and developing country children.

With the arrival of the 55th anniversary of the Bell Mark campaign in 1960, the Bell Mark Education Support Foundation established the "Bell Mark Ambassador" system in 2015 to enhance the campaign.

The company was given a high recognition for not only being a Bell mark program co-sponsor but also engaging in Bell mark collection activities on a company-wide basis with the objective of aiding disaster-affected schools. So the company's President was appointed inaugural Bell mark Ambassador.

In addition to the Bell mark ambassador appointment, ADI will strive to broaden the scope of its Bell mark activities and work to collect such points on a company-wide basis in order to improve the educational environment for children.

Participation in the Bell Mark Campaign (Japanese only)

Seminar at Waseda University

ADI and MS&AD Research Institute (current MS&AD InterRisk Research & Consulting) have held endowed courses at the Waseda University under the title "Insurance Business in the New Age—Facing Global Standards and the Low Birthrate, Aged Society" since 2007.

The courses were opened on major subjects of significant changes in the insurance business, expounding on how to respond to the rapidly developing globalization and aging populations as well as on required deployment of customer-oriented business, etc.

To further enhance the content of the new-age insurance business, the theme of the seminar at Waseda University, we arranged for it to be held in 14 sessions for fiscal 2017 concerning subjects including a new one, namely, property and casualty insurance market development activities using mobile devices such as smartphones. As a part of their sustainability initiatives, ADI and MS&AD InterRisk Research & Consulting provide such partner courses that make use of the experience, knowhow, and networks they have built up to date, to provide support for the development of human resources for the next generation and dissemination of knowledge about non-life insurance.

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, which is producing human resources to support services in the medical and welfare field, in areas such as nursing care and rehabilitation for the aged to bolster its approaches to nursing services and senior business. Students recommended by the University are given scholarship



Scene of ceremony

grants by the time of their graduation as a general rule. A total of 161 students have graduated by fiscal 2017, they are active in each specialized field.

ESG Data / Reference Material

The following are the materials and data about sustainability approaches of the MS&AD Insurance Group.

Subject period: FY2017 (April 1, 2017 - March 31, 2018)

Subject organization and data coverage:

Company name	abbreviation	Group Domestic (Domestic consolidated subsidiaries)		Consolidated (MS&AD Group total)	
		Subject	Employee-based coverage	Subject	Employee-based coverage
Mitsui Sumitomo Insurance Co., Ltd.	MSI	0		0	
Aioi Nissay Dowa Insurance Co., Ltd.	ADI	0		0	
Mitsui Direct General Insurance Co., Ltd.	MD	0	77 40/	0	
Mitsui Sumitomo Aioi Life Insurance Co., Ltd.	MSA	0	77.1%		100%
Mitsui Sumitomo Primary Life Insurance Co., Ltd.	MSP	0		0	100%
MS&AD Holdings	HD	0	0		
Overseas insurance subsidiaries	Overseas			0	
Other(*1)	Other			0	

(*1) Companies such as risk-related business operations operated by group companies

Third-Party Assurance

The MS&AD Insurance Group has engaged KPMG AZSA Sustainability Co., Ltd. since 2015 to perform an assurance engagement of some selected environmental and social data in order to assure credibility of reported figures. The data subject to the third-party assurance this year is indicated with \checkmark .

🔽 Organizational Governance 🔽 Consumer Issues 🔽 Environment

💟 Community Involvement and Development 🛛 💟 Human Rights/Labor Practices

ISO 26000 Core Subjects (Organizational Governance)

Corporate Governance

Basic Policies on Corporate Governance

- MS&AD Insurance Group The Basic Policies on Corporate Governance
- MS&AD Insurance Group The Basic Policy Partaining to the System for Internal Control
- MS&AD Insurance Group The Basic Policy for Management of Conflicts of Interest
- MS&AD Insurance Group Basic Policy Concerning Antisocial Forces

Directors (as of 25 June 2018)

Number of Directors	12(*1)
Number of Outside Directors	5(*2)
Number of independent members in Outside Directors	5(*3)
Number of women at the Board of Directors	2 / 16.7%

(*1) Board members average tenure 2.9years

(*2) Outside directors average tenure 3.5years

(*3) The number of outside directors with relevant work experience in our company's sector : 1

Corporate Auditors (as of 25 June 2018)

Existence of Auditors' Meeting	In place
Number of Corporate Auditors	4
Number of Outside Corporate Auditors	2
Number of independent members in Outside Corporate Auditors	2
Number and share of women in corporate auditors	2 / 50.0%

Nomination and Remuneration

Detailed Information

Number of Meetings of Board of Directors etc.

	Fu	Inction	FY2017			
Execution, Supervising	Board of Directors	Board of Directors				
	Governance Committee	Governance Committee				
	Group Management Co	mmittee	12			
	Task-Specific Committee					
		Group Management and Monitoring Committee	12			
		ERM Committee	4			
		Group Overseas Business Committee	3			
		ICT Innovation Committee	4			
		Risk Compliance Committee	6			
		Information Disclosure Committee	8			
		Brand Committee	2			
		CSR Committee	2			
		Group System Committee	14			
Audit, Supervising	Board of Auditors		13(*2)			

(*1) Outside Directors average attendance rate 88.9%. All directors average attendance rate 95.2%

(*2) Outside Corporate Auditors average attendance rate 100%

Detailed information of Corporate Governance

Status of Voting Right

Category	Number of shares	Voting Shares (Number of vote)	Details
Non-voting shares	-	-	-
Shares with restricted voting right (Treasury shares, etc)	-	-	-
Shares with full voting right (Others)	-	-	-
Shares with full voting right (Treasury shares, etc)	(Treasury Shares) Common Stock 880,700	-	Share Unit Number (100 shares)
Shares with restricted voting right (Others)	Common Stock 590,672,600	5,906,726	Same as above
Fractional Shares	Common Stock 1,738,454	-	Fractional Shares (Less than 100 shares)
Total number of shares ourstanding	593,291,754	-	-
Totak number of vote	-	5,906,726	-

Compliance

- MS&AD Insurance Group Basic Policy on Compliance
- MS&AD Insurance Group Basic Policy for management of Customer Information
- MS&AD Insurance Group Basic Policy for Sharing Customer Information
- MS&AD Insurance Group Basic Policy for Management of Outside Vendors
- MS&AD Insurance Group Tax Policy

Internal Report System	Yes

Risk Management

MS&AD Insurance Group Basic Policy for Risk Management

Information Disclosure

MS&AD Insurance Group Basic Policy for Disclosure

ISO 26000 Core Subjects (Consumer Issues)

Efforts regarding our business on a customer-first basis (Japanese only)

- 🕨 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. <a>[]

ISO 26000 Core Subjects (Environment)

CO2 Emissions in Business Activities

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Items	Coverage	Units	FY2015	FY2016	FY2017	
D2 nissions cope1,2,3)	Consolidated	t-CO2	480,685 (1.9%)	546,965 (13.8%)	541,321 (0.4%)	
CO2 emissions	Group Domestic + Other	t-CO2	20,417 (▲10.5%)	19,717 (▲3.4%)	18,389 (▲6.7%)	•
(Scope 1)	Consolidated	t-CO2	25,010 (8.8%)	26,315 (5.2%)	27,948 (6.2%)	,
CO2 emissions	Group Domestic + Other	t-CO2	83,641 (▲4.2%)	81,629 (▲2.4%)	65,196 (▲20.1%)	,
(Scope 2) (*)	Consolidated	t-CO2	94,943 (▲5.6%)	94,615 (▲0.3%)	76,721 (▲18.9%)	
CO2 emissions	Group Domestic + Other	t-CO2	104,058 (▲5.5%)	101,346 (▲2.6%)	83,586 (▲17.5%)	
(Scope 1 and Scope 2 combined)	Consolidated	t-CO2	119,953 (▲2.9%)	120,930 (0.8%)	104,669 (▲13.4%)	
CO2 emissions (Scope 3) (*)	Consolidated	t-CO2	360,732 (3.6%)	426,036 (18.1%)	436,653 (4.4%)	

(*) From FY2017 onwards, we report CO2 emissions associated with energy used by the tenants of MS&AD-owned buildings as Scope 3 emissions (Category 13).

CO2 emissions (Scope 3)

(Percentage change from the previous year in parenthesis)

Items	Coverage	Units	FY2015	FY2016	FY2017	
Category 2 Capital goods	Consolidated	t-CO2	40,480 (-)	39,376 (▲2.7%)	39,560 (0.5%)	~
Category 5 Waste generated in operations	Consolidated	t-CO2	2,237 (-)	2,948 (31.8%)	2,750 (▲6.7%)	~
Category 6 Business trip by airplane	Consolidated (*1)	t-CO2	2,518 (-)	10,192 (405%)	9,740 (▲4.4%)	~
Category 7 Employee commuting	Group Domestic + Other	t-CO2	7,593 (-)	7,332 (▲3.4%)	7,489 (2.1%)	V
Category 13 Downstream leased assets	Consolidated (*2)	t-CO2	- (-)	- (-)	8,013 (-)	~

(*1) Significant increase in fiscal 2016 is due to the acquisition of Amlin plc.

(*2) From fiscal 2017 onwards, we report CO2 emissions associated with energy used by the tenants of MS&AD-owned buildings as Scope 3 emissions(Category 13).

Data on Environmental Impact

Scope 1 & 2 Coverage [the Group's consolidated figures (including overseas Companies)]

Items	Coverage	Units	FY2015	FY2016	FY2017	
Electricity (*1)	Consolidated	MWh	172,807 (▲11.1%)	171,826 (▲0.6%)	144,737 (▲15.8%)	V
Heat supply	Consolidated	GJ	58,922 (2.1%)	67,842 (15.1%)	62,426 (▲8.0%)	V
City gas (*1)	Consolidated	thousand m3	2,017 (▲15.1%)	2,258 (11.9%)	2,113 (▲6.4%)	V
Liquefied Petroleum Gas	Consolidated	t	189 (12.5%)	203 (7.2%)	183 (▲9.9%)	~
Heavy oil	Consolidated	k٤	95 (▲8.7%)	107 (12.5%)	58 (▲45.8%)	v
Kerosene	Consolidated	k٤	190 (0%)	192 (1.0%)	80 (▲58.3%)	V
Diesel oil	Consolidated	k٤	6 (0%)	6 (0%)	6 (0%)	V
Gasoline	Consolidated	k٤	8,278 (9.8%)	8,585 (3.7%)	9,256 (7.8%)	V
Total		MWh	297,468 (▲7.9%)	305,002 (2.5%)	282,737 (▲7.3%)	V
energy consumption (*2)	Consolidated	GJ	1,070,886 (▲7.9%)	1,098,008 (2.5%)	1,017,853 (▲7.3%)	V

(Percentage change from the previous year in parenthesis)

(*1) From FY2017 onwards, we report CO2 emissions associated with energy used by the tenants of MS&AD-owned buildings as Scope 3 emissions (Category 13).

(*2) The calculation of the total energy consumption in MWh and GJ is based on unit heat values specified in Japan's Act on the Rational Use of Energy except for purchased electricity, for which 3.6GJ/MWh is used.

Scope 3 Coverage (major items)

(Percentage change from the previous year in parenthesis)

Items	Coverage	Units	FY2015	FY2016	FY2017	
Paper	Group Domestic + Other	t	13,940 (4.9%)	13,005 (▲6.6%)	11,085 (▲14.8%)	
Proportion of paper with forest certification	MSI, ADI, MSA (Japan)	%	16.4 (3.1%)	17.0 (3.7%)	13.6 (▲20.0%)	
Total water use	Consolidated	thousand m3	909 (-)	1,074 (18.2%)	961 (▲10.5%)	v
Total disposed waste	Consolidated	t	8,960 (-)	10,551 (17.8%)	10,962 (3.9%)	~
Total recycled waste	Group Domestic + Other (FY2013-)	t	4,616 (19.4%)	5,837 (26.5%)	4,804 (▲17.7%)	
Business trip (Aircraft use only)	Consolidated (*)	thousand passenger -km	26,494 (-)	45,025 (169.9%)	46,759 (3.9%)	~

(*) Significant increase in fiscal 2016 is due to the acquisition of Amlin plc.

Renewable Energy Generation (Photovoltaic Power)

Items	Coverage	Units	FY2015	FY2016	FY2017	
Energy Generation	4 Buildings(*)	kWh	56,611	56,212	57,109	~
			(-)	(▲0.7%)	(1.6%)	

(*) MSI Surugadai Main & New bldgs, MSI Osaka Yodoyabashi bldg, ADI Tokyo Customer Center bldg.

Cost Effect

Items	Coverage	Units	FY2015	FY2016	FY2017
Electricity (*1)	Consolidated	thousand JPY	▲549,245	▲24,137	▲ 414,372
Gasoline (*2)	Consolidated	thousand JPY	98,834	131,355	▲10,162
Copy Paper (*3)	Group Domestic + Other	thousand JPY	▲52,480	▲5,265	▲45,825

(*1) Calculated from the average unit price of electricity at MS&AD Holdings. From fiscal 2015 onwards, we include overseas.

(*2) Calculated from the petroleum products price survey gasoline nationwide annual average unit price (Agency for Natural Resources and Energy). From fiscal 2015 onwards, we include overseas.

(*3) Effects of copy paper reduction

Environmental Approaches through Supply Chain

Items	Coverage	Units	FY2015	FY2016	FY2017
Ratio of Web Policy Clause(*)	MSI, ADI	%	74.0	75.2	76.8
Number of Agents and companies with certification under Eco Action 21	MSI, ADI	companies	366	241	132
Number of maintenance shops implementing Eco-inspection, Eco-maintenance	MSI	companies	392	391	386

(*) Online "Terms & Conditions" in consideration of environment

ISO 26000 Core Subjects (Community Involvement and Development)

Item	ıs	Coverage	Units	FY2015	FY2016	FY2017
Number of acquirer of Volunteer leave		MSI, ADI, MSA	people	6	7	26
Number of acquirer of Volunteer suspension		MSI, ADI, MSA	people	1	1	2
Number of employees engaged in social contribution activities		Group Domestic	people	16,507	19,861	20,022
MS&AD Unison Smile Club Number of members		Group Domestic	people	16,553	16,159	15,701
Disaster Relief	Donated amount (*1)	Consolidated	yen	38,568,000	53,691,000	29,455,000
Donation Matching Gift Program	Number of participants (*2)	Consolidated	people	20,174	21,010	10,594
	Charitable Donations			628,650,000	675,620,000	614,930,000
philanthropic contributions	Community Investments			227,380,000	327,410,000	288,560,000
	Commercial Initiatives	Group Domestic	yen	310,630,000	716,090,000	353,080,000
	Total			1,166,660,000	1,719,120,000	1,256,570,000

(*1) Total amount of Donation Matching Gift and Donation from employees

(*2) Total participants

ISO 26000 Core Subjects (Human Rights) (Labor Practices)

Breakdown of employees

Items		Coverage & &	Units	FY2015	FY2016	FY2017		
Number of the	Group consolidated	male- female		people	40,617	40,641 (10,150)	41,295	
Group employees		combined total	male	people	-	20,350	20,173	
(*1)			female	people	-	20,291	21,122	
Temporary employees	Group	male-		people	31,754	31,591	31,823	
are	domestic	female combined			(9,520)	(9,458)	(9,106)	
superscripted as the		total	male	people	16,661	16,057	15,772	
average			female	people	15,093	15,534	16,051	
number of annual		companies	MSI	people	14,691	14,650	14,572	
temporary hires			ADI	people	13,260	13,052	13,287	
in the bracket.			MD	people	563	581	571	
		MSA	people	2,554	2,595	2,609		
			MSP	people	381	384	394	
		holding company	HD	people	305	329	390	
		Domestic employees (incl /Consolidated employees	luding group compa	inies)	78.2%	77.7%	77.1%	
	Overseas	male-		people	8,573	8,759	9,184	~
		female combined			(622)	(656)	603	
		total	male	people	-	4,072	4,190	
			female	people	-	4,687	4,994	
	Overseas employees/	Overseas employees/ Cor	nsolidated employee	es	21.1%	21.6%	22.2%	~
	Other(*2)	male-		people	290	291	288	
	female combined		male	people	-	221	211	
		total	female	people	-	70	77	
		Other employee/ Consolic	lated employees		0.7%	0.7%	0.7%	

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

(*2) Risk-related service businesses operated by the Group Companies other than those in the domestic insurance industry

Number of Employees by Age

Items		Coverage & &		Units	FY2015	FY2016	FY2017
Number of Employees by Age (Group Domestic)	Under 30	male-female			-	-	6,428
		combined total	male		-	-	2,097
			female		-	-	4,331
	30~39	male-female			-	-	7,172
		male		-	-	3,128	
		female		-	-	4,044	
		male-female combined total			-	-	9,124
			male	people	-	-	4,579
			female		-	-	4,545
	50~59	male-female			-	-	7,348
		combined total	male		-	-	4,481
			female		-	-	2,867
	60+	60+ male-female			-	-	1,751
		combined total	male		-	-	1,487
			female		-	-	264

Employment

Items	60	verage	Units	FY2015	FY2016	FY2017
items	0	verage	Units	F12015	F12016	F12017
Average age(*1)	Group domestic	male- female combined total	age	41.8	41.7	41.7
		male	age	44.8	44.6	44.7
		female	age	38.5	38.7	38.7
Average length of service	Group domestic	male- female combined total	year	12.7	12.6	12.8
		male	year	13.7	13.5	13.7
		female	year	11.7	11.8	11.9
New-graduate recruits(*2)	Group domestic	male- female combined total	people	1,112	1,327	1,352
		male	people	337	377	417
		female	people	775	950	935
Turnover rate(*3)	Group domestic	male- female combined total	%	3.1	2.8	2.7
The ratio between the total annual compensation of the Chief Executive Officer and the mean employee compensation(*4)	HD	male- female combined total		_	9.7	9.4

(*1) The end of March of each year

(*2) The number of new hires in April of each next year

(*3) Exclude retirees and are calculated based on voluntary resignees

(*4) The total CEO Compensation / The mean employee compensation

Diversity

Items	Cover	age	Units	FY2015	FY2016	FY2017		
Employment rate and number of	Group domestic		%	2.31	2.52	2.37	~	
employees with disabilities			people	701	755	719	~	
Rehiring Program after retirement Number of users (*1)	Group domestic		people	898	1,008	1,133		
Percentage and	HD	Directors	%	9.1	16.7	16.7		
number of females among				people	1	2	2	
board members and corporate		Corporate Auditor	%	0	50.0	50.0		
auditors(*2)			people	0	2	2		
Percentage	Group	Total	%	-	12.7	15.7	~	
and number of	Consolidated	managerial positions	people	-	1,200	1,292	~	
females in managerial	Group	General	%	2.1	2.8	3.4		
positions(*3)	domestic	Managers	people	25	35	36		
		Managers	%	6.2	7.9	11.3		
			people	424	516	577		
		Total	%	5.5	7.1	9.9		
		managerial positions	people	449	551	613		

(*1) Number of people newly or consecutively re-employed

(*2) Approved at shareholders meeting held each next fiscal year.

(*3) As of April 1st next fiscal year for Group Domestic. As of December 31st for Overseas insuarance subsidiaries

Human Rights

Items	Coverage	Units	FY2015	FY2016	FY2017
Human rights seminars	MSI	%(*1)	97.6	100	100
	ADI	%(*2)	99.9	100	100

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

(*2) Completion rate of e-learning

Items	Coverage	Units	FY2015	FY2016	FY2017
Labor union membership rate	Japan	%	89.7	90.2	93.8

Programs for Promoting Work-life Balance

Items	Coverage(*1)			Units	FY2015	FY2016	FY2017
Temporary leave before / after childbirth Number of acquirers	Group domestic			people	679	646	708
Number of employees taking childcare leave	Group	male-fe combin	emale ed total	people	758	849	994
	domestic		male	people	96	204	304
			female	people	662	645	690
Acquisition rate of childcare leave		male-fe combin	emale ed total	%	66.5	74.3	78.0
	MSI, ADI		male	%	21.4	44.8	58.0
			female	%	97.0	95.4	98.6
Flexible working hours		shorter hours		people	832	963	1,067
for childcare Number of acquirers	Group domestic	flextime		people	27	16	41
		-	e of Starting ing time	people	22	29	44
Temporary retirement for nursing	Group	male-fe combin	emale ed total	people	19	17	ç
Number of acquirers	domestic		male	people	4	5	1
			female	people	15	12	8
Flexible working hours for nursing Number of acquirers	Group domestic	Number of acquirers		people	15	9	13
Paid leave	Group	percentage of days taken(*2)		%	53.5	56.1	54.6
	domestic	days taken		days	15.7	15.7	16.0

(*1) Includes temporary employees

(*2) Number of days acquired / granted

Health and Safety at Work

Items	Co	overage	Units	FY2015	FY2016	FY2017		
Number of	Group	Total	cases	141	227	178		
claims for work related injuries	domestic	domestic	Work- related accident	cases	68	113	76	
		Accident during commute	cases	73	114	102		
		Fatality accident	cases	0	0	0		
Consultation rate of Medical Checkup(*1)	Group domestic		%	100	100	100		
Absentee rate(*2)	Group domestic		%	-	-	0.561	~	

(*1) Number of employees undergoing medical checkup consultation / number of employees

(*2) Total days lost due to absenteeism / Total days scheduled to be worked

Third-Party Assurance

Third-Party Assurance

The MS&AD Insurance Group has engaged KPMG AZSA Sustainability Co., Ltd. since 2015 to perform an assurance engagement of some selected environmental and social data in order to assure credibility of reported figures. The data subject to the third-party assurance is indicated with \checkmark .



Independent Assurance Report

To the President and CEO of MS&AD Insurance Group Holdings, Inc.

We were engaged by MS&AD Insurance Group Holdings, Inc. (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators marked with \checkmark (the "Indicators") for the period from April 1, 2017 to March 31, 2018 included in its Sustainability Report 2018 (the "Report") for the fiscal year ended March 31, 2018.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Visiting the Company's Tokyo Customer Center selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd. Tokyo, Japan December 21, 2018

Scope and Method of Calculating Environmental Data

Item	Method of	calculating amounts of energy used, amounts of	CO2 emission factor
	disposed w	aste, and passenger-kilometers traveled	
Amount of electric power, gas, cold and hot water, heavy oil, and kerosene	Japan Overseas	Actual measured energy usage collected in accordance with the Act on the Rational Use of Energy, which covers all of the energy use within each of Company-owned buildings. Calculated from energy purchase costs and unit price by country as published by JETRO (*1).	Emission factor by energy source based on the Act on Promotion of Global Warming
used Amount of gasoline and diesel oil used	Japan	In principle, actual measured amounts of gasoline and diesel oil are used. When an actual measured amount of gasoline is unknown, the amount is calculated from the gasoline purchase cost and the domestic national average unit price as published in a survey of gas station retail prices conducted by Japan's Agency for Natural Resources and Energy.	Countermeasures as published by Japan's Ministry of the Environment and emission factor by electric power utility.
	Overseas	In principle, the amount used is calculated from gasoline purchase costs and unit price by country as published by JETRO. When the cost of gasoline is unknown, it is calculated from the amount of gasoline used per car and the number of cars at overseas sites, or the amount of gasoline used per person at overseas sites and the number of employees overseas.	For overseas electric power, emission factor by country published by IEA (*2).
Amount of disposed waste	Japan	The percentage of the actual measured amount of general waste disposed from Company-owned buildings is 94.4%. When an actual amount is unknown, it is estimated from the cost of waste disposal and the unit cost. The amount of general waste disposed from non-Company-owned buildings is calculated from the amount of disposed general waste per person in Company-owned buildings and the number of employees in non-Company-owned buildings. The amount of disposed industrial waste is the actual measured amount.	
	Overseas	Calculated from the amount of disposed general waste per person in Company-owned buildings in Japan and the number of employees overseas.	
Amount of water used	Japan	The percentage of the actual measured amount of water used in Company-owned buildings is 65.7%. The amount of water used in non-Company-owned buildings is calculated from the amount of water used per person in Company-owned buildings and the number of employees in non-Company-owned buildings.	
	Overseas	Calculated from water use per person in Company-owned buildings in Japan and the number of employees overseas	
Business Japan travel (by plane)	Japan Overseas	Calculated from domestic and international air travel expenses estimated from domestic and international business travel expenses (assuming that 10% or 20% of domestic business travel expenses and 50% of international business travel expenses are air travel expenses), emissions unit values per amount of transportation costs incurred as published by Japan's Ministry of the Environment, and emissions unit value per thousand passenger-kilometers traveled by type of	

Organizational boundary: MS&AD Insurance Group Holdings, Inc. and its consolidated subsidiaries.

*1 JETRO: Japan External Trade Organization

*2 IEA: International Energy Agency

Scope and Method of Calculating Scope3

Category	Subject	Calculation method	Emission source unit
Capital goods	Consolidated	Facility investment amount x emission	The Ministry of the Environment's
		source unit per price of capital goods	database*3 6; emission source units
			per price of capital goods
			(financial/insurance)
Waste	Consolidated	Amount of recycled industrial waste,	①Carbon Footprint DB*4
generated in		incineration processing, and direct landfill	Emission source unit for incineration of
operation		processing x waster type/emission source	non - industrial wastes per weight
		unit by processing method	②The Ministry of the Environment's
			database* 8; emission source units by
			waste type (including waste
			transportation stage)
Business	Consolidated	⊖Cost of air flight	The Ministry of the Environment's
travel (by			database*3 [11] Emission source unit
airplane)		Cost of air flight $ imes$ Emission source unit	per transportation expenses
		per transportation expenses	
Employee	Major	Ocommutation allowance	The Ministry of the Environment's
commuting	Domestic		database*3 [11] Emission source unit
	consolidated	commutation allowance $ imes$ Emission	per transportation expenses
	subsidaries	source unit per transportation expenses	
Lease	Consolidated	\bigcirc Electricity and gas used in the lease	Emission factor by energy source
property		property	based on the Act on Promotion of Global Warming Countermeasures as
			published by Japan's Ministry of the
		\cdot energy and gas consumption amount $ imes$	Environment
		Emission source unit per consumption	
		amount for electricity and gas	

*3 : The Ministry of the Environment's emission source unit database (ver. 2.5) for calculating greenhouse gas emissions through the supply chain (March 2018)

*4 : Carbon Footprint system trial project CO2 reduced quantity primary unit database (ver. 2.01)

Advancing with you MS&AD MS&AD Holdings

Third-party Opinion

Junko Edahiro

Professor, Graduate School of Leadership and Innovation, Shizenkan University President, Institute for Studies in Happiness, Economy and Society Founder and President, e's Inc.



Through witnessing the frequent abnormal weather events and the devastating damage they cause, we are compelled to reaffirm the tremendous role that insurance business operators are playing in the society. The MS&AD Insurance Group envisions "a resilient and sustainable society" in 2030 and has proclaimed its intention to incorporate the United Nation's Sustainable Development Goals (SDGs) as milestones for its sustainability activities, thus committing to conducting its business in line with the proclaimed vision and milestones. The Group has also set key performance indicators (KPIs) and participated in various domestic and global initiatives, thus demonstrating its steady approach to sustainability. This Report covers wide-ranging topics, and both its layout and text are reader-friendly.

Having carefully inspected the Report, I would like to share my comments for the improvement of future issues.

A sustainability report is essentially a tool used to communicate how a company perceives sustainability (perspective), its policies and initiatives, and its progress and results against set goals, along with future plans based on a review of previous achievements.

In terms of the perspective, policies and initiatives, the MS&AD Insurance Group takes a fundamental approach of placing an emphasis on what the Group should do to address issues related to the earth and society in addition to what it can do as an extension of its business. Using the SDGs as a framework, the Group has been working on themes that are generally viewed as less relevant to its business, such as natural capital and human rights. I highly commend the Group for having engaged in sustainability from this broader perspective.

However, my impression is that reporting on activities conducted in the past year is insufficient when compared with the description of the perspective and policies.

For example, in terms of human rights and work styles, the Report merely describes in-house programs. What we expect from the annual sustainability report is disclosure of concrete information, such as the numbers of employees utilizing such programs and opportunities and percentage figures for the entire group. Readers want to confirm the progress made over time, the Group's evaluation of the current status and its future plans. I believe that reporting these processes will help drive a plan-do-check-act (PDCA) cycle and propel sustainability-based management even further.

I am aware that a data section is provided at the end of the Report, but data alone cannot communicate the full implications of results, nor does it show how the Group views the data. I would suggest that data on key activity results and the Group's analysis of it also be included in the main text.

Next, there are some issues I would like to see the Group to focus on. First one is the measures to mitigate global warming. Although the Group has established a long-term goal that requires it to reduce CO2 emissions by 70% by 2050, it needs to inform society about the specific measures it will adopt to achieve the goal, as well as its progress and challenges towards meeting the goal. I would like the Group to report how it will incorporate the results from joining the Ministry of the Environment's project for developing Science Based Targets and calculating emissions from supply chains. Since the Group's emissions are mostly linked to its energy consumption, I would like to know how it will actively promote the development and utilization of renewable energy, in addition to saving energy. Where possible, I expect the Group to take progressive measures, such as joining RE100 at an early stage.

The second issue is about measures to adapt to global warming. As global warming will inevitably advance in the future, I expect the Group to devise various ingenious solutions and projects to help the general public adapt to global warming.

Third, I admire the Group's efforts in developing countries. However, I expect the Group to engage in initiatives for "leaving no one behind" also in Japan, where the wealth gap is widening, as the SDGs do encompass issues that also exist in developed countries.

The fourth issue I would like to see prioritized is dealing with the shrinking population, which is one of Japan's most pressing issues. I believe that, in the future, people will inevitably opt to form households with people who are not members of their own family. The viability of this option depends on how well we can address the various risks involved in with living with non-family members. I expect the Group to play a role in addressing this new risk.

By including the next generation, developing countries, and the world's leading experts into the scope of communication to society, the Group will be able to set goals and implement initiatives from a broader perspective, and thus be an industry leader both in and outside Japan.

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

We sincerely appreciate your valuable opinions on the MS&AD Insurance Group Sustainable Report 2018.

In fiscal 2017, the final year of our medium-term management plan, Next Challenge 2017, our activities were centered around two pillars: (1) Enhancing the Quality of Products and Services and (2) Contributing to Resolution of Social Issues through the Business. Specifically, to deal with pressing social issues for which resolution is strongly desired, such as Prevention of Accidents, Disaster Prevention and Mitigation, Response to Climate Change, Response to Aging Society, and Development of Local Communities, we promoted initiatives to create shared value with the society through the provision of products and services that leverage the strengths of our business model: identifying risks and providing information on risks; preventing risks from being realized/reducing the impact of risks; and reducing the economic burden when risks become real.

In fiscal 2018, we will work toward a "resilient and sustainable society," the image of society in 2030 envisioned in the medium-term management plan, Vision 2021, with the SDGs referenced as milestones. We have specified seven priority issues, taking into account the insights derived from communication with our stakeholders and the implications of the issues to our businesses. The priority issues are to: (1) deal with new risks, (2) create a mobility society without accidents, (3) strive for the development of resilient communities, (4) support good health and longevity, (5) contribute to climate change mitigation and adaptation, (6) strive to improve sustainability of natural capital, and (7) work toward realization of leaving no one behind. Public expectations for the ways of responding to the various risks that have emerged in our rapidly changing world are mounting. Taking advantage of our strength as an insurance and financial services provider, we will implement initiatives that contribute to achieving a harmonious balance between the global environment, economy and society, which the SDGs aim to do.

With regard to the commended perspective, policies and initiatives, the Group will continue to taking the approach of identifying our initiatives with a view to solving ongoing environmental and social problems. To address the insufficiencies that you have pointed out, we will step up our efforts to provide a report in a format most suited to each initiative by clearly presenting a correlation of elements of our initiatives: evaluation of activities; improvement or enhancement for future activities; degree of contribution to society; and numerical data.

As to the four focus themes you have raised in your advice, we will tackle these themes while deepening dialogue with our stakeholders and sharing issues with society.

First, the Group will implement its own measures to mitigate climate change at an accelerated pace. At the same time, we will contribute to decarbonization by partnering with relevant government agencies and UN organizations, and through participating in various projects. We will achieve tangible results and enhance our reporting practice.

Second, to facilitate adaptation to climate change, we will help build up more resilience in society by offering risk management services based on natural disaster analysis models and by providing products and services to prepare for weather risks.

Third, as to initiatives for leaving no one behind in Japan, the MS&AD Insurance Group continues to propose solutions that make use of the unique characteristics of communities by providing risk consulting services and engaging in initiatives compatible with the environment and society, in cooperation with the national and local governments.

Fourth, in response to the rise of sharing businesses, the need for which is expected to grow as the population continues to decrease, we will offer products and services to address compensation liability risks involved in running a sharing business to promote our endeavor to ensure security and safety in society.

Our medium-term management plan, Vision 2021, which encompasses a span of four years starting from 2018, will be an important step toward the goals in 2030. To contribute to the development of a vibrant society and help secure a sound future for the planet, as we commit to in our Mission, we must resolve issues prevalent in society and on the earth. The MS&AD Insurance Group, keeping in mind the advice provided, will contribute to the realization of a resilient and sustainable society. To this end, the Group will increase opportunities for dialogue with a wider scope of stakeholders, while persistently striving to create shared value for society and the Group through the practice of our business model, the Story of Value Creation, and by stepping up our information-sharing and awareness-raising efforts.