

**MS&AD**

INSURANCE GROUP

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



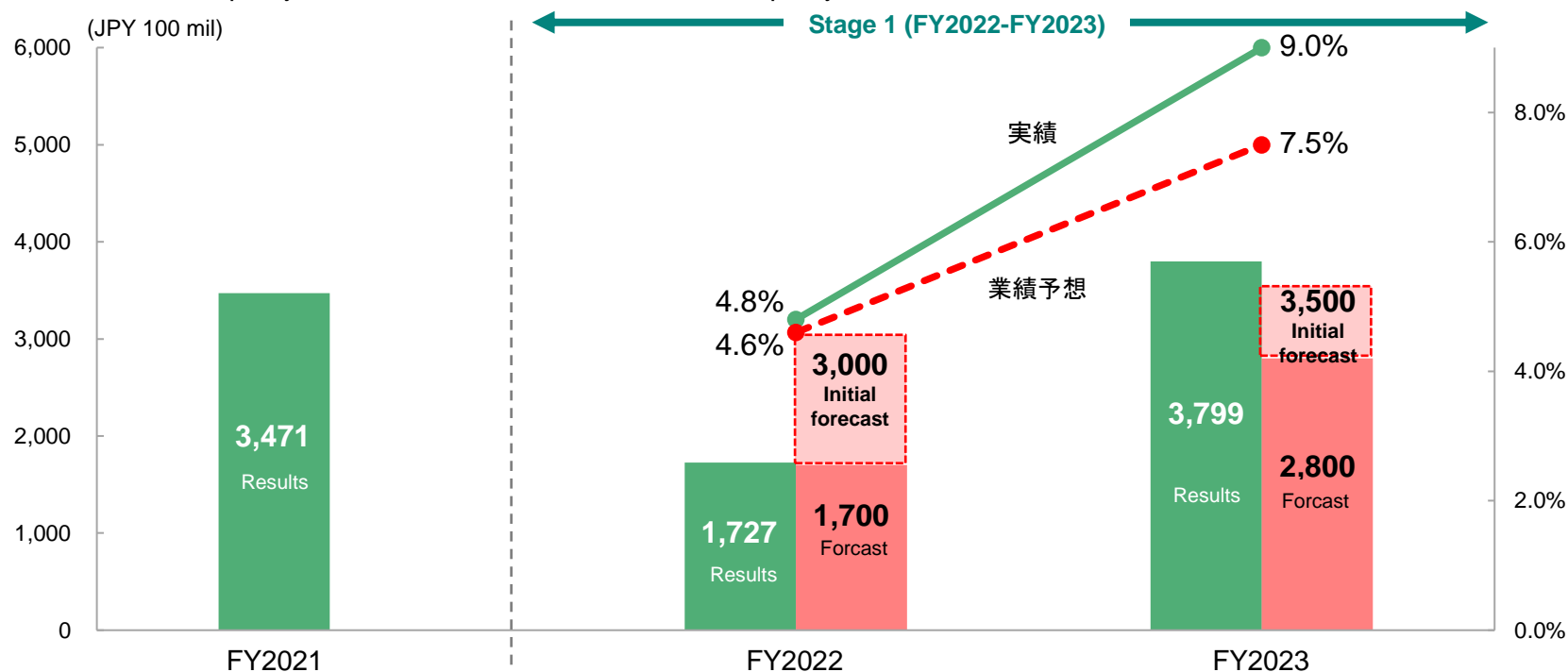
# **I. Review of Stage 1 (FY2022-FY2023)**

# I. Review of Stage 1 (FY2022-FY2023): (1) Quantitative Targets

- Despite an increase in losses from domestic natural disasters and in losses connected to automobile insurance, in FY2023, Group Adjusted Profit exceeded the earnings forecast and stood at JPY 379.9 billion, reflecting the sale of strategic equity holdings ahead of schedule and an increase in profit in the international business.
- At the end of Stage 1, Group Adjusted ROE exceeded the earnings forecast, reaching 9.0%.
- Changes in the market environment (increases in domestic stock prices and domestic interest rates, the weaker yen) led to an increase in the market value of net assets. Meanwhile, sales of strategic equity holdings resulted in a decrease in risk. Due to these and other factors, ESR came to 229%, which falls within the target range (180%-250%).

## Group Adjusted Profit and Group Adjusted ROE

The bar chart shows Group Adjusted Profit. The line chart shows Group Adjusted ROE.



ESR

FY2023 229%

# I. Review of Stage 1 (FY2022-FY2023): (2) Qualitative Targets

- Our basic strategies for realizing our aspiration of becoming a “corporate group that supports a resilient and sustainable society” are “Value (value creation),” “Transformation (business reforms)” and “Synergy (demonstration of group synergy).” “Sustainability,” “Quality,” “Human Resources” and “ERM” are the foundations supporting the basic strategies.

## Basic strategies

### Value (Value creation)

Strengthening of the revenue base

Implementation of  
MS&AD Value strategy

#### Major Initiatives

- ✓ Took steps to increase the profitability of the domestic non-life insurance business. However, its profitability deteriorated due to changes in the business environment (increasing severity and frequency of natural disasters, hardening reinsurance market, continued inflation, etc.).
- ✓ Expanded the risk management business using digital technologies and data and developed and provided services before and after coverage and protection (such as AI assessment of the risk of accidents and the monitoring of cyberattacks). MS&AD InterRisk Research & Consulting, Inc. took the lead in these activities.
- ✓ Created new businesses in collaboration with startups.

#### Challenges

- ✓ Improve underwriting profit in the domestic non-life insurance business (products that contribute to the bottom line, rate revisions, the reinforcement of line size control and underwriting).
- ✓ Promote the development of products and services before and after coverage and protection.
- ✓ Strengthen existing businesses and create new ones by collaborating with startups and launching joint ventures.

# I. Review of Stage 1 (FY2022-FY2023): (2) Qualitative Targets

## Basic strategies

### Transformation (Business reforms)

Business and risk portfolio reforms

Pursuit of optimal solutions  
utilizing digital technologies

#### Major Initiatives

- ✓ Improved and expanded MS Amlin's profitability and invested in MS Transverse to expand into the US market.
- ✓ Replaced products with lower profitability in the portfolio with ones with higher profitability (income compensation insurance and medical insurance).
- ✓ Scale up investment in assets expected to generate (foreign bonds, foreign equity, alternative investments, etc.).
- ✓ Raised the strategic equity holdings reduction target during the period of the medium-term management plan and limited catastrophe risk.
- ✓ Accelerated collaboration with platform operators to develop sales channels for built-in insurance on e-commerce sites.
- ✓ Created an environment for using generative AI in business and cultivated core personnel to promote its application.

#### Challenges

- ✓ Earnings improvements for the Toyota Retail business with a focus on ANDEL
- ✓ Invest for the growth of business (in the United States, where there is considerable room for development, and in Asia and emerging countries, where growth can be expected).
- ✓ Increase capital efficiency by improving results and identifying unprofitable businesses.
- ✓ Expand revenue from casualty insurance in anticipation of the shrinking voluntary automobile insurance and fire insurance markets.

# I. Review of Stage 1 (FY2022-FY2023): (2) Qualitative Targets

## Basic strategies

### Synergy (Demonstration of group synergy)

Implementation of  
One Platform strategy

Synergy of life insurance  
and non-life insurance  
businesses

Global synergy

#### Major Initiatives

- ✓ Promoted the integrated management of head office functions, the expansion of BPO operations and office sharing as a part of the standardization, collaboration and integration of primarily the head office functions of Mitsui Sumitomo Insurance (hereinafter “MSI”) and Aioi Nissay Dowa Insurance (hereinafter “ADI”) in the One Platform strategy.
- ✓ Raised the life insurance and non-life insurance cross-selling rate. Used MSA Life’s distribution channels to sell MSP Life’s products and developed the asset formation market.
- ✓ Shared a wide range of products, services and expertise in a project to share expertise between domestic and international operations (TENKAI project).

#### Challenges

- ✓ Fully implement the One Platform strategy and primarily improve the efficiency of the head office functions and the operational quality of MSI and ADI.
- ✓ Create a sustainable business operation system by having Group companies share human resources and offices and generating synergy.
- ✓ Strengthen tie-up sales between life insurance companies and non-life insurance companies and between two life insurance companies.

# I. Review of Stage 1 (FY2022-FY2023): (2) Qualitative Targets

## Foundation Initiatives

### Sustainability

- Symbiosis with global environment (Planetary Health)
- Safe and secure society (Resilience)
- Happiness of diverse people (Well-being)

### Quality

- Corporate group which continues to evolve based on customer feedback
- Practice of highly transparent and effective corporate governance

#### Major Initiatives

- ✓ Established the Finance Alliance for Nature Positive Solutions (FANPS) platform to help set and publicize GHG emissions targets for major domestic business partners and undertake natural capital initiatives.
- ✓ Took actions to conserve and restore the environment through the MS&AD Green Earth Project.
- ✓ Provided products and services that will contribute to extension of healthy lifespan and asset life expectancy.

- ✓ Collected customers' complaints and comments through surveys and social media to enhance products and services.
- ✓ Discussed issues with all employees at workplaces and provided training to agencies to establish customer-focused operations.
- ✓ Added an external perspective to the evaluation of the Board of Directors to strengthen governance.

#### Challenges

- ✓ Take an integrated approach to addressing the three key issues.
- ✓ Engage in dialogue with business partners to reduce GHG emissions and support them in addressing the issue.
- ✓ Build relationships with local stakeholders and disseminate more information.

- ✓ Take an insurance premium adjustments incident and a fraudulent insurance claims incident by agents seriously and ensure customer-focused operations and compliance.
- ✓ Establish clear business conduct rules and strengthen risk management on the second and third lines of the three-line defense.



# I. Review of Stage 1 (FY2022-FY2023): (2) Qualitative Targets

## Foundation Initiatives

### Human resources

- Development of optimum human resource portfolio
- Full demonstration of employees' abilities and skills and fulfillment of their ambitions

### ERM

- Improvement of profitability and capital efficiency through the integrated management of risk, returns and capital
- Reduction of strategic equity holdings

### Major Initiatives

- ✓ Made progress in the creation of an environment to encourage the hiring and advancement of specialist human resources.
- ✓ Expanded the personnel movement system (post challenge) to transfer employees to the department of their choice and promoted the movement of personnel between Group companies, the development of human assets and career development.
- ✓ Developed pipelines to promote more women to officer and manager positions.

- ✓ Insurance adjustments and other violations of laws and regulations occurred due to a lack of awareness and management of risks.
- ✓ Took steps steadily to achieve the ROE target, including withdrawing from less efficient operations and reviewing the directions of operations.
- ✓ Increased the strategic equity holdings reduction target during the period of the medium-term management plan to JPY 600 billion from JPY 400 billion.

### Challenges

- ✓ Increase human capital investment to improve the well-being of employees (job satisfaction, employee-friendliness, physical and mental health and treatment).
- ✓ Provide education to ensure compliance and customer-focused operations.

- ✓ Increase capabilities to detect and manage legal risk, conduct risk and other risks that are difficult to quantify.
- ✓ Continue to improve capital efficiency to consistently achieve an adjusted ROE of 10% or higher.
- ✓ Reduce strategic equity holdings to zero during the period of the next medium-term management plan, invest the proceeds from the sale of the equity holdings for growth, and increase the enterprise value.



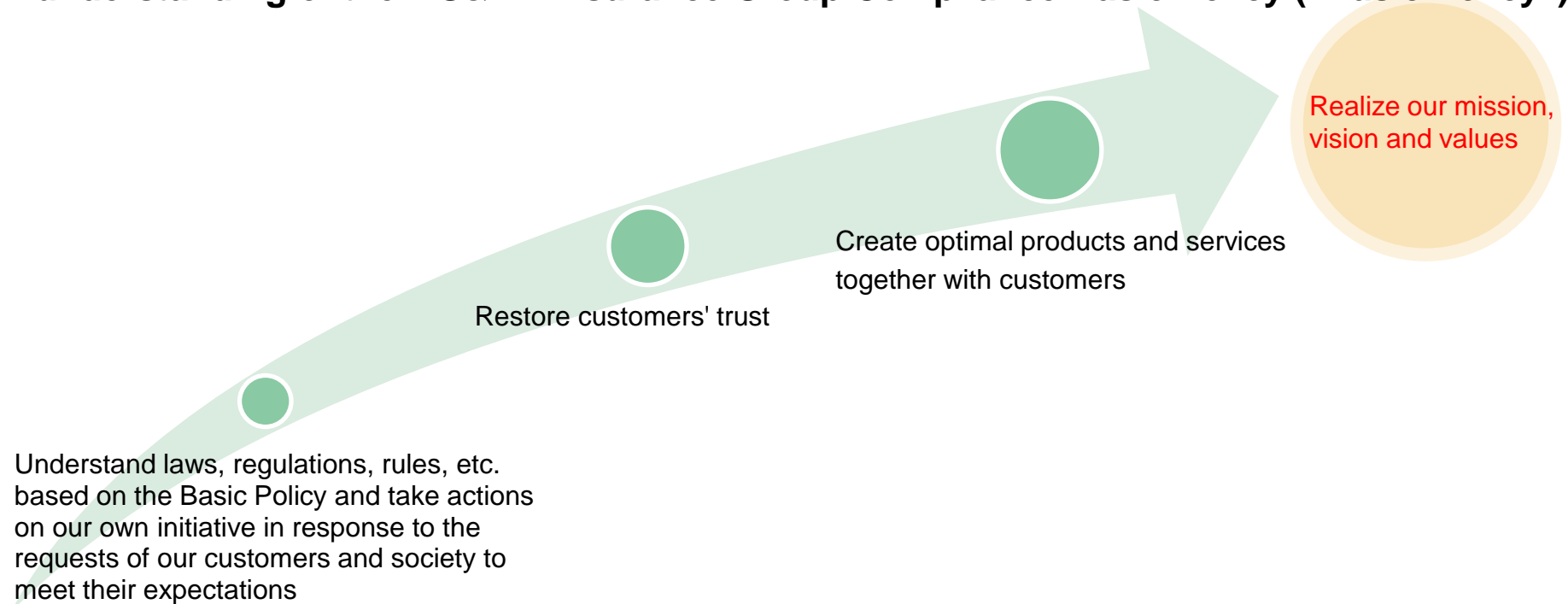
## **II. Medium-Term Management Plan (FY2022-FY2025) Stage 2**

**Grow Together with Society As a Platform Provider of Risk Solutions**

# 1. Main Points of the Review of the Plan in Stage 2

## After the insurance premium adjustments incident and fraudulent insurance claims incident by agents

- We take seriously the insurance premium adjustments Incident and the fraudulent insurance claims Incident by agents. All employees, agents and business partners are committed to restoring customers' trust.
- We will review the activities of all employees, agents and business partners in light of the Group's mission, vision and values.
- We are committed to fulfilling the Group's mission, vision and values based on a correct understanding of the MS&AD Insurance Group Compliance Basic Policy ("Basic Policy").



# 1. Main Points of the Review of the Plan in Stage 2

## Significant Business Style Revolution

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

### Changing the value we provide

- **Establishing an appropriate competitive environment**  
Increasing our competitive advantage in the provision of products and services
- **Strengthen ability to propose risk solutions**  
Enhancing our core insurance functions and solutions before and after coverage and protection
- **Improving underwriting management**  
Promoting underwriting using risk-related information and data

### Changing business structure

- **Implementing new growth investments**  
Increasing investments in businesses that can be developed and in markets that are expected to grow
- **Investing in digital technologies and human resources**  
Increasing digital transformation investment in new solutions, including generative AI, and investments in human resources

### Changing productivity and profitability

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

### Customer focused business operation

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

### Strengthen governance

- Strengthening the governance framework by senior management
- Enhancing the functions of the second and third lines of the three-line defense

### Compliance

- Enhancing awareness and knowledge of compliance
- Enhancing the ability to foresee risks and detect risk indicators
- Monitoring, accumulating knowledge and sharing knowledge within the Group

## 2. Our Aspirations: (1) Qualitative Targets

**A corporate group that supports a resilient and sustainable society**

### **As a platform provider of risk solutions,**

we will help solve climate change and other social issues while growing together with society.

- In addition to covering economic losses, seamlessly provide products and services before and after coverage and protection.
- Offer optimal solutions through marketing, underwriting, claim services and risk consulting that utilize digital technologies.

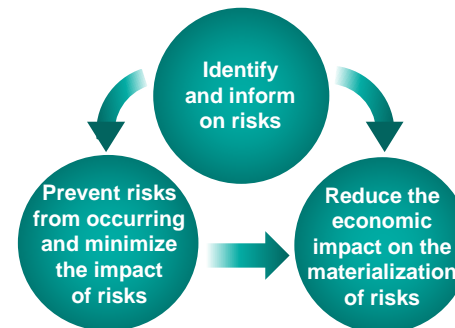
### **Story of Value Creation**

By facing social issues and providing products and services through our business model to realize our mission, we will help create an environment where customers can live and conduct business in a secure manner.

#### **Our Management Philosophy (Mission)**

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

#### **Our Business Model**



## 2. Our Aspirations: (2) Quantitative Targets

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

### Target

#### IFRS-based net income

FY2025 **JPY 450.0 billion**

#### Group adjusted profit

FY2025 **JPY 760.0 billion**  
(JPY 450.0 billion excluding the effect of the accelerated sale of strategic equity holdings)

#### Adjusted ROE\*1

FY2025 **12%**

#### Group Adjusted ROE\*2

FY2025 **16%**  
(10% excluding the effect of the accelerated sale of strategic equity holdings)

\*1. Net profit on IFRS basis ÷ (Net assets on IFRS basis – Unrealized gain/loss from strategic equity holdings)

(Since, under IFRS, gain/loss on sale of strategic equity holdings is no longer included in net profit, unrealized gain/loss from strategic equity holdings is excluded from net assets to align the denominator (net assets) and numerator (net profit) used to calculate ROE.)

\*2. Group Adjusted Profit ÷ Group Adjusted Net Assets

Adjusted net assets = Consolidated net assets + Catastrophe loss reserve, etc. – Goodwill and other intangible assets

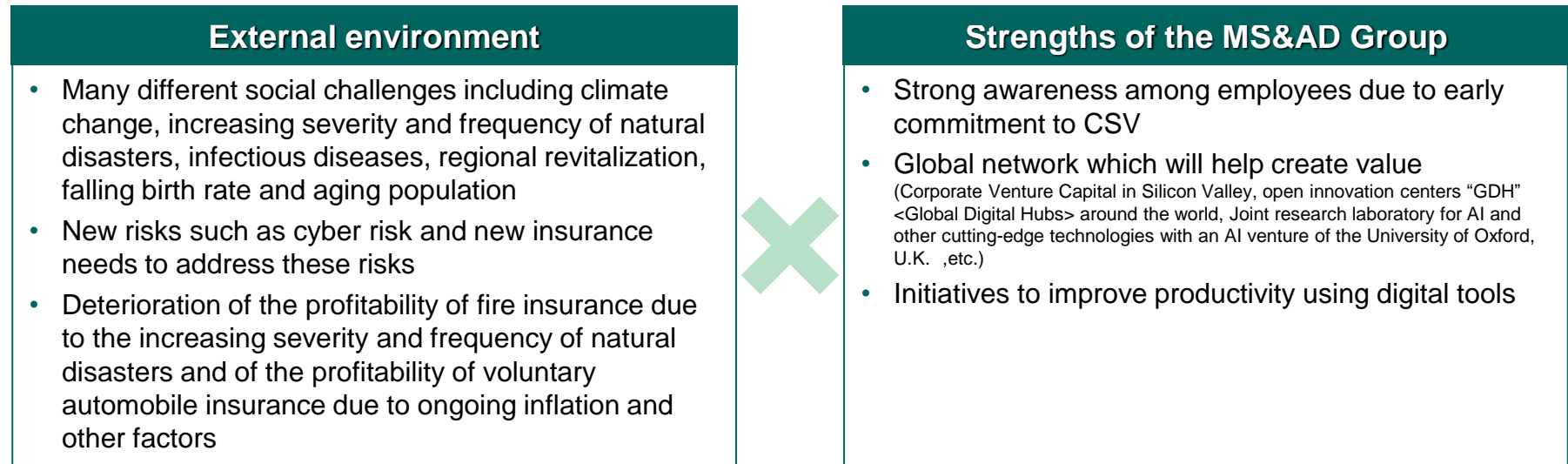
### 3. Basic Strategies and Foundations Supporting Basic Strategies

- Our basic strategies for realizing our aspiration of becoming a “corporate group that supports a resilient and sustainable society” are “Value (value creation),” “Transformation (business reforms)” and “Synergy (demonstration of group synergy).”
- “Sustainability,” “Quality,” “Human Resources” and “ERM” are the foundations supporting the basic strategies.

Basic strategies	<b>Value</b> (Value creation)	<ul style="list-style-type: none"> <li>• Increase the earning potential of businesses, products and services and strengthen the revenue base</li> <li>• Provide value to all stakeholders and improve corporate value through the global rollout of the CSV × DX strategy</li> </ul>	<ul style="list-style-type: none"> <li>● Strengthening of the revenue base</li> <li>● Implementation of MS&amp;AD Value strategy</li> </ul>
	<b>Transformation</b> (Business reforms)	<ul style="list-style-type: none"> <li>• Fundamentally review our way of doing business and change the business structure to one that emphasizes customer-focused operations and legal compliance.</li> <li>• Reform the business structure and adapt to changes in the business environment including creating new businesses</li> <li>• Reform the business, product and risk portfolios and build a stable revenue base</li> </ul>	<ul style="list-style-type: none"> <li>● Business and risk portfolio reforms (Shift towards international/life insurance/new businesses)</li> <li>● Pursuit of optimal solutions utilizing digital technologies</li> </ul>
	<b>Synergy</b> (Demonstration of group synergy)	<ul style="list-style-type: none"> <li>• Realize further growth by leveraging group diversity and strengthening Group collaboration</li> <li>• Improve productivity by strengthening standardization, collaboration and integration within the Group</li> <li>• Demonstrate synergy on a global basis</li> </ul>	<ul style="list-style-type: none"> <li>● Implementation of One Platform strategy</li> <li>● Synergy of life insurance and non-life insurance businesses</li> <li>● Global synergy</li> </ul>

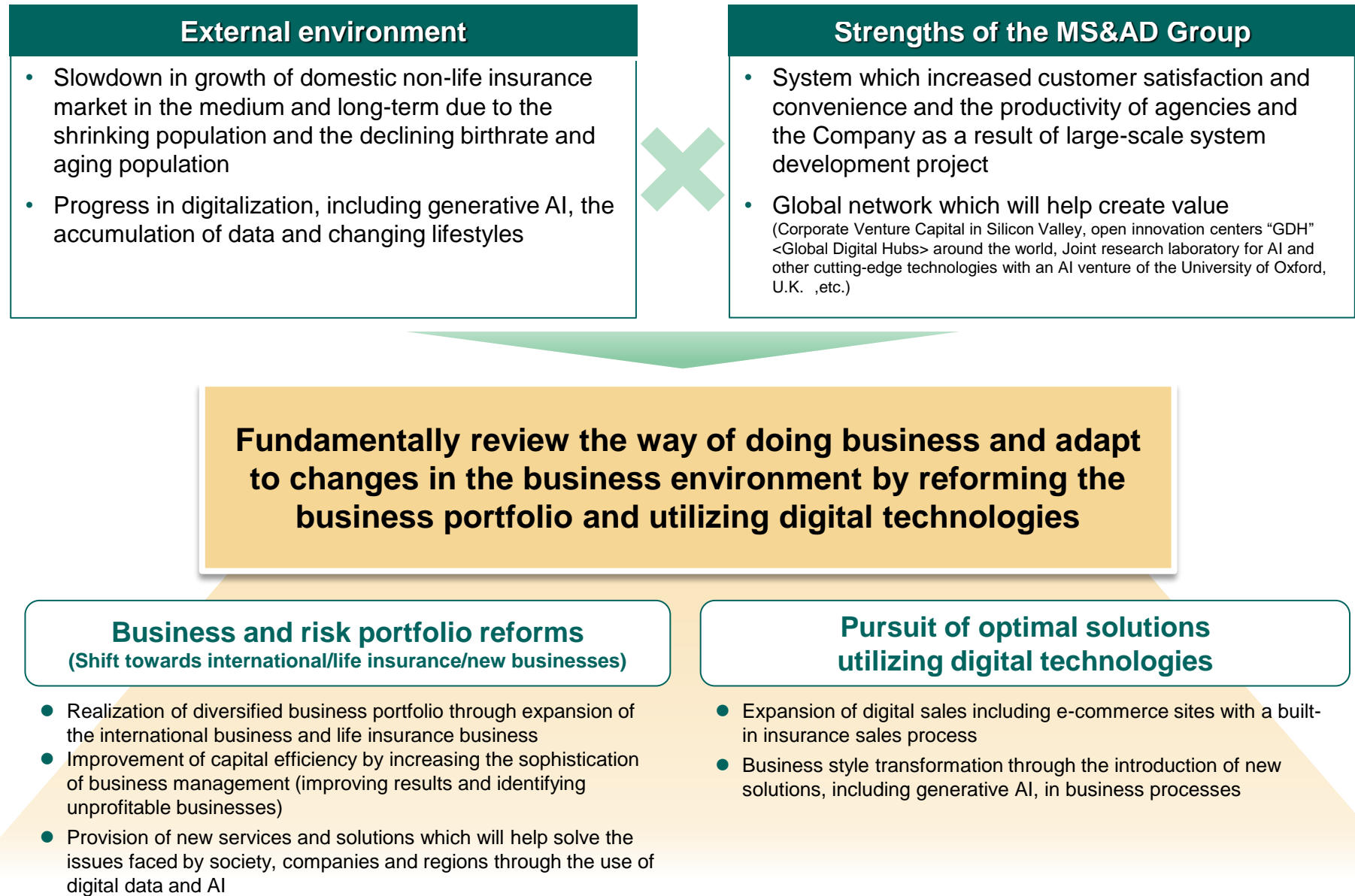
Foundations	<b>Sustainability</b> <ul style="list-style-type: none"> <li>● Initiatives to address three priority issues</li> <li>● Symbiosis with global environment (Planetary Health)</li> <li>● Safe and secure society (Resilience)</li> <li>● Happiness of diverse people (Well-being)</li> </ul>	<b>Quality</b> <ul style="list-style-type: none"> <li>● Customer-focused operations, re-emphasizing compliance</li> <li>● Corporate group which continues to evolve based on customer feedback</li> <li>● Highly transparent and effective corporate governance</li> </ul>	<b>Human resources</b> <ul style="list-style-type: none"> <li>● Building an optimum human resource portfolio</li> <li>● Development of workplace where employees can fully demonstrate their abilities and skills and fulfill their ambitions</li> </ul>	<b>ERM</b> <ul style="list-style-type: none"> <li>● Improvement of profitability and capital efficiency</li> <li>● Reduction of strategic equity holdings</li> </ul>
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## 4-1. Basic Strategy: Value (Value Creation)





## 4-2. Basic Strategy: Transformation (Business Reforms)



## 4-2. Basic Strategy: Transformation (Business Reforms)

### Digital Transformation

Strengthen “digital human resource development,” “systems,” “business investment” and “data management,” which are the foundations of DX, and implement business transformation through the use of digital data for the realization of “creation of stakeholder value” and “enhancement of profitability”

#### Business and risk portfolio reforms (creation of new businesses)

- Creation of services and solutions which will help solve the issues faced by society, companies and regions through alliances with companies, local governments and others and the utilization of digital technologies and data
- Utilization of Group data integration platform for the rapid and secure sharing of data inside and outside the Group
- Identification of and carefully selected investment in investment projects which will lead to improvement in corporate value through the strategic generation of returns from MS&AD Ventures’ exploratory investment and maximization of their use across the Group and the acquisition of technologies and business models

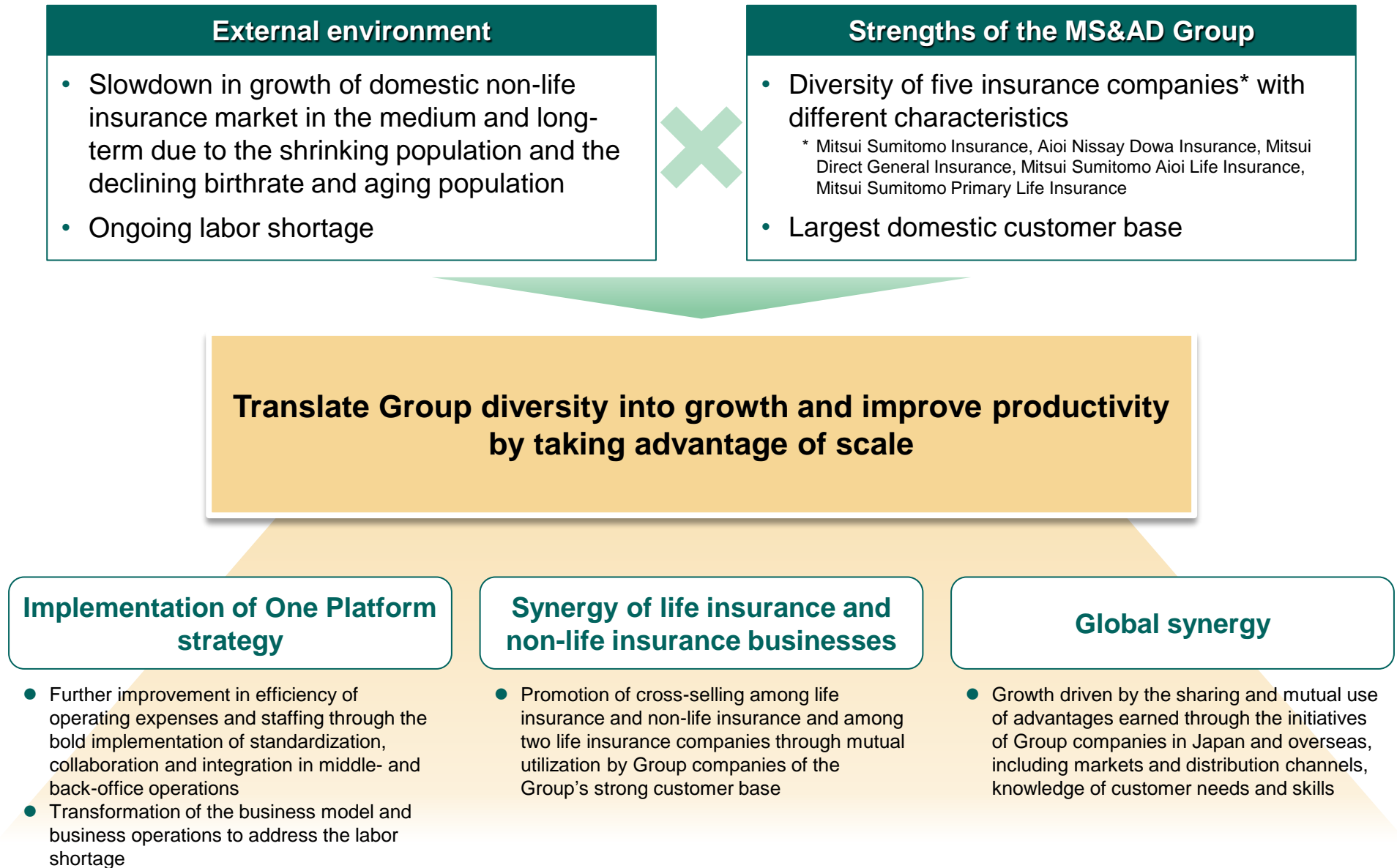


#### Pursuit of optimal solutions utilizing digital technologies

- Improvement of customer convenience and expansion of sales channels through the deployment of digital sales including built-in insurance on e-commerce sites through collaboration with platformers
- Adoption of an agile approach, which will provide the foundations for the speedy development and provision of products and services and creation of new businesses in response to change, and the development of a culture that allows employees to take on challenges, tolerating failure
- Business style transformation through initiatives such as the digitalization of customer touchpoints, the real-time aggregation of performance data and other KPIs, the use of data to increase the sophistication of sales activities and the automation of insurance claim procedures
- Dramatic improvement of business productivity and quality by using generative AI and creating new business ideas through dialogue with generative AI
- Improvement of income and expenditure and market expansion through more sophisticated underwriting and realization of more efficient underwriting operations through the utilization of AI



## 4-3. Basic Strategy: Synergy (Demonstration of Group Synergy)



## 4-3. Basic Strategy: Synergy (Demonstration of Group Synergy)

### Implementation of One Platform strategy

Continue to promote standardization, collaboration and integration focusing on the middle- and back-office operations of MSI and ADI while leveraging the possession of two non-life insurance companies to improve the efficiency and quality of business processes. Invest the generated resources in strategic growth areas to strengthen the Group's competitiveness and achieve sustainable growth.

**Implement standardization, collaboration and integration in operations other than those where we maintain differences for strategic purposes.**

#### Main domain

Products, claim services, administration, accounting

#### Remaining differences for strategic purposes

Special administrative procedures and products, etc. for some major group contracts and specific channels

Initiatives to further improve the efficiency and quality of business processes

**Expansion of  
BPO operations**

**Integration of head office  
functions**




**Office sharing**

- Promote the integration of the functions of either the three companies (the holding company, MSI and ADI) or the two companies (MSI and ADI) except the functions that the individual companies need to perform, while maintaining the differences that are necessary for strategic purposes. The goal of this integration is to improve the efficiency of operating expenses and personnel and the quality of business processes.
- Improve the efficiency of routine work within the management and administrative divisions by expanding BPO operations and sharing offices.

# 5-1. Foundation Initiatives: Sustainability

- Aim to comprehensively solve social issues that are important both for stakeholders and for the Company, and focus on the three priority issues



Priority issues	Main initiatives
	<b>Well-being</b> <ul style="list-style-type: none"> <li>Customer well-being</li> <li>Promotion of respect for human rights</li> <li>Employee well-being</li> </ul>
	<b>Resilience</b> <ul style="list-style-type: none"> <li>Measures to address new risks</li> <li>Loss prevention/mitigation</li> <li>Creation of a resilient and inclusive society (Regional revitalization)</li> </ul>
	<b>Planetary Health</b> <ul style="list-style-type: none"> <li>Action on climate change</li> <li>Improvement of sustainability of natural capital</li> </ul>

Created based on Stockholm Resilience Centre's SDGs wedding cake

## 5-1. Foundation Initiatives: Sustainability

### Symbiosis with global environment (Planetary Health)

#### Action on climate change

– Aiming for net zero greenhouse gas emissions by 2050

- Reduction of greenhouse gas emissions created by Group and its supply chain
- Reduction of greenhouse gas emissions in cooperation with our client companies and investee companies
- Provision of products and services and investment and financing that will support technological innovation and its implementation in society for a transition towards a circular economy which will lead to decarbonization and the control of environmental pollution
- Provision of solutions for adapting to the effects of climate change
- Support for the transition to business based on the restoration and protection of biodiversity and the utilization of sustainable resources

#### Improvement of sustainability of natural capital

#### KPI

##### Greenhouse gas emissions reduction rate

FY2030

**Our Group: Down 50%** (from FY2019)

**Clients and investees\*: Down 37%**  
(from FY2019)

**FY2050: Net zero**

##### Renewable energy usage rate

FY2030

**60%**

**FY2050: 100%**

##### Premium growth rate of products which contribute to decarbonization and a circular economy

**Annual average of 18%**

\* Major domestic client companies. We manage their greenhouse gas emissions reduction rate, as well as numbers of our engagement with them and the number of provided service to them that contribute to the reduction of GHG emissions.



# 5-1. Foundation Initiatives: Sustainability

## Safe and secure society (Resilience)

### Measures to address new risks that emerge with the transformation of society

- Addressing new risks associated with innovation and changes in the industrial structure such as cyber risks

### Loss prevention/mitigation through the utilization of data and AI

- Support to prepare for accidents, natural disasters and major earthquakes, including risk visualization and the provision of solution based on data analysis

### Creation of a resilient and inclusive society (regional revitalization)

- Social implementation of green resilience, the use of the diverse functions of nature to prevent disasters, disaster mitigation, GHG emissions reduction, regional revitalization and physical and mental health
- Collaboration with local governments, commerce and industry associations and other stakeholders in communities to address social issues
- Regional revitalization through initiatives such as transition to a sustainable infrastructure, activation of regional industries, and realization of diverse mobility services

## Happiness of diverse people (Well-being)

### Provision of products and services that support customers' well-being

- Support for companies' health & productivity management
- Provision of products and services that will help promote customers' health, adapt to an aging society and improve QOL
- Financial inclusion: improving access to insurance and financial services

### Respect for human rights

- Promotion of human rights due diligence (identification and assessment of human rights risks and prevention, mitigation and implementation of corrective activities that impact human rights within business activities) and establishment of remedy system

### Employee well-being

- Improvement of mental and physical health, fulfillment and ease of working
- DE&I initiative: Creating a work environment that values diversity, equity and inclusion
- Employees and customers respecting each other's human rights

## KPI

FY2025

Rate of increase in underwriting of products which help improve the resilience of society (based on number of products underwritten)

Annual average of **20%**

Instances of support for the resolution of issues faced by regional companies

[ Consulting services, training/seminars ]

**10,000 instances a year**

Number of policies in force for products which help solve health-related social issues

**2.6 million**

Number of policies in force for asset-building products to support longevity

**0.1 million**

Instances of support for action by companies to address human rights

[ Consulting services, training/seminars ]

**1,000 instances a year**



## 5-2. Foundation Initiatives: Quality

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

### Customer-focused operations, re-emphasizing compliance

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

### Corporate group which continues to evolve based on customer feedback

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

### Practice of highly transparent and effective corporate governance

- Continuous enhancement of the oversight function of the Board of Directors and the audit function of the Audit & Supervisory Board Members
- Implementation of fair, accurate and prompt information disclosure

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

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

### KPI

**Customer satisfaction level  
(On quotation & application  
process)**

**Equal to or greater than  
the previous year**

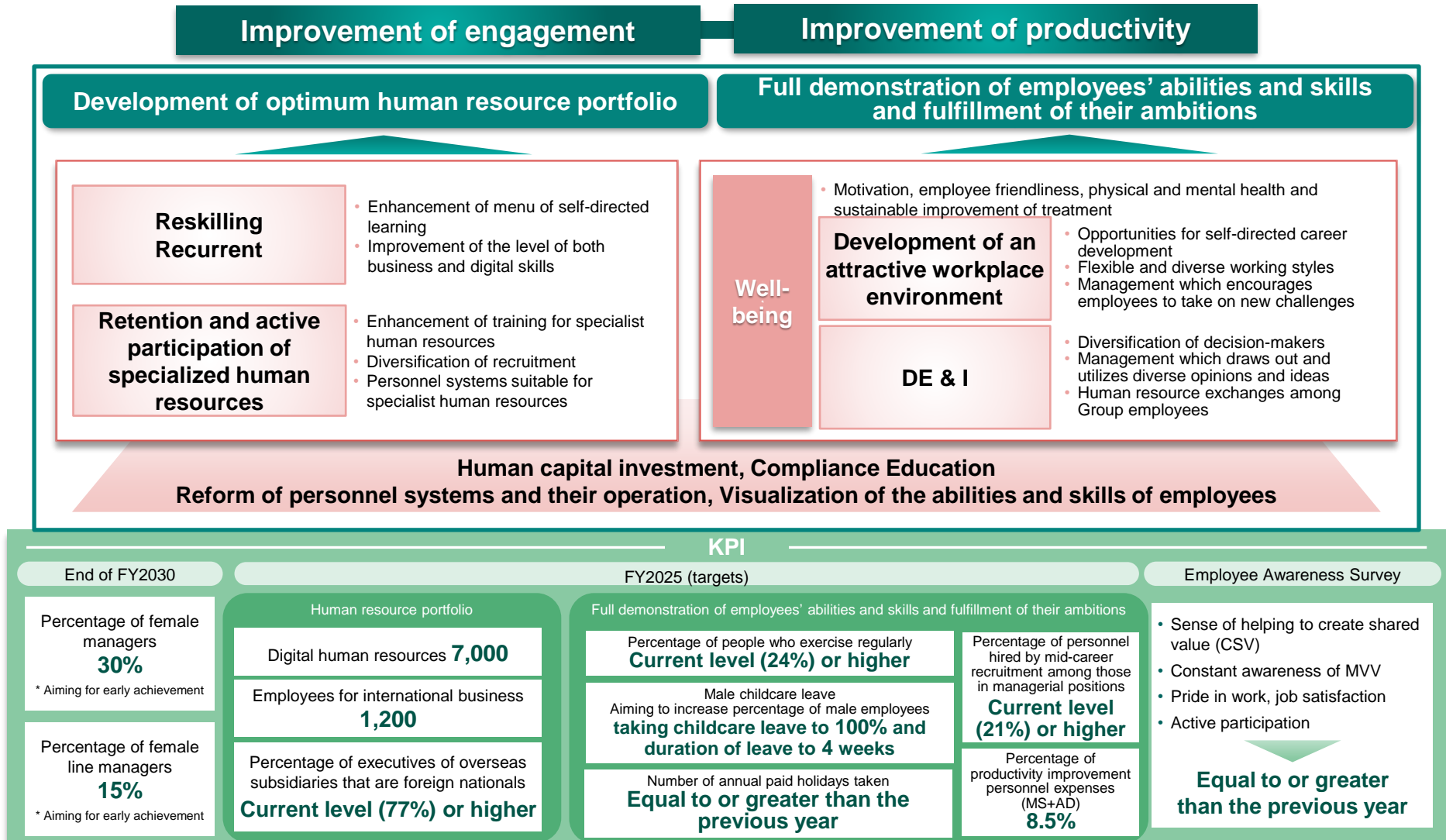
**Customer satisfaction level  
(On payment of claims)**

**Equal to or greater  
than the previous year**



## 5-3. Foundation Initiatives: Human Resources

- Increase human capital investment and strive to improve employees' well-being
- Secure human resources to support the execution of strategies and also develop an environment for their active participation and career advancement



## 5-4. Foundation Initiatives: ERM

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

### Strengthening risk management

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

### Reduction of strategic equity holdings

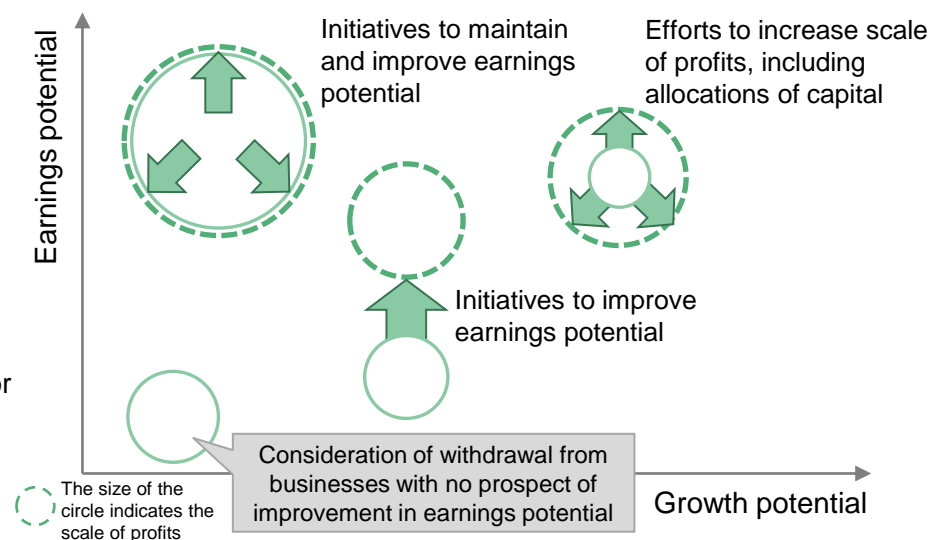
- Initiatives to further reduce strategic equity holdings\*  
We plan to accelerate the reduction of strategic equity holdings and sell all remaining strategic equity holdings by the end of the period of the next medium-term management plan (March 31, 2030) This is to reduce risk and improve capital efficiency.  
While returning 50% of Group Adjusted Profit to shareholders, we will invest the proceeds from the sale of strategic equity holdings for growth (We will invest in businesses, systems and digital transformation.).

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

### Improvement of profitability and capital efficiency through the integrated management of risk, returns and capital

- Improvement of corporate value through enhancement of business management  
Improvement of corporate value by monitoring each business segment of every Group company to clarify issues and implementing initiatives to solve issues, with a view to improving ROE
- Effective utilization of capital within the Group  
Flexible movement of capital within the Group for the allocation of capital to more capital efficient business opportunities, including investment in growth businesses  
Optimization of Group capital and improvement of Group's capital efficiency

### Conceptual diagram of sophistication of business management



# 6-1. Domestic Non-life Insurance Business

- Execute corporate activities from the customer's perspective and achieve growth through the improvement in revenue from auto insurance, improvement of the profitability of fire insurance, and the expansion of revenue from casualty insurance. Reduce operating expenses to increase productivity
- Leverage strengths (three distinctive non-life insurance companies, largest distribution channels in Japan, and close ties with leading corporate groups in Japan) to expand the top line and create stable profits

## Increase revenue from auto insurance

Take steps to mitigate the adverse impact of ongoing inflation and increasing accident frequency (new products, rate revisions) and increase revenue

Initiatives reflecting changes in the automotive industry (spread of EVs and connected cars, advances in CASE and MaaS, etc.)

- Response to increasingly diverse models for automobile sales
- Launch of new products and services

\*J GAAP; before reflection of catastrophe loss reserves; before tax

Underwriting profit*	JPY -16.0 bn (FY2023) → JPY 20.0 bn (FY2025)
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## Expand revenue from casualty insurance

Expand revenue through the provision of products and services to address newly emerging risks and needs as a result of changes in the social environment including rising interest in the SDGs and climate action and changes in the industrial structure and through countermeasures to address large losses from underwritten policies

- Provision of products and services to meet newly emerging risks and needs
- Development of small and medium enterprises market
- Line size control and enhancement of underwriting

\*J GAAP; before reflection of catastrophe loss reserves; before tax

Underwriting profit*	JPY 14.0 bn (FY2023) → JPY 42.0 bn (FY2025)
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## Improvement of earnings of fire insurance

Quickly return fire insurance to profitability, generating profit that exceeds the cost of capital, to sustainably fulfill social mission of providing indemnification for natural catastrophe risks

- Changes in products, rate revisions, and reinforcement of line size control and enhancement of underwriting
- Initiatives to prevent and mitigate loss through risk consulting services and the utilization of data and digital technologies

\*J GAAP; before reflection of catastrophe loss reserves; before tax

Underwriting profit*	JPY -22.0 bn (FY2023) → JPY -4.0 bn (FY2025)
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## Reduce operating expenses

Tap into the benefits of system infrastructure built as a result of the large-scale system development project, etc., change our business style leveraging the latest technologies, including generative AI, boldly implement the One Platform strategy for head office functions (standardization of, collaboration between and integration of Group companies) and reduce operating expenses.

\*J GAAP; (net commission + underwriting expenses) ÷ net premium

Operating expense ratio*	33.3% (FY2023) → 32.1% (FY2025)
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**Thoroughly customer-focused operations  
and corporate activities implemented from the customer's perspective**

Three distinctive non-life  
insurance companies

Largest distribution channels  
in Japan

Close ties with leading  
corporate groups in Japan

## 6-2. Domestic Life Insurance Business

- Expand revenue by stepping up customer approaches utilizing the distribution channels that are the strengths of Mitsui Sumitomo Aioi Life Insurance (hereinafter “MSA Life”) and Mitsui Sumitomo Primary Life Insurance (hereinafter “MSP Life”)
- Improve earning capacity through efforts such as expanding investment earnings, increasing business efficiency, and improving productivity
- Provide value to stakeholders through the provision of products and services for solving social issues in the era of the 100-year life, namely “extension of the healthy life span” and “extension of the human wealth span”

### Step up customer approaches utilizing distribution channels

#### Strengths of MSA Life

Robust sales network i.e. the distribution channels of MS and AD, the largest in Japan, and close ties with leading corporate groups in Japan

#### Strengths of MSP Life

Close relationships with financial institutions backed by product development capability and education and training capability

#### MSA Life

■ Target net profit on an IFRS basis: **JPY 80.0 bn**, target Group Adjusted Profit: **JPY32.0 bn** (FY2025)

- Promote cross-selling, the foundation of our competitive advantage  
Strengthen non-life insurance agencies' consultative selling and increase the life insurance cross-selling rate (the target is 25%)  
Invest resources in the group insurance market, where Group non-life insurance companies are strong, to accelerate growth

#### MSP Life

■ Target net profit on an IFRS basis: **JPY 27.0 bn**, target Group Adjusted Profit: **JPY 24.0 bn** (FY2025)

- Firmly maintain our leading position in over-the-counter sales by financial institutions. Increase the amount of policies in force and gain a competitive advantage by providing an effective product lineup, improving agents' consulting capabilities and efficiency in solicitation, and developing a framework for sales management.

### Improve earnings by expanding investment income, etc.

#### MSA Life

- Expand investment income  
Respond to changes in the market environment, including rises in domestic interest rates and expand investment income by demonstrating the Group's collective strength whilst pursuing basic asset management policies according to the product characteristics of the two companies respectively

#### MSA Life

- Expand scale of return-expected assets from JPY 760.0 billion (FY2023) to JPY 980.0 billion (FY2025)

#### MSP Life

- Improve return on risk through appropriate risk-taking in line with more sophisticated risk management based on rigorous ALM operations

### Provide products and services that help solve social issues

#### MSA Life

- Provide products that suit the needs of aging society together with MSA Care, healthcare services.
- Strengthen synergies with MSP Life and capture the asset formation market.

#### MSP Life

- Change and develop key products to meet needs. Increase yen-denominated products.
- Diversify ways to access the asset formation class, using digital channels. The new ways include the completion of sales activities on smartphones.

Develop asset formation market utilizing MSP Life's product development capability and MSA Life's distribution channels

#### MSP Life

Asset-building products

Products

#### MSA Life

Agency network

Sales

Asset formation market

**Re-emphasize customer-focused operations  
and improve capital efficiency before adopting the IFRS**



## 6-3. International Business

- Expand revenue from MS Amlin, expend revenue by capturing growing markets in Asia, and improve revenue from the Toyota Retail Business
- Seek risk diversification and increase capital efficiency through business investment, etc. focusing on the United States, where there is considerable room for development, and Asian emerging markets, where growth can be expected.
- Strengthen organizations and the framework for governance and expand initiatives to develop human resources overseas

### Expand revenue at MS Amlin

- Reduce volatility from natural disasters  
Further reduce net risk amount, review underwriting conditions and premium rates, and improve management techniques for natural catastrophe risks, including reviewing methods for setting plan values
- Build a high-profitability portfolio  
Improve the profitability of the portfolio as a whole through profitability-focused KPI management, and expand underwriting of risks with a low correlation to natural catastrophe risks through MGAs(Note) with high levels of expertise and strength in specific business lines
- Increase business efficiency  
Increase business efficiency through a review of organizations, staffing, business processes, systems, brokers dealt with and other aspects

(Note) Managing General Agency (MGA): general agency with insurance company functions, excluding underwriting.

Scale of profit\* JPY 73.0 bn (FY2023) → JPY 86.0 bn (FY2025)

### Earnings improvements for the Toyota Retail Business

- Improve revenue in the Toyota Retail Business by implementing underwriting and premium rate measures
- Roll out telematics insurance, etc. in conjunction with Toyota's new car sales around the world and its connected strategy. Expand the product lineup in markets that we have already entered and expand into new countries and regions

Combined Ratio 109.4% (FY2023) → 100.9% (FY2025)

### Tap into growth in Asian markets

- Strengthen sales channels through cooperation and collaboration with platform operators and other parties that have customer bases
- Expand revenue by utilizing digital technologies and pursue customer service improvements and greater efficiency through the simplification of products and services

CAGR for profit Aim for CAGR of **7%**

### Accelerate growth through business investment, etc.

- Accelerate the growth of the US business  
Accelerate the growth of the US business chiefly by expanding the MGA business, especially MS Transverse's business
- Make business investments for growth  
Seek risk diversification and realize improvement in capital efficiency and enhancement of corporate value by considering and making business investments focusing on the United States, where there is considerable room for development, and Asian emerging markets, where growth can be expected

Scale of profit\* JPY 4.3 bn (FY2023) → JPY 31.0 bn (FY2025)

Scale of profit\* JPY 3.0 bn (FY2025)

### Demonstrate group synergy

- Conduct sales in overseas markets based on cooperation between Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance including collaboration in Southeast Asia

**Strengthen organizations and the framework for governance and expand initiatives to develop human resources overseas**

\*J GAAP

# 6-4. Digital and Risk-related Services Business

- Create new services and business opportunities using digital technologies and data before and after coverage and protection, with MS&AD InterRisk Research & Consulting (hereinafter “MS&AD InterRisk Research”) leading the Group, as a “Risk Solution Platformer”
- Promote sales of solutions before and after coverage and protection through the Group’s integrated operations and aim to move into the black in FY2027

## Expand the risk management business led by MS&AD InterRisk Research leveraging digital technologies and data

Step up the development of solutions before and after coverage and protection through integrated operations led by MS&AD InterRisk Research, and provide seamless risk management services as a group Going forward, develop and provide services and digital products primarily in the fields of disaster prevention and mitigation, cyber, sustainability, cyber risk, sustainability, risk management, BCP, BCM, etc.

### Action support service in the event of natural disasters

A service that helps a company’s disaster response manager at a business site’s initial response be autonomous, quick, appropriate and flexible in the event of a natural disaster



### Cyber incident response service

Provide incident response coordination as a service to small and medium-sized enterprises that cannot respond to cyber incidents on their own



### RM NAVI

Provide a wide range of risk information, reports and consulting services through a portal site to individuals at varying levels from risk management beginners to experts



## Enhance the value we provide to customers through solutions before and after coverage and protection

Incorporate proposals for solutions before and after coverage and protection in the process of providing insurance and take full advantage of the Group’s sales network to provide safety and security to as many customers as possible. Improve profitability by preventing and reducing accidents



[Quantitative targets in digital and risk-related services business]

Size of sales\*

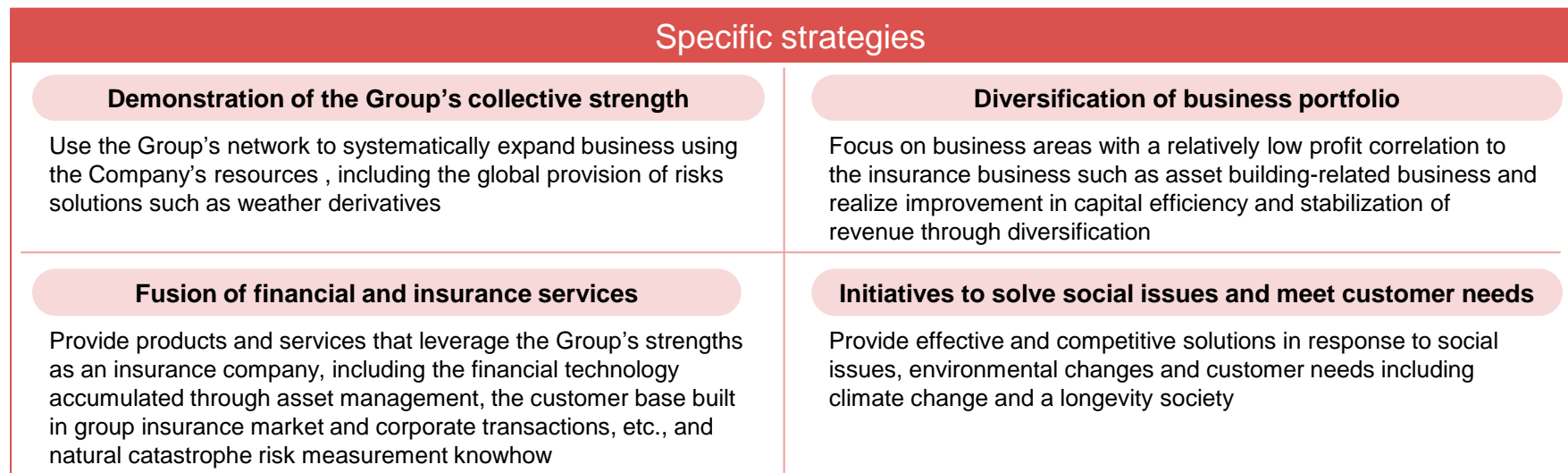
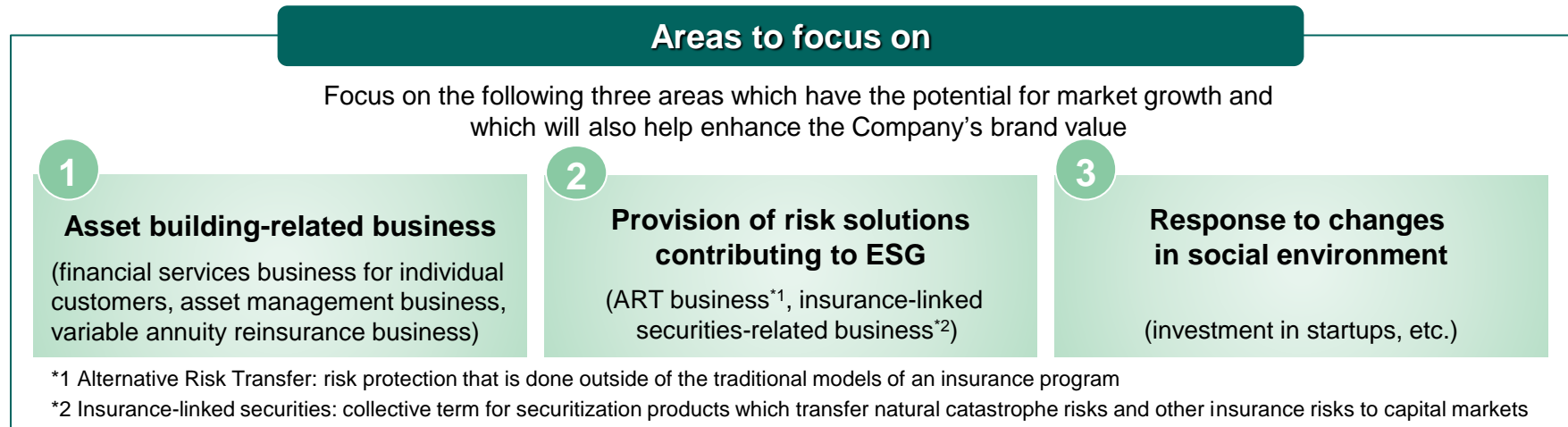
JPY 39.0 bn (FY2023) → JPY 47.0 bn (FY2025)

\* Excluding the sales of the companies whose shares were sold in FY2023, specifically Mitsui Sumitomo Insurance Care Network (sold in June 2023) and Fureai Do-Life Services (sold in January 2024)



## 6-5. Financial Services Business

- Provide diverse products and services that go beyond insurance and make a stable contribution to revenue by leveraging the Group's collective strength to expand business in light of social issues, environmental changes and customer needs



## 6-6. Asset Management

- Expand investment in assets including overseas assets through the sharing of information, knowledge and resources among Group companies

### Improvement of returns

- Scale up investment in assets expected to generate returns (foreign bonds, foreign equity, alternative investments, etc.), taking into consideration changes in the market environment, including rises in domestic interest rates. Step up investment in private equity and other high return assets in particular
- Pursue returns on ALM assets (bonds, etc.) by expanding investment in credit risk, etc. and diversifying

### More sophisticated ESG investment and financing

- Promote efforts to engage in dialogue that takes into account ESG elements, including climate change
- Carry out impact investment and accumulate expertise
- Implement Group joint initiatives aiming for net zero carbon emissions by 2050
  - Measure greenhouse gas emissions of owned assets
  - Finance technologies and research to achieve a decarbonized society

### Reduction of strategic equity holdings

- Plan to accelerate the reduction of strategic equity holdings and sell all remaining strategic equity holdings by the end of the period of the next medium-term management plan (March 31, 2030)

### Initiatives to support the above

#### Demonstrate group synergy (Implementation of One Platform strategy)

- Use overseas asset management company MSR<sup>\*1</sup> as Group shared platform
- Share information obtained by MSR within the Group and conduct initiatives such as monitoring and training of specialist human resources by MSR
- Exchange information between Group companies,<sup>\*2</sup> form a common human resource development policy

\* 1 Asset management subsidiary established by Mitsui Sumitomo Insurance in January 2022 in a joint venture with Swiss asset management company LGT Capital Partners in New York

\* 2. Strategies, plans, market outlooks, ESG initiatives, etc.

#### Measures to avert extreme downturn in periodic profit and loss after adoption of IFRS

- Flexibly allocate assets according to market trends
- Develop more sophisticated foreign exchange and stock price hedging methods



## 7. Capital Strategy

### Shareholder returns policy

- Provide shareholder return based on shareholder dividends and repurchase of own shares by adopting a benchmark of 50% of Group Adjusted Profit from FY2022 to FY2025
- For the basic return, we increase dividends per share in line with the growth of profit. In principle, the Company does not reduce ordinary dividends. It will distribute a portion of the profits gained from the acceleration of sales of strategic equity holdings to shareholders as special dividends.\*  
\*Extra dividends paid to shareholders when exceptional profits are posted in addition to the ordinary dividends paid each accounting period.
- Provide additional returns in an agile and flexible manner, in light of market trends, the business environment, capital status and other factors

### Investment policy

#### Strengthen

Investment to strengthen the competitiveness of existing businesses

- We will carry out investments that demonstrate a strong awareness of ROI, including investments aimed at promoting digitalization, such as investments in information systems.

#### Expand

Investment to diversify and expand the business portfolio

- We will consider the investments from the perspectives of shared values, sustainable growth models and risk diversification in terms of geography and business category.
- Targets will include specialty investments and MGAs in the United States and the retail insurance market in Asia

#### Innovate

Investment to create new business territories

- Investment to search for technologies and business models that will be game changers over the next 3 to 5 years

### ESR

- Set target range at 180-250%.

# [Reference] Recognition of Business Environment

## Politics (regulatory trends that impact business)

Worldwide

- Dealing with climate change, reinforcement of regulations toward carbon-free society
- Strengthening capital regulations (Risk-based Global Insurance Capital Standard (ICS))
- Increased polarization and the rise of populism and nationalism
- Growing interest in and legislation on protection of human rights and reinforcement of personal information protection regulations
- Rising tensions between the United States and China and the United States and Russia, and growing importance of economic security

Japan

- Changes in soft law (Corporate Governance Code, Stewardship Code)
- TSE's request that PBR improvement measures be disclosed
- Business improvement order related to the insurance premium adjustments and the fraudulent insurance claims by agents
- Request that strategic equity holdings be reduced to zero

## Society (demographics, values, trends, etc.)

Worldwide

- Climate change, more severe and frequent natural disasters, increasing probability of the occurrence of massive earthquakes, and trends in the reinsurance market (hardening for some time to come)
- Expansion of regional conflicts, expansion and consolidation of disparities such as that between poverty and wealth, increase of immigrants/refugees
- Population growth in Asia (especially India) and Africa
- Rising momentum of initiatives to address social issues
- Alliances and collaboration that extend beyond industry frameworks and competitive environments

Japan

- Decrease in total population (working age population), advancement of regional depopulation /regional revitalization
- Labor shortages, pay increases, diversification of workstyles and the importance of engagement
- Further advancement of falling birthrate and aging population, increase in elderly people with dementia
- Expansion of remote medical care and online consultations, advancement of preventative medicine
- Aging of infrastructure and facilities

## Economy (economic levels, foreign exchange, interest rates, etc.)

Worldwide

- Recovery from effects of new coronavirus (COVID-19)
- A slowdown in China's economic growth due to the decoupling of the United States and China
- Rising consumer prices and interest rates, continued inflation and tapering of monetary easing
- Expansion of ESG investment and mandatory climate- and nature related disclosures (TCFD, TNFD)

Japan

- BOJ's strategy to exit the easy money policy (potential rate increases)
- Decrease in car sales, number of vehicles owned, and new housing starts
- Expansion of sharing economy and subscription business
- Advancement of health and expansion of healthcare

## Technology (technology trends that impact business)

Worldwide

- Appearance of new business models created by digital platformers
- Rapid evolution of generative AI and a rapid increase in its use, and countermeasures against related risks (increasing amount of fake news, etc.)
- Advancement of 5th generation mobile communication system (5G), increased penetration of 6G, and increase in the number of IoT devices
- Developments in digital technology, increased cyber risk
- Electrification and technological advancement of vehicles, CASE, MaaS, flying cars
- Boom of data-related business, threat of Big Data monopoly
- Advancement of technology related to renewable energy and hydrogen energy

Japan

- Increased penetration of digital technologies into our daily lives, such as cashless payments (Society 5.0, digital twin, Web 3.0)

- The domestic non-life insurance market has been growing steadily. However, in the short term, revenue is declining due to natural disasters, large losses, the increased frequency of accidents and ongoing inflation. Factors such as Japan's shrinking population, declining birthrate and aging population as well as fewer traffic accidents due to advanced safety systems are likely to cause contraction in the traditional markets of car insurance and fire insurance in the medium and long term.
- Growing interest in social issues such as climate change and extension of healthy lifespan and changes in the social environment such as increasing digitalization are giving rise to new risks and new insurance needs to address such risks.

**Drastic business style reforms (creation of new value and business reforms) to achieve sustainable enhancement in enterprise value**