

MS&AD Insurance Group Holdings FY2023 ESG Meeting

Thursday, January 25, 2024

Today's program

■ Presentation/Dialogue

15:00-15:10 Three Priority Issues in Medium-Term
Management Plan 2022-2025 (Materiarity)
(Mr. Higuchi, CFO)

15:10-15:30 MS&AD's Human Asset Management
(Ms. Bando, Outside Director × Mr. Tamura, CRO)

■ Discussion

15:30-16:30 Exchange of opinions, Q & A session



Mariko Bando
Outside Director
(Appointed in June 2017)



Tetsuji Higuchi
Representative Director,
Executive Vice President,
Group CFO



Satoru Tamura
Senior Executive Officer, Group CRO
(in charge of HR)

Biographies



Mariko Bando
 Outside Director
 Chairperson of Remuneration
 Committee

| | |
|------------|---|
| July 1969 | Entered the Prime Minister's Office |
| Oct. 1985 | Counselor to the Prime Minister's Secretariat, Cabinet Councilor |
| July 1989 | Director of Consumer Statistics Division, Statistics Bureau, Management and Coordination Agency |
| July 1994 | Director of Gender Equality Bureau, Cabinet Secretariat |
| April 1995 | Vice-Governor of Saitama Prefecture |
| June 1998 | Consul General of Japan in Brisbane, Australia |
| Jan. 2001 | Director General of Gender Equality Bureau, Cabinet Office |
| Oct. 2003 | Director, Incorporated Educational Institution, Showa Women's University |
| April 2007 | President, Showa Women's University |
| April 2014 | Chancellor, Incorporated Educational Institution, Showa Women's University |
| July 2016 | Chairperson of the board, Showa Women's University (present) |
| June 2017 | Director, the Company (present) |



Tetsuji Higuchi
 Representative Director,
 Executive Vice President,
 Group CFO

- 1984: Joined Sumitomo Marine and Fire Insurance
 Has business experience in sales, product operations, human resources, and corporate planning.
- Present position since April 2021.

<Areas of responsibility>

Corporate Planning Dept. Digital Innovation Dept. (deputy in charge) Corporate Communications and Investor Relations Dept. International Supervisory Dept. International Business Planning Dept. (deputy in charge) Internal Audit Dept. Capital Policy



Satoru Tamura
 Senior Executive Officer,
 Group CRO
 (in charge of Human
 Resources)

- 1985: Joined Chiyoda Fire & Marine Insurance.
 Has business experience in sales, sales planning, and corporate planning.
- Present position since April 2022.

<Areas of responsibility>

Human Resources and General Administration Department, Accounting Department, Compliance Department, Corporate Risk Management Department, Internal Audit Department



I. Medium-Term Management Plan 2022-2025 Implementation Status of 3 Key Issues (Materiality)

**MS&AD Insurance Group Holdings, Inc.
Representative Director, Executive Vice President, Group CFO
Tetsuji Higuchi**

Aim of the Medium-Term Management Plan 2022-2025

■ MS&AD Group's 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



Vision for 2022-2025 of the Medium-Term Management Plan

As a platform provide 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, payment services and risk consulting that utilize digital technologies.

CSV (Creating Common Value with Society) Contributing to Solving Social Issues × Improving Corporate Value



Vision for 2030

Corporate group that support a resilient and sustainable society

Three Key Issues: (1) Planetary health(Climate change)

- The MS&AD Group has identified ' Planetary Health', ' Resilience', and ' Well-Being' as three particularly important social issues (materiality) to address.

Planetary Health



Symbiosis with the global environment

Major Initiatives

- Action on climate change aiming for net zero carbon emissions by 2050
=>See page 6.
- Improvement of the sustainability of natural capital
=>See page 7.

Resilience



Safe and secure society

Major Initiatives

- Measures to address new risks that emerge with the transformation of society
=>See page 9.
- Regional revitalization. Creation of a resilient and inclusive society
=>See page 8.
- Loss prevention/mitigation through the utilization of data and AI
=>See page 8.

Well-being



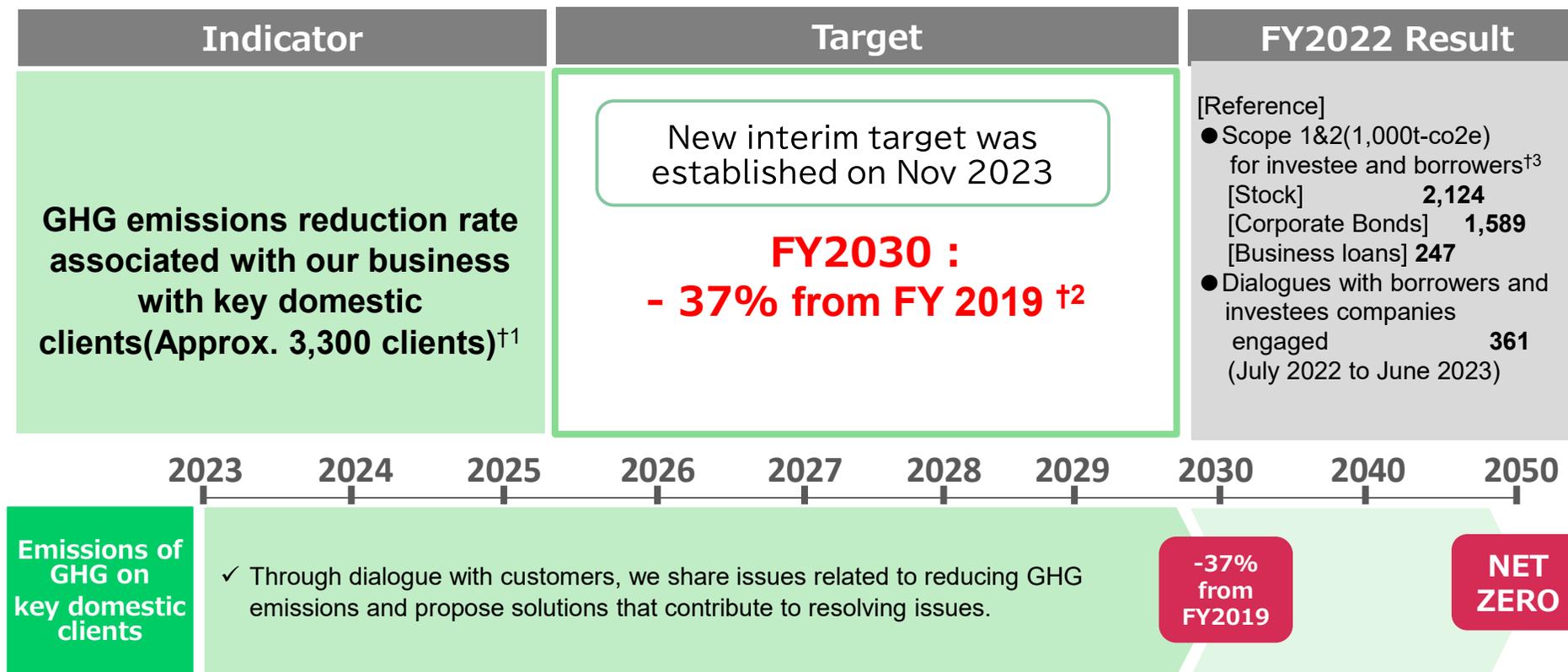
Happiness of diverse people

Major Initiatives

- Improvement of employee engagement
=>See page 11.
- Adaptation to a society of healthy longevity
=>See page 10.
- Respect for human rights
=>See page 11.

Three Key Issues: (1) Planetary health(Initiatives against climate change)

- We have established target Indicators to achieve NET ZERO by 2050. On November 2023, we established a new Interim target to reduce greenhouse gas(GHG) emissions by 37% (compared to FY2019) at our major clients in Japan by FY2030.
- Through dialogue with our clients, we will work to reduce GHG emissions throughout society through partnerships.



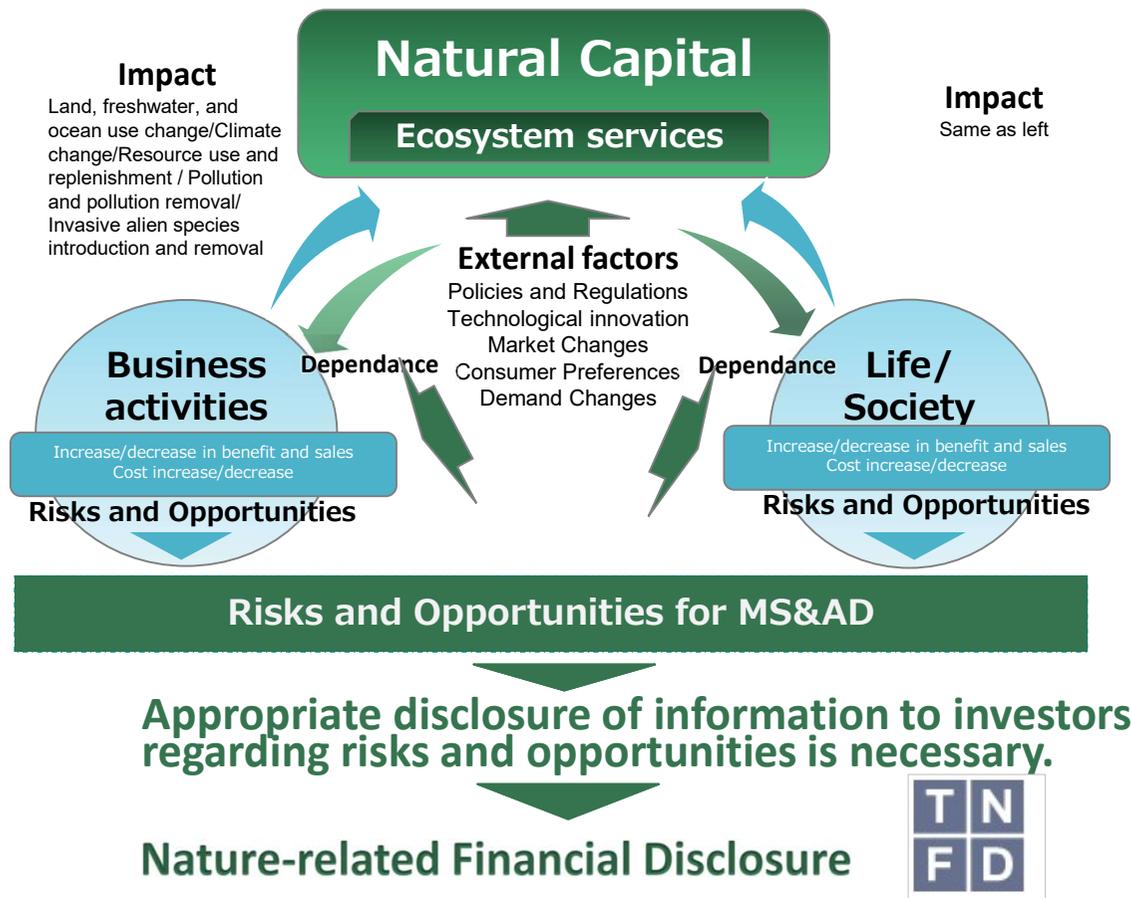
†1:GHG emissions of key domestic clients (approx. 3,300/related to our company as policyholder and investees and borrowers)

†2:Calculated from GHG emissions target of Japan's NDC (Nationally Determined Contribution) in FY2030 and the total emission result figures in FY2019

†3:Calculated in FY2022 based on outstanding investments and loans at the end of FY2021

Three Key Issues: (1) Planetary health(Initiatives for Natural capital, Biodiversity)

- The initiatives against climate change, natural capital/biodiversity are priority that determines the medium to long-term sustainability of business activities.
- We play a leading role as convener of the Japan Council for TNFD + . In accordance with the recommendations of TNFD, we analyzed the dependence and impact of our group's business activities on nature, identified risks and opportunities related to nature, and disclosed them in our Integrated Report in August.



As the Nature Positive Finance Alliance (FANPS) to support corporate sustainability, Started providing support services for TNFD response

FANPS Member

Established on February 2023 for the purpose of promoting and supporting the nature positive transformation of business activities in enterprises



NB: TNFD- Taskforce for Nature Related Financial Disclosure

Three Key Issues (2) Resilience(Disaster prevention, mitigation, and local revitalization using data and AI)

- Utilize data and AI to develop and monetize products and services that provide new value before and after compensation (before and after an accident). In addition, disaster prevention and mitigation activities in cooperation with local governments and others aim to lead to the revitalization of local communities.
- Knowledge gained through start-up investments such as MS & AD Ventures is used by the entire group.

Accident and disaster prevention services

| | |
|-----------------------------------|---|
| ① Automobile Accidents Prevention | <ul style="list-style-type: none"> • Drive recorder Road Manager • Accident Risk AI Assessment |
| ② Disaster Prevention | <ul style="list-style-type: none"> • Disaster Prevention Dashboard • Real-Time Damage Prediction Website cmap *2.73 million accesses per year |



Accident occurrence AI assessment

Traffic accident risk visualization tool for local governments



Disaster prevention dashboard

Weather and disaster data for local governments × Disaster prevention and mitigation support system using AI



A web service for local governments that supports disaster prevention and mitigation in local communities by displaying advance disaster risk forecasts, real-time visualizations, and post-disaster damage estimates on dashboards

Drive recorder Road Manager

Support road inspection through public-private DX.
Realization of an accident-free mobility society



We were awarded numerous awards for the ability to improve the efficiency of road management operations through cooperation between the public and private sectors.

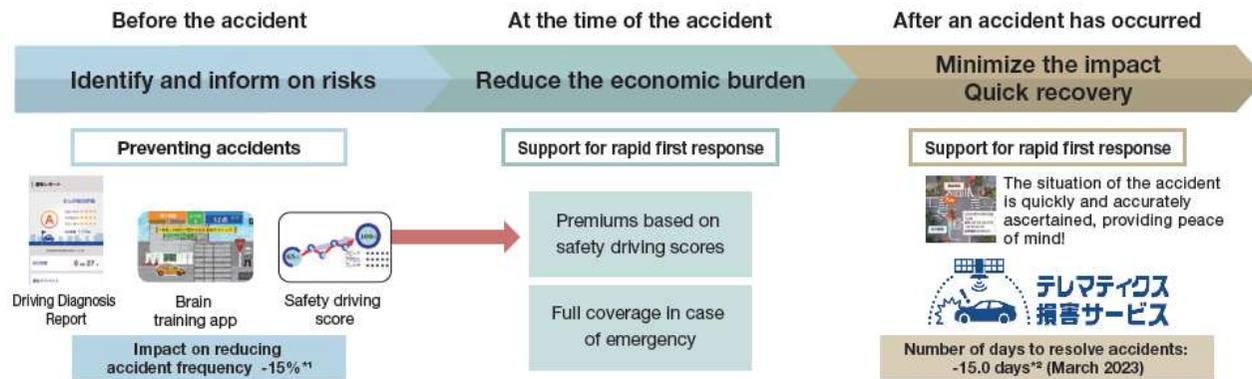


Three Key Issues (2) Resilience (products and services that respond to new risks)

- We offer telematics automobile insurance and cyber insurance as products and services before and after compensation for new risks that will become apparent as society changes.

Before and after compensation
Value provision

Automobile insurance using telematics technology and accident reduction service "Telematics Auto Insurance"



Watchful Car Insurance (Draeco Car Insurance)



More than 2 million!

from insurance after an accident. To insurance that doesn't cause accidents.

Before and after compensation
Value provision

"Watchful Cyber Insurance" to protect corporate safety



Cyber Risk Products 20,165 companies

*protected from cyber risk
Number of corporations and organizations

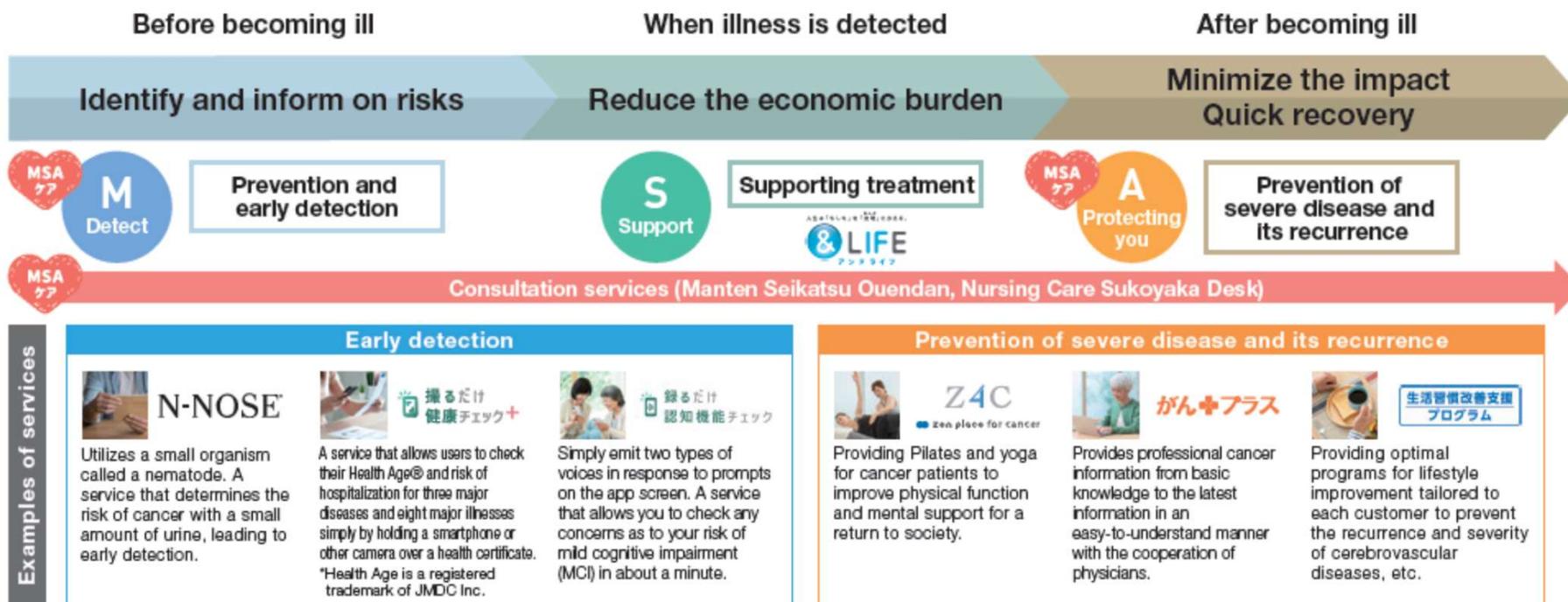
We provide support for cyber security measures and cover against damage from cyber attacks in case of an emergency.

Three priority issues (3) Well-being (dealing with a healthy and long-lived society)

- Development of MSA Care, a healthcare brand that aims to provide total support for customers' health.
- We provide support before and after illness including prevention and early detection of illness, prevention of severe illness and recurrence, and health consultation as seamless services.

Before and after compensation
Value provision

MSA Care provides total support for the health of our clients



Three Key Issues: (3) Well-being (Improvement of employee engagement and respect for human rights)

- To improve employee engagement, it is important to create a working environment that provides opportunities for autonomous career development; flexible, efficient, and effective work styles; and a corporate culture that encourages taking challenges. A number of initiatives are underway.
- With regards to human rights, we will establish and execute a human rights due diligence system, a management system that respects human rights based on the United Nations Guiding Principles on Business and Human Rights. Our goal is to increase corporate value by creating a value chain and internal environment that are free from human rights violations.

Improvement of employee engagement

- Opportunities for autonomous career development for employees

Post-Challenge, Free Agent

*Number of post-challenge applications in FY2022: 376

- Flexible and diverse working styles, management that encourages taking new challenges

Introduction of job-type employment
Skill expansion through relaxation of
side and dual employment

Flexibly allowing employees to choose
whether to relocate in accordance with
their career vision and life events.

Respect for human rights (Three priorities)

Fair and unbiased
customer service

Initiatives to address
human rights at business
partners and agents

Consideration of employee
health and achievement of
a non-discriminatory work
environment



Implementation of preventive and corrective measures, including addressing the needs of the elderly, persons with disabilities, and the LGBTQ community, as well as implementing anti-harassment measures in accordance with human rights due diligence.

Three Key Issues: (KPI Progress)

- We set KPIs for each priority issue in order to become “a corporate group that supports a resilient and sustainable society”. The progress has generally been steady.

Green: exceeded the target / Yellow: below the target but recoverable / Red: target revision needed



| Key Issues | KPI Progress | Target | FY2022 Results | Rating |
|--|--|-----------------------------------|-----------------------|--------|
| Symbiosis with the global environment (Planetary Health) | Greenhouse gas reduction rate (vs. FY2019) | FY2030: - 50% FY2050: Net Zero | -26.8% (Scope 1+2) | |
| | Renewable energy usage rate | FY2030: 60% FY2050: 100% | 21.1% | |
| | FY2025 Premium growth rate of products which contribute to decarbonization and a circular economy (e.g., carbon neutral support clause) | Annual average: 18% | 17.9% | |
| Safe and secure society (Resilience) | FY2025 Rate of increase in the number of policies for products that contribute to the enhancement of resilient society e.g., cybersecurity insurance) | Annual average: 20% | 29.4% | |
| | FY2025 Instances of support for the resolution of issues faced by regional companies (e.g., seminars on regional revitalization) | 10,000 instances a year | 12,349 | |
| Happiness of diverse people (Well-being) | FY2025 Instances of support for companies' action on human rights (e.g., harassment prevention consulting) | 1,000 instances a year | 1,111 | |
| | FY2025 Number of policies in force for asset-building products to support longevity (e.g., tontine annuity insurance) | 100,000 | 50,000 | |
| | FY2025 Number of policies in force for products which help solve health-related social issues (e.g., medical insurance covering dementia, infertility treatment) | 2.6 million | 2.17 million | |

NB KPI data was re-calculated and updated from the figure disclosed on May 2023.



II. Human Capital Management of MS&AD (Discussion)

MS & AD Insurance Group Holdings, Inc.

Mariko Bando

Outside Director

Satoru Tamura

Senior Executive Officer, Group CRO (in charge of Human Resources)

Vision for Human Assets in 2030

Human assets empowered to act autonomously, rise to the challenge of leading change, and create new value

40,000 people across the Group delivering the value creation story

Mission

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

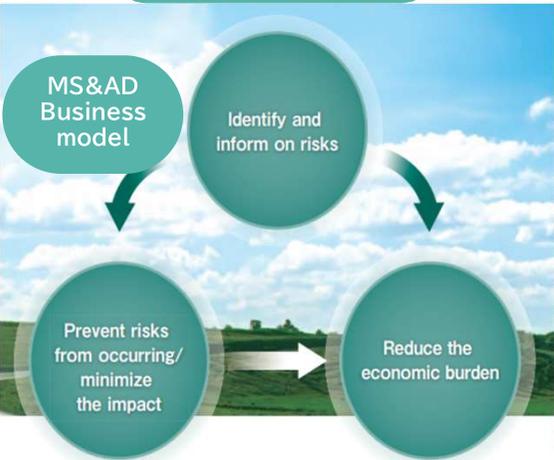
Social issues

Various risks



Solving Social Issues through Business

CSV initiatives



Vision for 2030

Corporate group that support a resilient and sustainable society

- Stable people's lives
- Active business activities
- Providing safety and security

Human Asset strategy linked to management strategy

Human assets are the group's greatest asset and the driving force behind the improvement of corporate value



Be agile and flexible in responding to changes in the business environment



Utilize diversity as our group's strength

| Development of an optimum human resource portfolio | |
|---|---|
| Reskilling and recurrent training | <ul style="list-style-type: none"> • Enhancement of menu for self-directed learning • Improvement of the level of both business and digital skills |
| Retention and active participation of specialist human resources | <ul style="list-style-type: none"> • Enhancement of training for specialist human resources • Diversification of recruitment • Personnel systems suitable for specialist human resources |
| Full demonstration of employees' abilities, skills and fulfillment of their ambitions | |
| Development of an attractive workplace environment | <ul style="list-style-type: none"> • Opportunities for self-directed career development • Flexible and diverse work styles • Management that encourages employees to take on new challenges |
| Diversity, Equity, and Inclusion | <ul style="list-style-type: none"> • Diversification of decision-makers • Management that draws out and utilizes diverse opinions and ideas • Human resource exchanges among Group employees |
| Health and productivity management | <ul style="list-style-type: none"> • Initiatives to maintain and advance the health of employees to enable them to work with vigor and enthusiasm |

Current situation of As is – To be

As is

- Need more human assets who can work autonomously to improve their business and digital skills, create new products and services, and solve social issues. In particular, digital human assets and specialized human assets need to be secured systematically in terms of both quality and quantity.
- Although the Company has secured the necessary overseas human asset, it is necessary to develop them in a systematic and sustainable manner.

- The organization lacks inclusive management that incorporates the knowledge, experience, opinions, and ideas of diverse employees.
- There is a lack of diversity among decision makers and insufficient support from management to take on challenges.



Human assets

×

Organization



To be

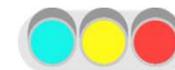
- The Company is continuously producing human assets that are empowered to act autonomously, rise to the challenge of leading change, and create new value
- CSV × DX × Global. Continually securing digital human assets, specialized human assets, and overseas human assets capable of transforming the business and risk portfolio.

- An open and flat organization that maximizes the strength and individuality of a diverse workforce has been achieved.
- Diversity in decision-making and fairness in opportunities to take on challenges are ensured. An inclusive organizational management system that elicits and incorporates opinions and ideas to create an environment in which employees can work with enthusiasm has been established.

KPI Progress in Human Resources Strategy

Evaluation

Green: exceeded the target
 Yellow: below the target but recoverable
 Red: target revision needed



| Item | KPI | FY2025 Target | FY2022 | Status |
|--|--|-----------------------------|---------------|--------|
| Employee engagement | Employee satisfaction(Pride in work) | Current level or higher | 4.4pp | |
| | Employee satisfaction(Working with motivation) | Current level or higher | 4.6pp | |
| Item | KPI | FY2025 Target | FY2022 | Status |
| Human asset portfolio | Digital human asset | 7,000 persons | 3,601 persons | |
| | Employees for int'l business | 1,200 persons | 1,182 persons | |
| Item | KPI | Target | FY2022 | Status |
| Maximizing employees' abilities, skills and motivation | Percentage of female managers | 30.0%(At the end of FY2030) | 19.5% | |
| | Percentage of female line managers | 15.0%(At the end of FY2030) | 12.9% | |
| | Percentage of Male childcare leave taking | 100%(FY2025) | 92.5% | |
| | Duration of Male childcare leave | 4 weeks(FY2025) | 8.1days | |
| Item | KPI | FY2025 Target | FY2022 | Status |
| Productivity improvement | Personnel Expense rate | 8.5% | 9.2% | |

※ KPI data was re-calculated and updated from the figure disclosed on May 2023

Direction of the Human Assets Strategy at 2nd stage(2024-2025) of Mid term management plan

1

Skill improvement and autonomous career development



2

Empowerment of diverse human assets

- ① Optimization of human assets portfolio
- ② Fostering of corporate culture that embraces and leverages diversity



3

Well-being



4

Response to labor shortages and changes in hiring environment



[Reference Materials]

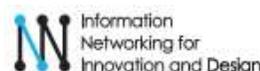
[Reference Materials] Development of Digital Human Assets

Develop digital human assets focusing on both business and data analysis advantages through industry-government-academia collaboration

| Digital human assets | Desirable human assets |
|----------------------|---|
| Business | Capable of creating and expanding business by leveraging DX |
| Data analysis | Capable of demonstrating high skills and expertise to achieve business goals including advanced data analysis |

MS&AD Digital Academy

Collaboration with INIAD (Toyo University's Faculty of Information Networking for Innovation and Design)



- **Cumulative number of participants: 788**(FY2018-FY2022)

MS&AD Digital College from Kyoto

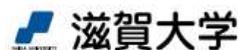
Collaboration with KUAS (Kyoto University of Advanced Sciences)



- **Cumulative number of participants: 431** (FY2020-FY2022)

Data Science Training

Collaboration with Shiga University

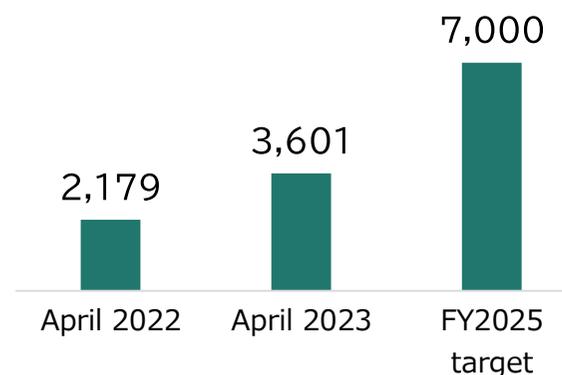


Development of data scientists in the medical field

Collaboration with Tokyo Medical and Dental University



Digital human resources (persons)

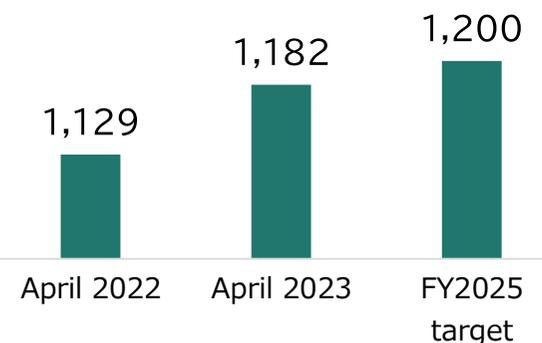


[Reference Materials] Development of Global Human Resources

Development of managerial and specialized human assets (e.g., accounting, finance, IT, risk management) in a multifaceted and systematic manner

| | Training Program | Cumulative participants |
|---|-----------------------------------|----------------------------|
| Managerial human assets training | Global Leader Development Program | 74 persons (FY2013–FY2022) |
| Specialized human assets training | Global Expert Development Program | 88 persons (FY2014–FY2022) |
| Managerial human assets training for employees hired overseas | Global Management Training | 54 persons (FY2021–FY2022) |

Overseas human resources (persons)



Overseas Dispatch Training System

337 cumulative participants (FY2013–FY2022)

The assignments are typically for one year or longer. The program is designed to produce human assets capable of supporting international business development in the medium to long term.

Global Trainee Program

1,085 cumulative participants (FY2013–FY2022)

This initiative is designed to provide the skills and knowledge required of overseas human assets through a week-long simulated global business experience of working with international colleagues.



[Reference Materials] Hiring of Alumni

Creating innovation through a network of alumni who understand both internal and external culture

Online networking events

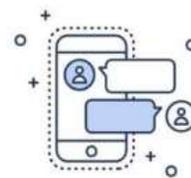


The events are based on the concept that departure marks the beginning of a new relationship with an employee, rather than the end.

Alumni-only social networking app



The listing of alumni members' current business statuses is useful for networking with a variety of companies.



Alumni members can easily exchange information with each other.



The opportunity to catch up with a single click allows for continued casual communication.

[Reference Materials] Inclusive Leadership

e-business seminar as an experience of inclusion



so far
Approximately 200 employees and 30 executives have participated

| Corporate Valuation Framework | | | | |
|--|--|--------------------------|--|---|
| We need to not only look at the value of the company on the own side, but also understand what the value of the company looks like from the investor side. | | | | |
| There are two major frameworks for evaluation methods. | | | | |
| | Concept | Target financial figures | Merit | Demerit |
| DCF method | The scale factor shall be applied on behalf of assumption | Distant future figure | Calculated based on the company's future business plan | Various assumptions required and computationally cumbersome |
| similar firm comparison method | Calculate the scale figure based upon the law of one price | Near future figure | Corporate value is calculated by using indices of similar companies. | Can't reflect minor differences such as differences between similar companies and own business models |



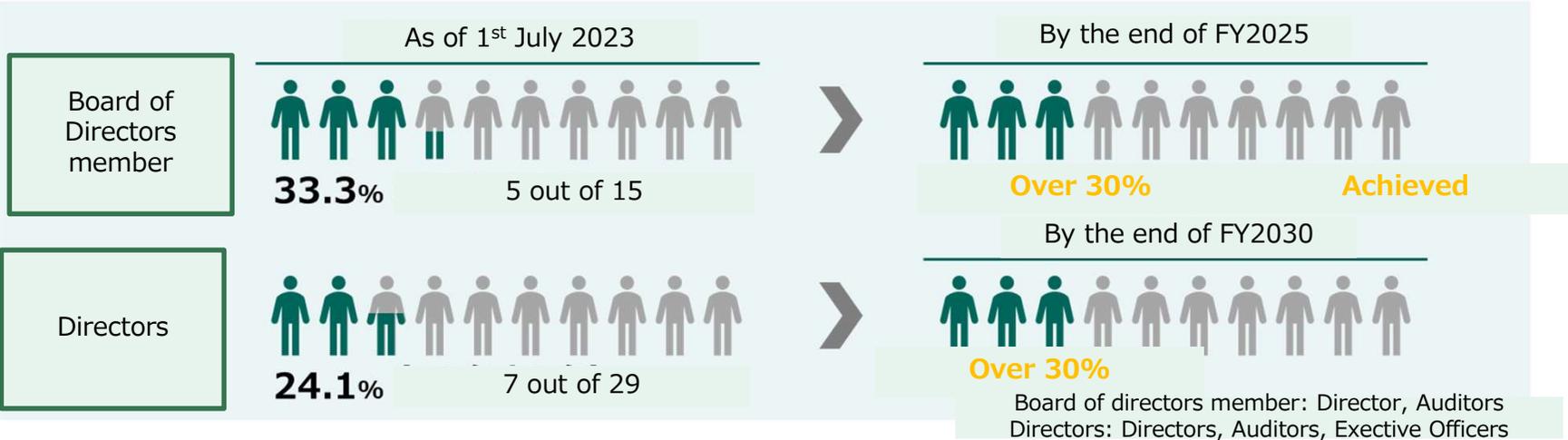
Examples of themes for FY2023

- Awareness of well-being
- The path to a truly global company
- Learn about online non-life insurance and establish Mitsui Direct General's growth strategy!

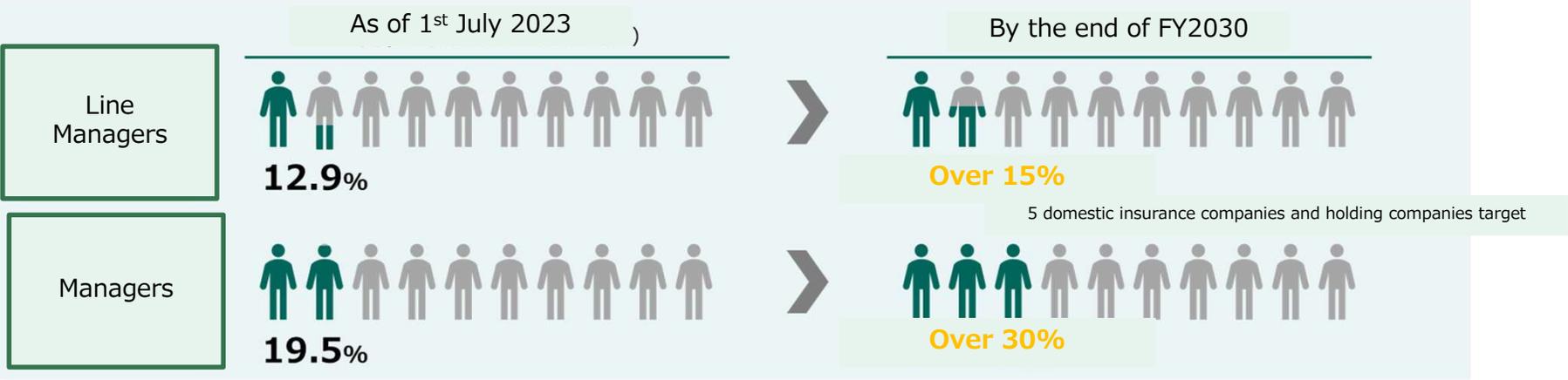
[Reference Materials] Appointment of women

Diversification of decision-making layers

Directors



Managers



[Reference Materials] Efforts to Develop Pipeline for Promoting Women

1 Association of Female General Managers



2 Appointment of women as non-executive directors of affiliated operating companies

3 Creation of deputy general manager and assistant branch manager posts

4 Mentor system



III. Questions and Answers