



MS&AD Insurance Group Holdings

FY2022 ESG Meeting

Monday, January 23, 2023

Today's Program

**15:00-15:10 MS&AD's Sustainability Priority Issues
in the Medium-term Management Plan 2022-2025
(Presentation by Mr. Higuchi, CFO)**

**15:10-15:25 MS&AD's Corporate Governance
(Presentation by Mr. Tobimatsu, Outside Director)**

15:25-16:25 Q&A



Tetsuji Higuchi
Executive Vice President & CFO



Junichi Tobimatsu
Outside Director (Appointed in June 2018)

Biography of Mr. Tobimatsu, Outside Director



Junichi Tobimatsu
Outside Director
Chairperson, Governance Committee

| | |
|------------|--|
| April 1998 | Registered as Attorney-at-Law Attorney-at-Law, Mori Sogo (currently, Mori Hamada & Matsumoto) |
| June 2004 | Registered as Attorney-at-law in N.Y. |
| April 2010 | Associate Professor, Graduate School of Law and Political Science, the University of Tokyo |
| July 2016 | Attorney-at-law, Tobimatsu Law (currently, GAIEN PARTNERS) (present) |
| June 2018 | Director, the Company (present) |



I. MS&AD's Sustainability Priority Issues in the Medium-term Management Plan 2022-2025

Tetsuji Higuchi

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

Aspiration of the Medium-term Management Plan (FY2022-2025)

■ 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

Aspiration of the Medium-term Management Plan (FY2022-2025)

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, payment services and risk consulting that utilize digital technologies.

CSV (Creating Shared Value)

Contribution to solutions for social issues × Enhancement of corporate value

Aspiration for 2030

A corporate group that supports a resilient and sustainable society

Stability in people's lives

Dynamic business activities

Provision of safety and peace of mind

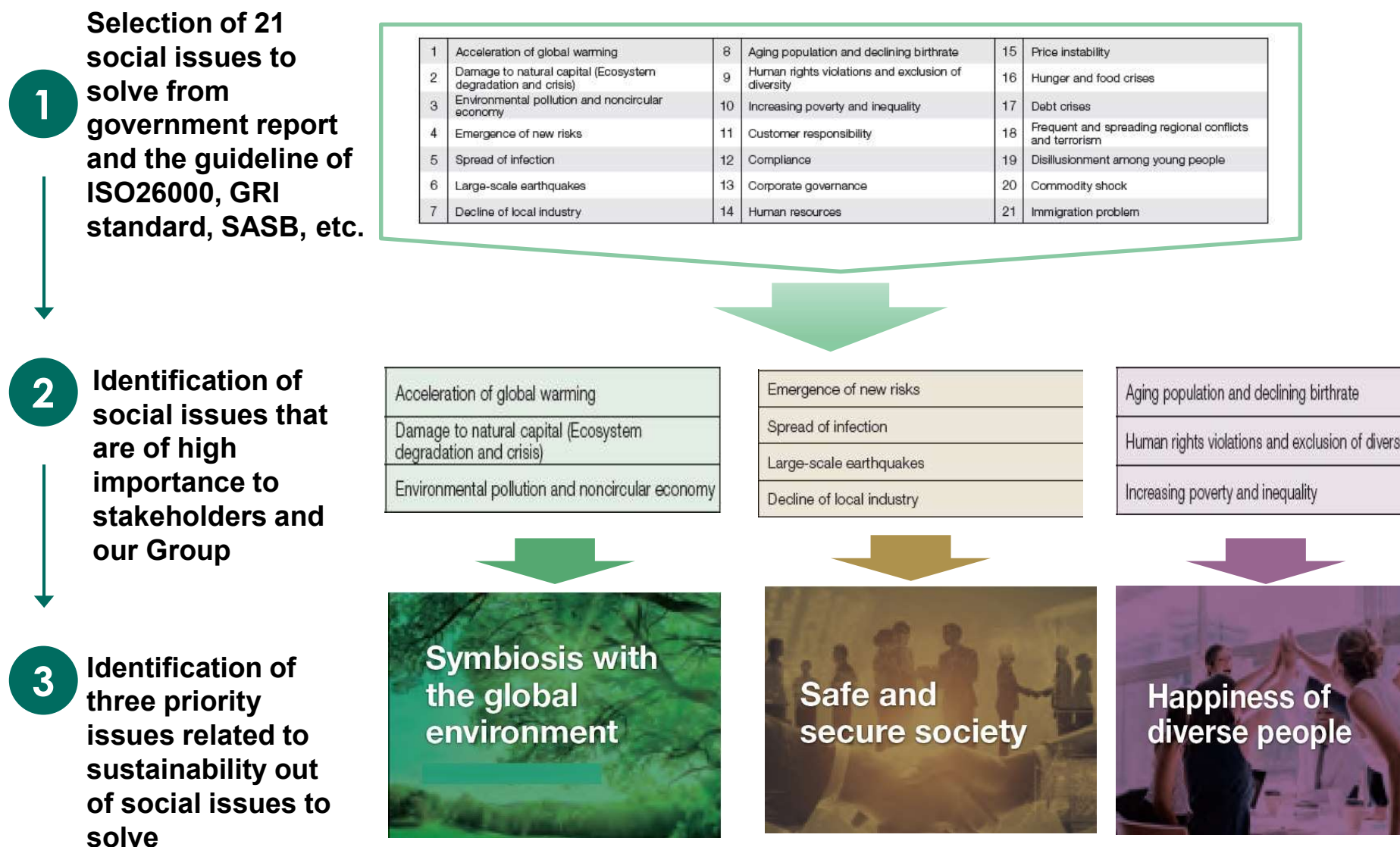
Three Priority Issues of the Medium-term Management Plan 2022-2025 (Materiality)

We have newly identified the three priority issues (= materiality) related to sustainability in the 2022-2025 medium-term management plan.



Process of Identifying Three Priority Issues

The background and process for identifying the three priority issues are as follows.



*The above are priority issues related to sustainability

Significance of Tackling the Three Priority Issues and Aspirations

Why are the three priority issues important to our Group?

Mission for an insurance company(Contribution for social issues)

Aspirations
(Improvement of corporate value)



Symbiosis with the global environment

Reduce as much as possible the loss for society caused by the severity of natural catastrophes, support the transition to a decarbonized society, and contribute to the improvement of the sustainability of natural capital.



We will have sustainable growth by promoting symbiosis with the global environment through the initiatives related to "climate change" and "natural capital," as the sustainability of the two are interrelated.



Safe and secure society

Contribute to the stable development of society by providing products and services addressing various risks arising from changes in social structure and the development of new technologies.



We will improve the corporate value by realizing an accident-free society by encouraging disaster prevention and mitigation, and a safe and secure society by providing products and services addressing new risks.



Happiness of diverse people

In this era of a 100-year life, adapt to a society of healthy longevity as a group operating an insurance business.



We will strive to have sustainable growth by creating a society where the happiness of diverse people is realized by providing products that contribute to extending the life of assets and health promotion services, supporting health management, and respecting human rights and diversity.


Risks and Opportunities Related to Three Priority Issues

Based on various social issues, risks and opportunities are organized for each of the three priority issues.

In addition to identifying business opportunities for our Group in response to new risks and contributing to the resolution of social issues, we will also lead to the growth and enhancement of the corporate value of our Group.




■ Risks and opportunities related to priority issues (example)

Risks and opportunities related to social issues such as “global warming” and “erosion of natural capital” are organized as follows.

| | Social issues | Risks | Opportunities |
|--|---|---|--|
|  <p>Symbiosis with the global environment (Planetary health)</p> | <ul style="list-style-type: none"> ▶ Acceleration of global warming | <ul style="list-style-type: none"> • Reduction of earnings due to the inability to capture a rapid transition to a decarbonized society • Loss of reputation due to insufficient information disclosure and delayed response to climate change • Deterioration of income and expenditure due to intensification of natural catastrophes, etc., and an increase in capital costs due to increased profit volatility | <ul style="list-style-type: none"> • Provision of products and services that contribute to reducing greenhouse gas emissions • Provision of products and services that support corporate decarbonization and climate-related information disclosure • Provision of products and services that prepare for natural disasters (storm and flood disasters) |
| | <ul style="list-style-type: none"> ▶ Damage to natural capital (Ecosystem degradation and crisis) ▶ Environmental pollution and noncircular economy | <ul style="list-style-type: none"> • Deterioration of earnings due to business partners' stagnation of economic activities caused by the depletion of natural resources • Decline in earnings caused by the deterioration in business performance of business partners due to tighter regulations on the circular economy, etc. | <ul style="list-style-type: none"> • Provision of products and services that support natural capital risk assessments and preservation and sustainable use of biodiversity • Provision of products and services that support a circular economy |

Main Initiatives of the Three Priority Issues

The main initiatives of the three priority issues are as follows:

| Priority issues | Main content | Details |
|---|--|--|
|  <p>Symbiosis with the global environment</p> | <ul style="list-style-type: none"> • Response to climate change • Improving the sustainability of natural capital | <ul style="list-style-type: none"> • Promotion of new products to support corporates' decarbonization efforts (e.g., Carbon Neutral Support Special Clause) • Provision of greenhouse gas emission calculation and visualization services • Promotion of initiatives to conserve the natural environment and reduce environmental impact (MS&AD Green Earth Project) |
|  <p>Safe and secure society</p> | <ul style="list-style-type: none"> • Response to new risks • Disaster prevention and mitigation • Regional revitalization | <ul style="list-style-type: none"> • Provision of products and services to address new risks such as cyber risks • Development of the "Prediction map of flooding frequency changes due to climate change (LaRc-Flood)" to support disaster prevention and mitigation • Promotion of solutions to social issues in cooperation with regional stakeholders (regional revitalization) |
|  <p>Happiness of diverse people</p> | <ul style="list-style-type: none"> • Response to a society of healthy longevity • Promoting respect for human rights • Increasing employee engagement | <ul style="list-style-type: none"> • Provision of products and services that contribute to health promotion and prevention of diseases and their aggravation • Understanding our business activities' impact on human rights and promoting prevention (Human rights due diligence) • Strengthening initiatives from a DE&I perspective in order to enhance the equality and equity. (D&I + equity = DE&I) |

KPIs for the Three Priority Issues

We have established KPIs for each of the three priority issues and are promoting sustainability initiatives.



| | GHG emission reduction rate (from FY2019) | Renewable energy usage rate |
|--------|---|-----------------------------------|
| FY2030 | -50% * | 60% |
| FY2050 | Net zero | 100% |
| FY2025 | Premium growth rate of products that contribute to decarbonization and a circular economy e.g. Carbon Neutral support clause | Annual average 18% |
| FY2025 | Rate of increase in the number of policies for products that respond to new risks and products and services that use data and AI e.g., cybersecurity insurance | Annual average 20% |
| | Instances of support for the resolution of issues faced by regional companies e.g., seminars on regional revitalization | 10,000 Instances a year |
| FY2025 | Instances of support for companies' action on well-being e.g., harassment prevention consulting | 1,000 Instances a year |
| | Number of policies in force for asset-building products to support longevity e.g., tontine annuity insurance | 100,000 |
| | Number of policies in force for products that help solve health-related social issues e.g., medical insurance covering dementia, infertility treatment | 2.6 million |

*Scope 1+2+3(Category: 1,3,4,5,6,13)

(Reference) Priority Issues: (1) Planetary Health – Main Examples

Symbiosis with the global environment

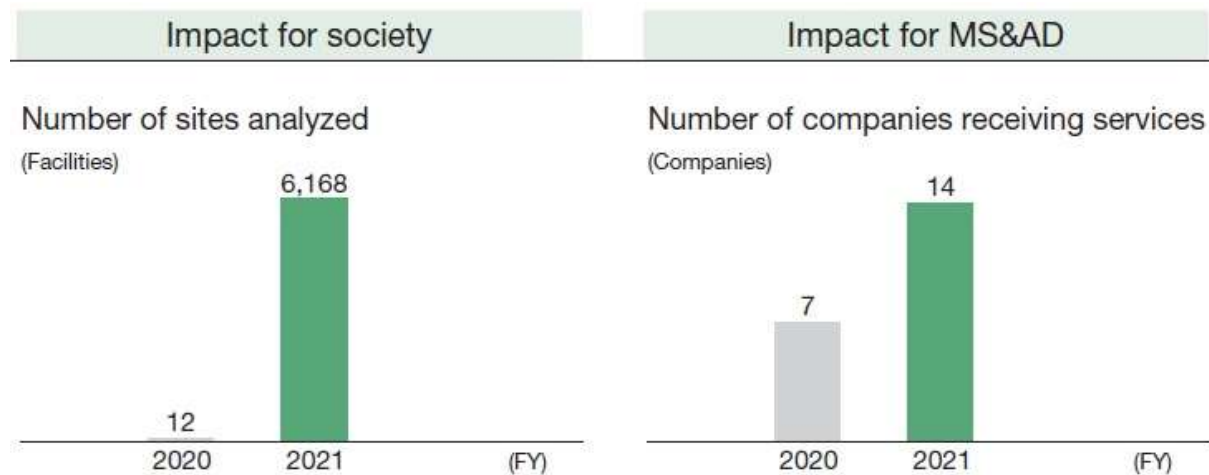
Products and services that lead to solutions

- Sale of carbon neutrality support clauses
- Comprehensive cover insurance for mega solar power plants
- Comprehensive small wind power generation compensation plan
- Offshore wind power generation system compensation
- Quantitative climate change impact assessment service for TCFD
- ESG investment-related package services
- Consulting services against environmental risk
- “LaRC – Flood project” - prediction map of flooding frequency changes due to climate change
- Consulting services on biodiversity
- SDGs promotion support services
- J-Credit Support Insurance for local governments ... and more

■ CSV Impact

Quantitative assessment service on climate change impact for the TCFD

Work with Jupiter, a climate analysis venture, to provide quantitative risk assessments of climate change impacts



(Reference) Priority Issues: (2) Resilience - Main Examples



Safe and
secure society

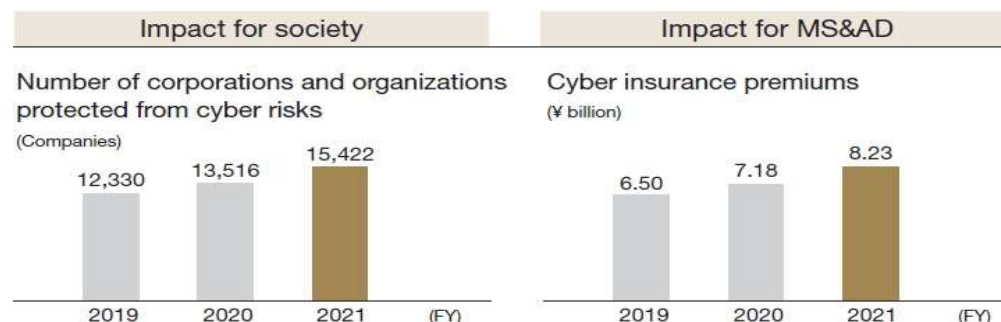
Products and services that lead to solutions

- Cyber security insurance
- RisTech-based data analysis service for corporates
- Comprehensive compensation plan for smartphone payment service providers
- Compensation plan for sharing economy-based business
- Telematics automobile insurance
- Safe driving support service utilizing telematics technologies
- Voluntary automobile insurance for autonomous driving vehicles that utilize electromagnetic induction lines, helping to provide solutions to regional traffic issues
- Comprehensive drone compensation insurance
- Consulting services against earthquake and tsunami risk
- Provision of “cmap” real-time damage forecast ... and more

■ CSV Impact

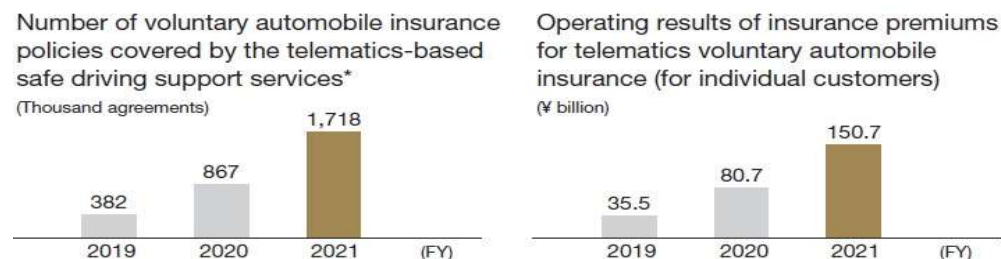
Products to cover cyber risks

Support cybersecurity countermeasures and provide coverage to hedge damage resulting from the unlikely event of a cyberattack



Telematics-based safety driving support services

Provide services that support safe driving utilizing telematics technologies



*Mimamoru Car Insurance, Tsunagaru Car Insurance

(Reference) Priority Issues: (3) Well-being – Main Examples



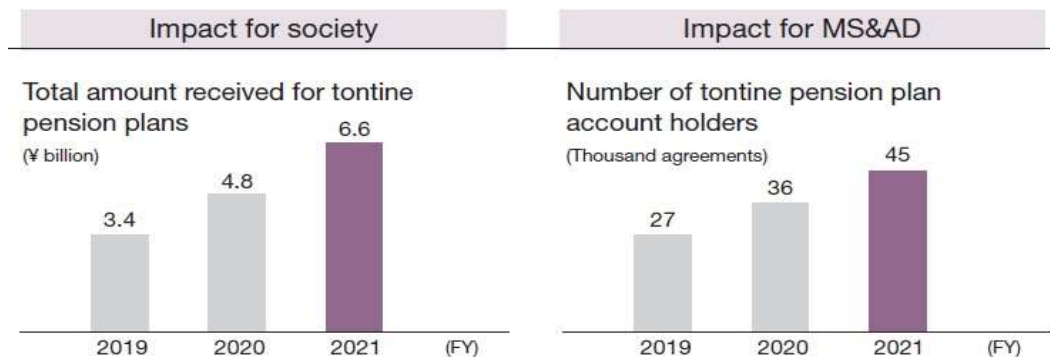
Products and services that lead to solutions

- Health and Productivity Management Support Insurance
- Health management consulting services
- Social contribution clause
- Tontine pension plans supporting future asset building
- Dementia Kobe Model
- Insurance for handicapped people
- Displaying barrier-free information in the “cmap” application
- Human rights risk management support services
- Smart office business (India)
- Providing residential fire insurance to indigenous people in Malaysia
- ...and more

■ CSV Impact

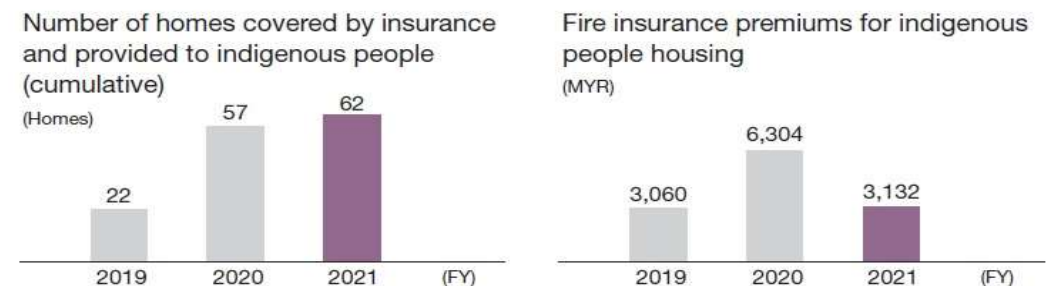
Tontine pension plans that support future asset formation

A foreign-currency-denominated individual pension insurance that meets the usage needs of customers who receive a greater amount of pension the longer they live



Dedicated fire insurance for indigenous households in Malaysia

Dedicated fire insurance for residential building programs aimed at improving the living environment of indigenous people in Malaysia. We package coverage and participate in the support scheme.



Summary

- **The MS&AD Group has been focusing on CSV since the launch of the medium-term management plan, Vision 2021, in 2018, and has been expanding various initiatives.**
- **The Medium-Term Management Plan 2022-2025 will also focus on contributing to the sustainability of society and the long-term growth of our Group based on the three identified priority issues, taking into account risks and opportunities.**

- Our Group aims to reduce its own greenhouse gas emissions to net zero by 2050. In addition, we will work with stakeholders to reduce emissions throughout the value chain and support the transition to a decarbonized society.
- Our Group has been an early participant in academic research on the impact assessment of climate change, which can have a significant impact on business activities, and has conducted risk assessments. In the field of natural capital and biodiversity, we have been providing risk assessment services since 2011 and will continue to do so.
- We will also promote the provision of products and services that contribute to disaster prevention and mitigation as an initiative to support the improvement of society's resilience to damage from natural disasters and its ability to adapt to climate change.



II. MS&AD's Corporate Governance

Junichi Tobimatsu

Outside Director

MS&AD Insurance Group Holdings, Inc.

Today's Agenda

- 1. MS&AD's Corporate Governance**
 - Corporate governance system
 - Composition of the Board of Directors
 - Skill matrix
 - Evaluation of effectiveness and efforts to improve the operation of the Board
 - CEO succession plan
 - Executive remuneration plan
- 2. Major agendas discussed at the BOD meeting in FY2022**

(Reference 1) Corporate Governance System

- As a company with an Audit & Supervisory Board, we have the Board of Directors that appropriately exercises its supervisory function.
- In addition to the Nomination Committee and Remuneration Committee, which are internal committees of the Board of Directors, a Governance Committee has been established.

Nomination Committee



Internal Directors: 3

Chairperson



Outside Directors: 5

Remuneration Committee



Internal Directors: 3

Chairperson



Outside Directors: 5

Governance Committee



Internal Directors: 3

Chairperson



Outside Directors: 5

*The Committees consist of all Outside Directors, the Chairperson of the Board, the Vice Chairperson of the Board and the President & CEO.

*The majority of the members and the Chairpersons of the Committees are Outside Directors.

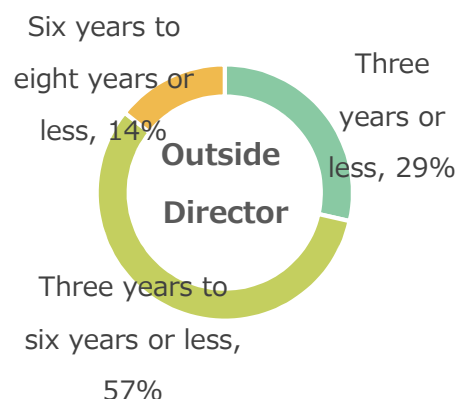
(Reference 2) Composition of the Board of Directors

- Outside Directors make up more than 1/3 of the Board.
- The Board is structured to reflect diverse values (in terms of gender, nationality, background, etc.).

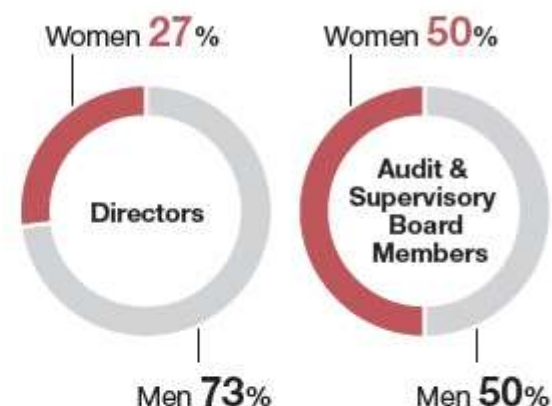
Ratio of Outside Directors



Length of term in office of Outside Directors



Ratio of Women



Ratio of Outside Directors and Outside Audit & Supervisory Board Members on the Board

(compared with July 1, 2010)



Ratio of Women on the Board

(compared with July 1, 2010)



*As of July 1, 2022

(Reference 3) Skill Matrix

The skills necessary to ensure the effectiveness of the Board of Directors (knowledge, experience, and capability) are discussed by the Nomination Committee. From the perspective of judging important matters such as management strategy and supervising the execution of duties, the skills are as follows.

i) Basic skills that are generally required

Corporate Management

Human Resources and Human
Asset Development

Legal Affairs and
Compliance

Risk Management

Finance and Accounting

ii) Relevant skills given that the Group's core business is insurance and the Group is operated globally

Insurance Business

Internationality

iii) Skills necessary for business transformation and addressing issues that are considered important by the market, in view of the current business environment of the Company

IT and Digital

Sustainability

(Reference 3) Skill Matrix for Directors and Audit & Supervisory Board Members

Skills for Directors and Audit & Supervisory Board Members are as follows.

| Officers | Skill | | | | | | | | |
|--|----------------------|------------------|----------------|----------------|---|------------------------------|-----------------|------------------------|--------------------|
| | Corporate Management | Internationality | IT and Digital | Sustainability | Human Resources and Human Asset Development | Legal Affairs and Compliance | Risk Management | Finance and Accounting | Insurance Business |
| Director Karasawa | ● | ● | | ● | ● | ● | ● | ● | ● |
| Director Kanasugi | ● | ● | | ● | ● | ● | | | ● |
| Director Hara | ● | ● | | ● | ● | | ● | | ● |
| Director Higuchi | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Director Fukuda | | | | | ● | ● | | | ● |
| Director Shirai | | | | ● | | ● | ● | | ● |
| Outside Director Bando | ● | ● | | ● | ● | ● | | | |
| Outside Director Arima | ● | ● | ● | ● | ● | | | | |
| Outside Director Tobimatsu | | ● | | | | ● | | | |
| Outside Director Kopp | ● | ● | | ● | ● | | | | |
| Outside Director Ishiwata | | | | ● | | | | | |
| Audit & Supervisory Board Member Jinno | | | | | | ● | ● | ● | ● |
| Auditor Suto | | | | | | | ● | ● | ● |
| Outside Auditor Chiyoda | | ● | | | | | | ● | |
| Outside Auditor Uemura | | | | | | ● | | | |

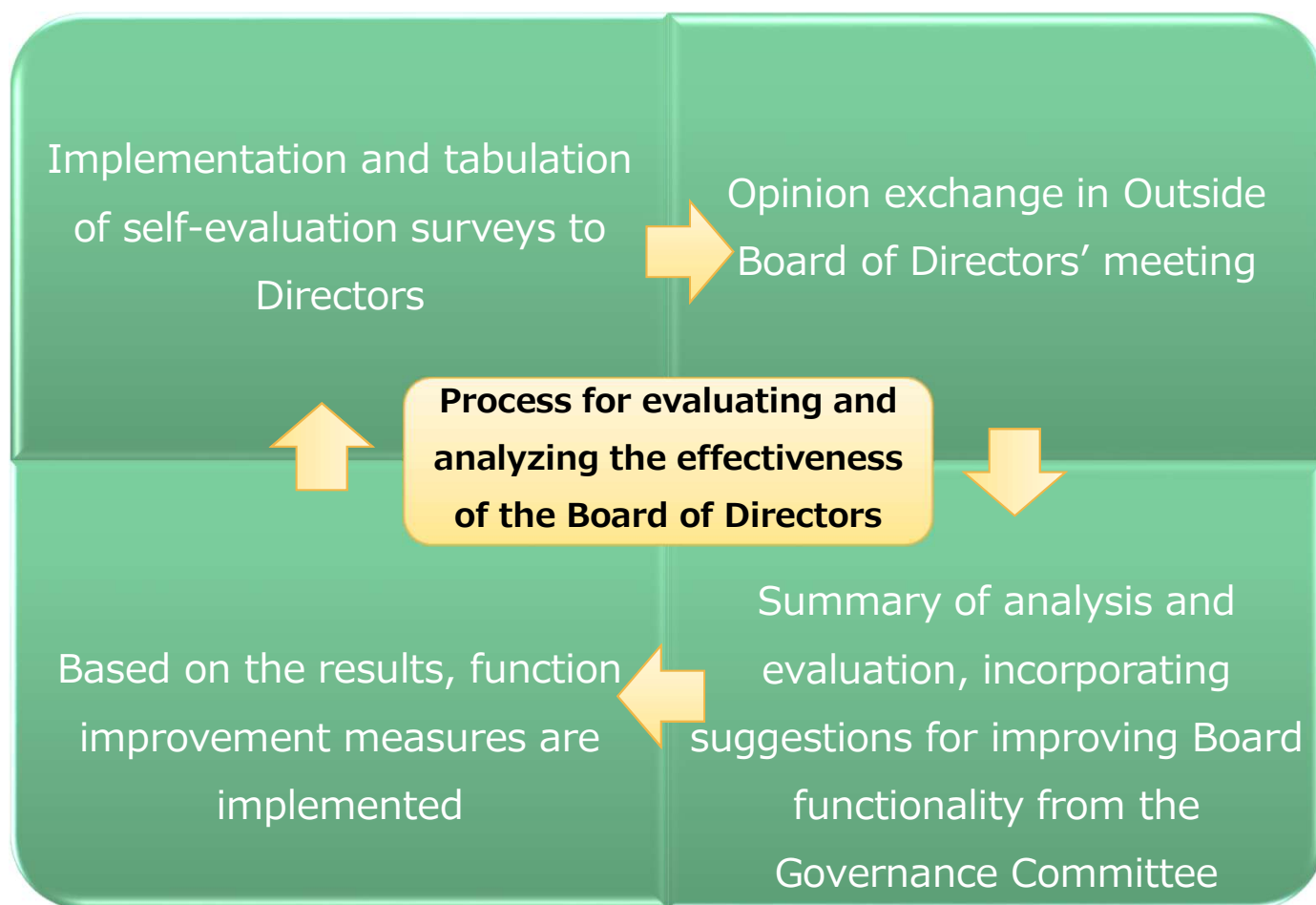
(Reference 3) Skill Matrix for Executive Officers

We have introduced an Executive Officer system, and the skills for Executive Officers who do not concurrently serve as Directors are as follows.

| Officers | Skill | | | | | | | | |
|---------------------------------|----------------------|------------------|----------------|----------------|---|------------------------------|-----------------|------------------------|--------------------|
| | Corporate Management | Internationality | IT and Digital | Sustainability | Human Resources and Human Asset Development | Legal Affairs and Compliance | Risk Management | Finance and Accounting | Insurance Business |
| Executive Officer Tamura | | ● | ● | ● | ● | | | | ● |
| Executive Officer Funabiki | ● | ● | ● | ● | ● | | | | ● |
| Executive Officer Motojima | ● | | | ● | ● | | | | ● |
| Executive Officer Ippongi | ● | | ● | ● | | | | | ● |
| Executive Officer Niiro | ● | ● | | ● | ● | | | | ● |
| Executive Officer Hitotsuyanagi | | | | | ● | ● | | | ● |
| Executive Officer Kawate | ● | ● | | | | | ● | | ● |
| Executive Officer Shimazu | | ● | ● | ● | ● | ● | ● | | ● |
| Executive Officer Kawabe | | ● | | ● | ● | | | | ● |
| Executive Officer Hayakawa | ● | ● | | | | | | ● | ● |
| Executive Officer Tsuda | ● | ● | ● | | ● | | | | ● |
| Executive Officer Owada | | ● | | ● | ● | | | ● | ● |
| Executive Officer Arakawa | ● | | | ● | | | | | ● |
| Executive Officer Suzuki | | | | | | | ● | ● | ● |

(Reference 4) Evaluation of the Effectiveness of the Board of Directors

Based on the Governance Committee's exchange of opinions with external organizations on the evaluation of the effectiveness of the Board of Directors, the Company decided on the method for the FY2022 evaluation of the Board of Directors.



(Reference 4) Efforts to Improve the Operation of the Board of Directors

Efforts to improve the operation of the Board of Directors are described below.

1. Number of agenda items

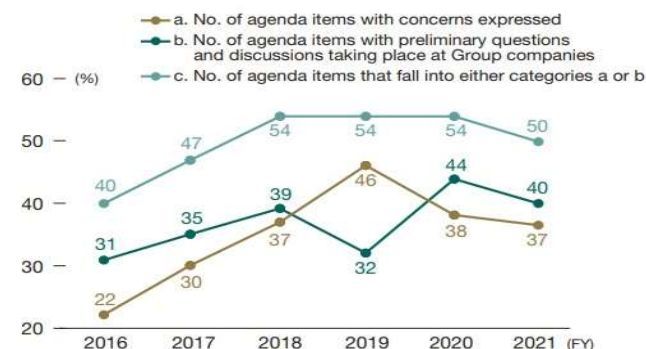
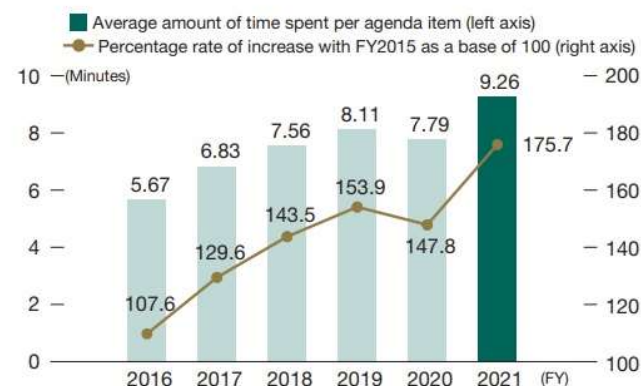
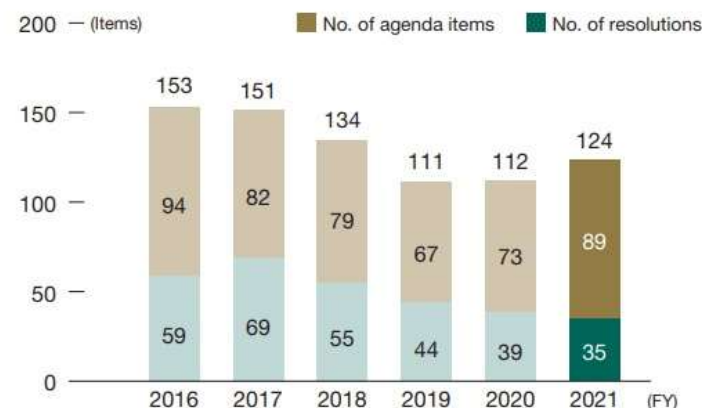
- Due to the introduction of the package deliberation system, the number of agenda items has been on a downward trend through FY2020.
- In FY2021, the number increased mainly due to an increase in the number of agenda items related to the mid-term plan.

2. Average amount of time spent per agenda item

Average deliberation time per agenda item tends to increase due to the fact that high-quality discussions are being conducted as a result of narrowing down the number of agenda items, etc.

3. Assessing the presence of preliminary questions

The ratio of agenda items for which there were questions at the meeting or preliminary questions increased compared to FY2016.



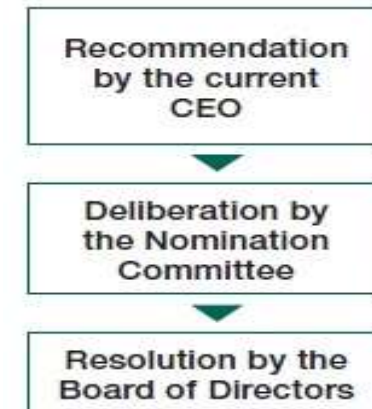
(Reference 5) CEO Succession Plan

For our Group to achieve sustainable growth and enhance corporate value, we positioned the appointment and dismissal of the CEO and the fostering of successors as one of the important management issues and formulated a succession plan.

Criteria for CEO selection

- ✓ Ability to embody the Group's Mission, Vision, and Values and having the concept of CSV (Creating Shared Value) in his/her own system of values
- ✓ Ability to plan and build future visions
- ✓ Fairness and impartiality
- ✓ Ability to develop human assets
- ✓ Ability to demonstrate leadership
- ✓ Global response capability
- ✓ Acting in the Group's best interest

CEO selection process



Development Plan for CEO Candidates

Candidates should have the following experience, if necessary:

- Multiple departments (administration, operations, international, sales, claim services, systems, etc.)
- Management of domestic operating companies and overseas subsidiaries

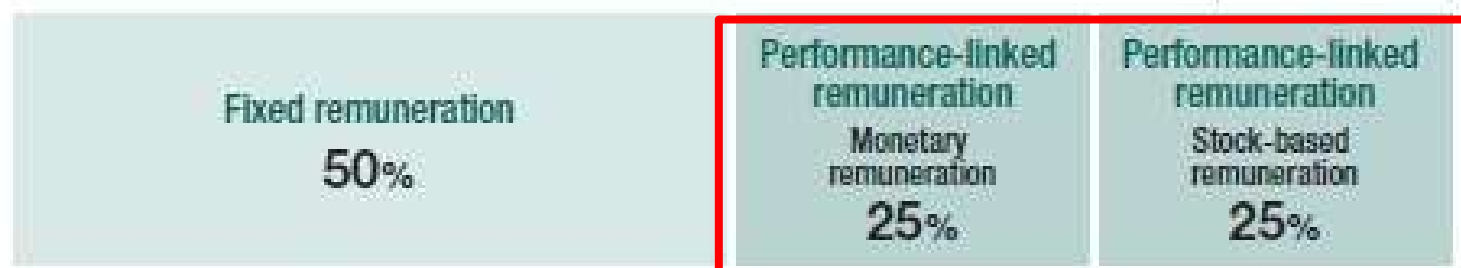
(Reference 6) Executive Remuneration Plan

- The standard structure of executive remuneration is determined according to the rank.
- Performance-linked remuneration is determined considering company business performance and is based on financial indicators (profit, ROE, etc.) and non-financial indicators (e.g., sustainability priority issues).

President & CEO

The ratio of performance-linked remuneration is set to be higher than for other roles.

(Standard ratio)



Other roles

Ratios of fixed remuneration and performance-linked remuneration are set to be different for different roles.

(Standard ratio)



Major Agendas Discussed at the BOD Meeting

Major Agendas Discussed at the BOD Meeting in FY2022

- **Medium-Term Management Plan (2022-2025)**
- **Capital policy (e.g., shareholder return)**
- **International M&A matters**
- **Reduction of strategic equity holdings, verification of appropriateness of holding**
- **MS Amlin business**
- **Reports on the implementation activities of each task-specific committee**
- **Our Group's cybersecurity posture**
- **Projected risk amounts of natural catastrophes in Japan and wind storm and flood disasters in the United States in FY2022**
- **Impact of the Russia-Ukraine situation**

(Reference) Reduction of Strategic Equity Holdings and Verification of Appropriateness of Holding (Compliance with the Corporate Governance Code)

1. Efforts to reduce strategic equity holdings

The reduction target for FY2022 was raised from 100 billion yen to 150 billion yen. In the future, we aim to halve the market value balance (vs. September 2022) and reach around 20% of IFRS net assets.

2. Verification of appropriateness of strategic equity holdings

- With regard to strategic equity holdings, we verify the appropriateness of holdings for each individual stock in terms of whether the benefits to holding are consistent with the capital costs, and confirm the verification results at Board of Directors meetings.
- According to the results of the FY2022 verification, 85% of investee companies on a stock basis and 90% on a market value basis exceeded the rationality target.

Verification method for fiscal 2022

