

Advancing with you

MS&AD

INSURANCE GROUP

MS&AD Group Medium-term Management Plan (FY2022-2025) Grow Together with Society As a Platform Provider of Risk Solutions



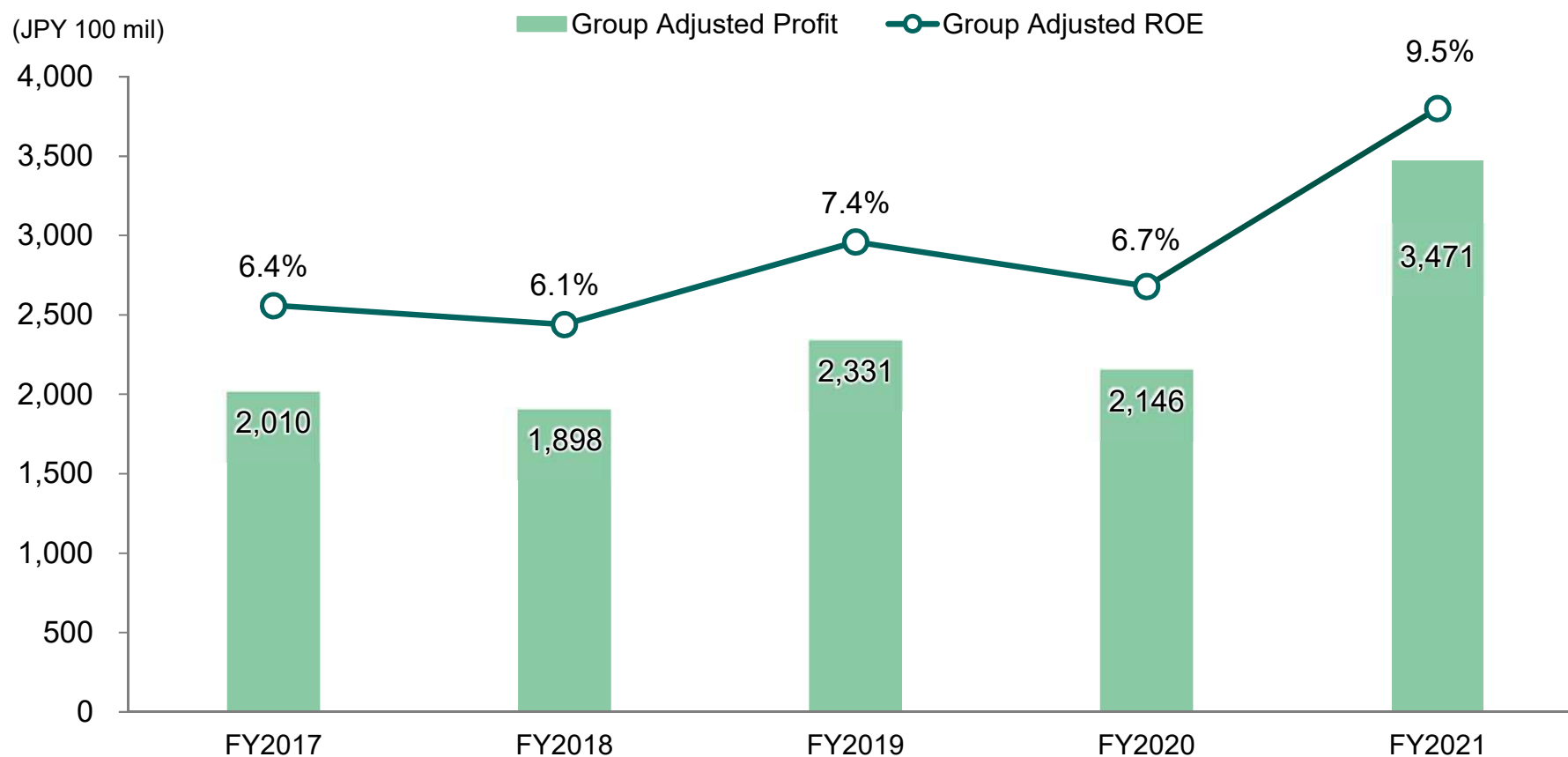
I. Review of Previous Medium-term Management Plan "Vision 2021"

I. Review of Previous Medium-term Management Plan "Vision 2021":

(1) Quantitative Targets

- We achieve our target of Group Adjusted Profit of JPY 300 billion whilst maintaining a business scale which puts us within the top 10 non-life insurance groups in the world.
- ESR is 228%, which exceeds the target range (180-220%).
- Group Adjusted ROE rose to 9.5% but fell short of the target level (10%), and this is still an issue that needs to be addressed.

Group Adjusted Profit and Group Adjusted ROE

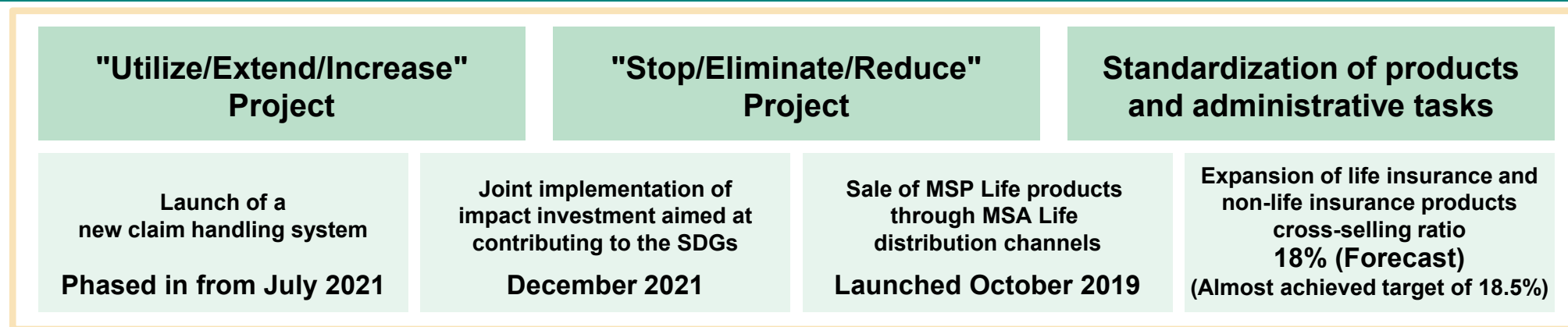


I. Review of Previous Medium-term Management Plan "Vision 2021":

(2) Qualitative Targets

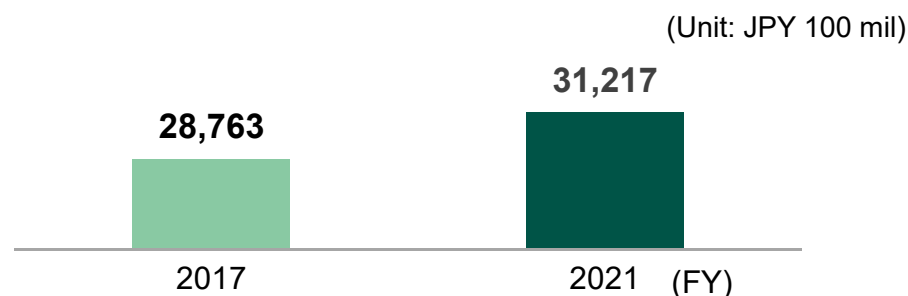
- We focused on the three priority issues whilst building systems for anticipating changes in the environment and swiftly responding to any change, including the acceleration of digitalization, the advent of next-generation mobility, the materialization of new risks, and initiatives to address sustainability issues.

Pursue the Group's Comprehensive Strengths



Industry-leading level growth

- Achieved industry-leading level growth rate for domestic gross written premiums.*



Reductions to operating expenses

- Reductions to operating expenses far exceeded initial target (JPY 30 billion), with cost reduction of approx. JPY 53 billion by FY2021 compared with FY2019 levels.
- Implementing initiatives to achieve planned reduction of approx. JPY 100 billion by FY2025.



* Simple sums of non-consolidated figures for MSI and ADI. Excluding policyholder premium deposits.

I. Review of Previous Medium-term Management Plan "Vision 2021":

(2) Qualitative Targets

Promote Digitalization

Progress on three initiatives (DX, DI, DG)

DX Digitalization of key services and business operations

- Introduction of the AI-integrated agency system (MS1 Brain)
- Launch of new claim handling system (BRIDGE), AI accident situation explanation system, and AI-based fraudulent claims detection system
- Automation of internal business processes utilizing process automation tools

DI Launch new businesses by utilizing digital technologies

- Consulting that utilizes data (RisTech)
- Digitalization of insurance sales through built-in insurance in collaboration with platformers and small-amount and short-term insurance, etc.

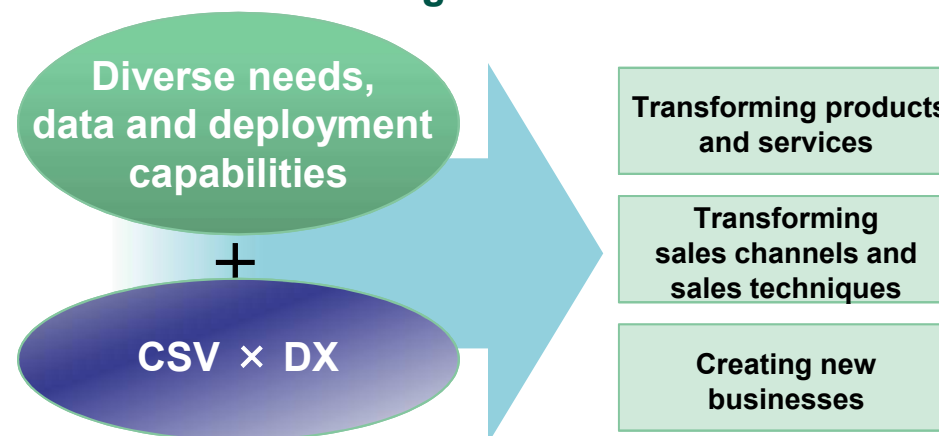
DG Global expansion

- Asia expansion of MS1 Brain
- Establishment of corporate venture capital in Silicon Valley and investment in 65 companies in 8 countries
- Business investment in overseas InsurTech companies
- Telematics data business in the US, etc.

Rollout of the CSV×DX strategy

Develop new businesses that solve social issues

MS&AD's strengths



Examples of implementation

- Providing livestock breeders with insurance covering cattle medical expenses using sensors
- Providing disaster prevention information with the cmap real-time disaster prediction site
- Providing AI-based road inspection service to local governments

Other initiatives

Digital human resource development through coordination between industry and academia

**Trained approx. 2,000
Group employees in total**

Implementation of "Digital Innovation Challenge Program," a business idea contest for all Group employees

Total number of entries: 5,500 over 3 years

Selection as:

- 2019 Competitive IT Strategy Company
- Noteworthy DX Company 2020
- DX Stock 2021

I. Review of Previous Medium-term Management Plan "Vision 2021":

(2) Qualitative Targets

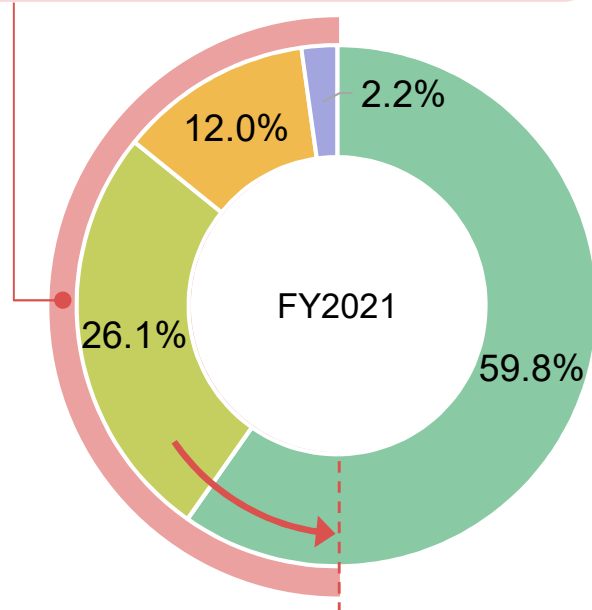
Reform Portfolio

Business portfolio reforms

- Whilst the domestic non-life insurance business expanded steadily, the international business showed slow growth mainly due to large-scale natural disasters overseas and the effects of the COVID-19 pandemic.

Percentage that each business accounts for group adjusted profit

Target: 50% excluding domestic non-life business



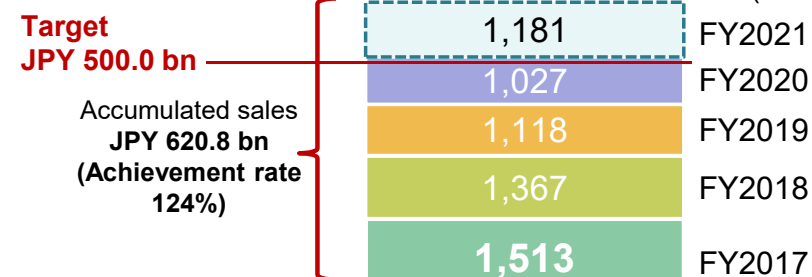
- Domestic non-life insurance (excluding gain on sales of strategic equity holdings)
- Domestic life insurance
- Overseas
- Financial services/Risk-related services

Risk portfolio reforms

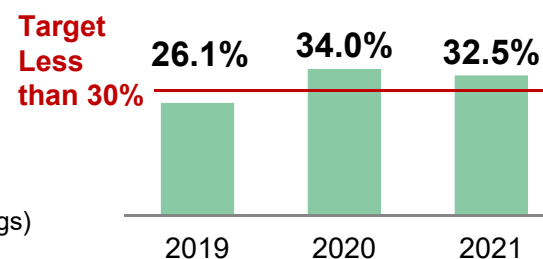
- We steadily sold strategic equity holdings and achieved our reduction target (cumulative reduction of JPY 500 billion from FY2017).

Sales of strategic equity holdings

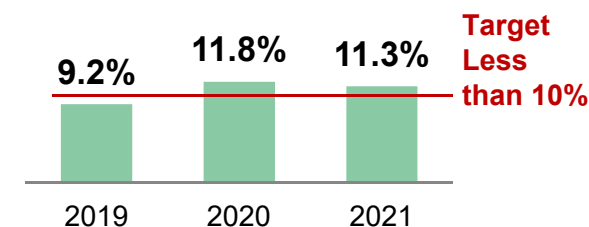
(Unit: JPY 100 mil)



Percentage in integrated risk amount



Percentage in consolidated total assets



II. Medium-term Management Plan (FY2022-2025)

Grow Together with Society As a Platform Provider of Risk Solutions

1. Recognition of Business Environment

Politics (regulatory trends that impact business)

- | | |
|------------|--|
| World-wide | <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • Changes in soft law (Corporate Governance Code, Stewardship Code, TCFD, TNFD) • Continued pressure to reduce strategic equity holdings • Strengthening of governance associated with revision of Guideline for Supervision |

Society (demographics, values, trends, etc.)

- | | |
|------------|--|
| World-wide | <ul style="list-style-type: none"> • Climate change, increasing severity and frequency of natural disasters, and increased probability of major earthquakes • 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 • Major changes in values/lifestyles • Business style reform (working remotely and online) • Impact of the novel coronavirus (COVID-19) pandemic |
| Japan | <ul style="list-style-type: none"> • Decrease in total population (working age population), advancement of regional depopulation /regional revitalization • 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, etc. |

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

- | | |
|------------|--|
| World-wide | <ul style="list-style-type: none"> • Recovery from effects of new coronavirus (COVID-19) • Trade friction and trade agreement • Rising consumer prices and interest rates, and tapering of monetary easing • Expansion of ESG investment, increased calls for climate- and nature-related disclosures (TCFD, TNFD) |
| Japan | <ul style="list-style-type: none"> • BOJ's strategy for exiting low-interest rate policy • 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 business |

Technology (technology trends that impact business)

- | | |
|------------|---|
| World-wide | <ul style="list-style-type: none"> • Appearance of new business models created by digital platformers • Penetration of 5th generation mobile communication system (5G), increase in IoT devices • Developments in digital technology, increased cyber risk • Electrification and technological advancement of vehicles, CASE and safety support car rollout, MaaS, flying cars • Boom of data-related business, threat of Big Data monopoly • Advancement of technology related to renewable energy and hydrogen energy |
| Japan | <ul style="list-style-type: none"> • Further penetration of digital technologies in our daily life, such as cashless payments (the realization of Society 5.0) |

- Whilst the domestic non-life insurance market is growing steadily, 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 auto 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.

Achieve sustainable improvement in corporate value through groupwide efforts to create new value and reform business in response to environmental changes

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, payment 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

- Net income of JPY 470-500 billion on an IFRS basis and stable realization of adjusted ROE of 10% or higher by FY2025

Target

FY2025

Net profit on IFRS basis

JPY 470~500 billion

IFRS Adjusted ROE*₁

**Stable achievement of
10% or higher**

Reference

• Group Adjusted Profit

FY2021

JPY 347 billion

FY2025

JPY 440~470 billion

Breakdown of Group Adjusted Profit

Domestic non-life insurance business	270 billion
Domestic life insurance business	55 billion
International business	125 billion
Financial services/ Risk-related services business	10 billion

• Group Adjusted ROE*₂

FY2021

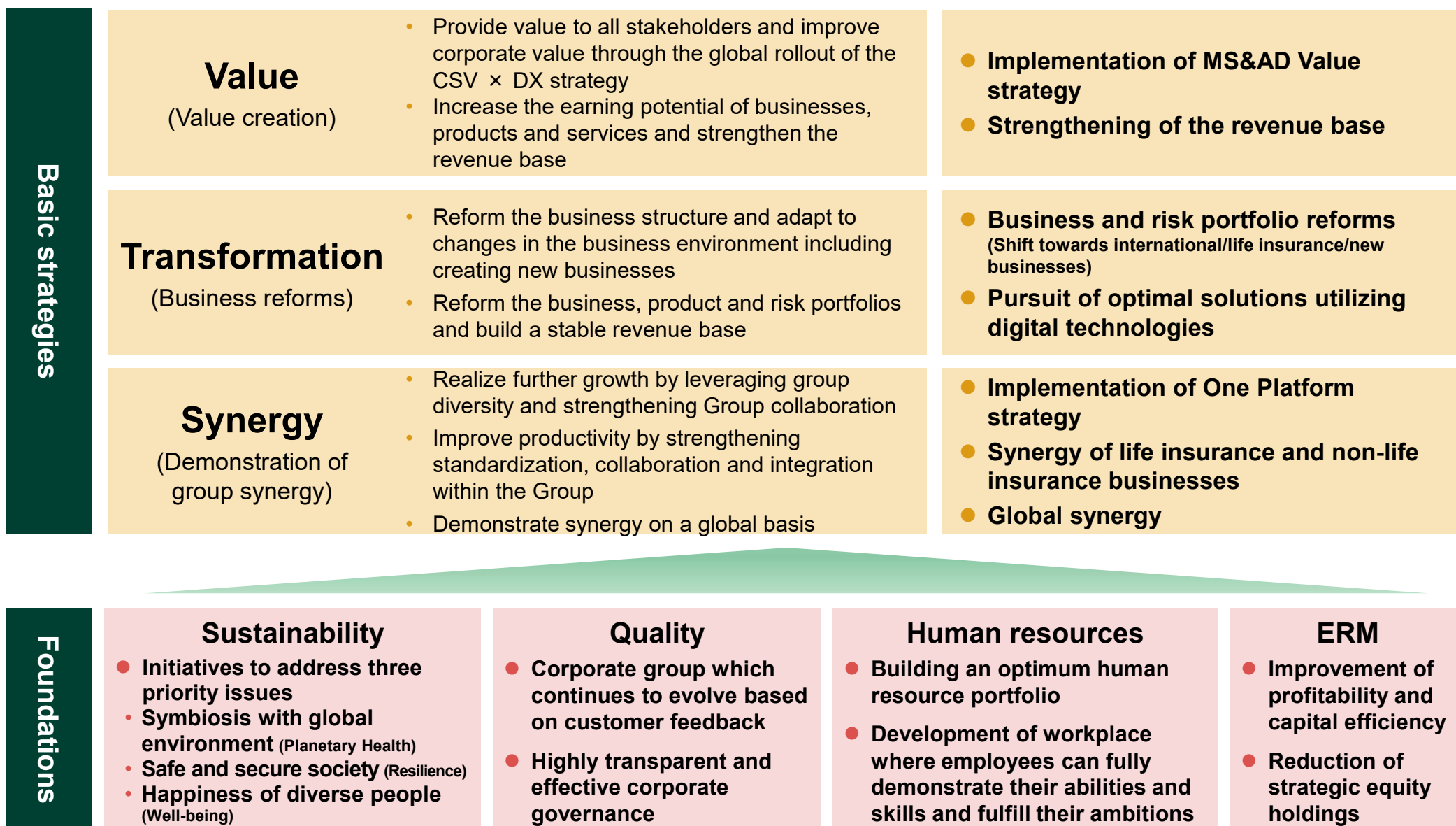
9.5%

*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 ÷ average of beginning and end amounts on BS of adjusted net assets (consolidated net assets + balance of catastrophe reserves, etc. - balance of goodwill and other intangible fixed 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.



4-1. Basic Strategy: Value (Value Creation)

External environment

- Many different social challenges including climate change, increasing severity and frequency of natural disasters, infectious diseases, regional revitalization, falling birth rate and aging population
- New risks such as cyber risk and new insurance needs to address these risks
- Deterioration in earnings of fire insurance as a result of increasing severity and frequency of natural disasters



Strengths of the MS&AD Group

- Strong awareness among employees due to early commitment to CSV (93% of respondents in Employee Awareness Survey said they felt business helped create shared value)
- Global network which will help create value, established under "Vision 2021"
(Corporate Venture Capital in Silicon Valley, open innovation centers "GDH" <Global Digital Hubs> around the world, etc.)
- Initiatives to improve productivity implemented under "Vision 2021"

Help solve climate change and other social issues while growing together with society through the global rollout of the CSV × DX strategy

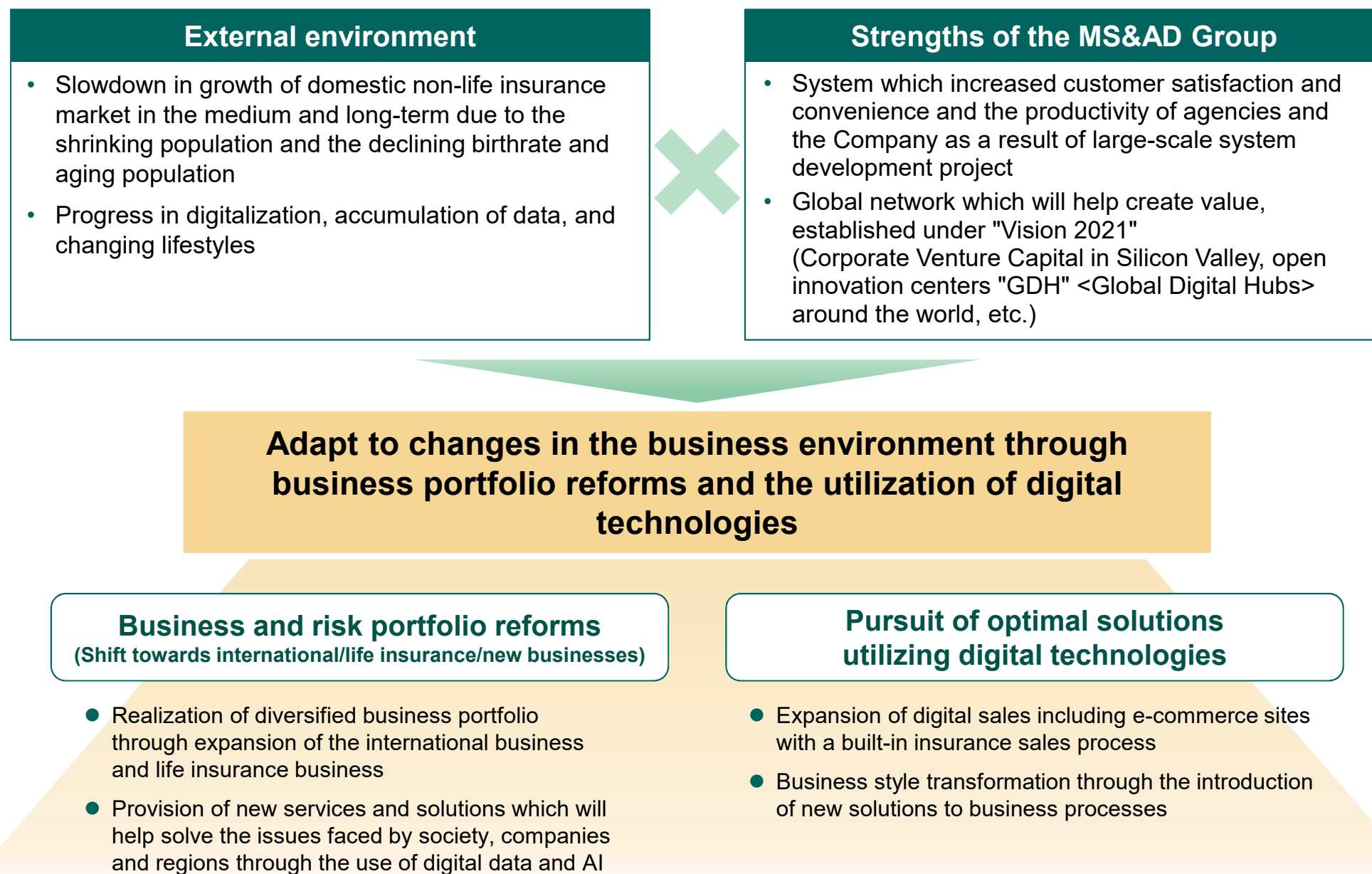
Implementation of MS&AD Value strategy

- Develop and generate earnings from products and services which provide new value before and after coverage and protection, in addition to covering economic losses
- Groupwide utilization of knowledge gained through investment in startups by MS&AD Ventures, a corporate venture capital firm in Silicon Valley

Strengthening of the revenue base

- Improvement of business efficiency through review of business processes
- Full demonstration of effects of large-scale system development project
- Improvement of profitability of fire insurance
- Reform of business style including review of office space based on promotion of remote working

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
- Establishment and 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 completion of sales activities on smartphones, the automatic recording of activities, and the automation of insurance claim procedures
- 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)

External environment

- Slowdown in growth of domestic non-life insurance market in the medium and long-term due to the shrinking population and the declining birthrate and aging population



Strengths of the MS&AD Group

- Diversity of five insurance companies* with different characteristics
 - * Mitsui Sumitomo Insurance, Aioi Nissay Dowa Insurance, Mitsui Direct General Insurance, Mitsui Sumitomo Aioi Life Insurance, Mitsui Sumitomo Primary Life Insurance
- Largest domestic customer base

Translate Group diversity into growth and improve productivity by taking advantage of scale

Implementation of One Platform strategy

- Further improvement in efficiency of operating expenses and staffing through the bold implementation of standardization, collaboration and integration in middle- and back-office operations

Synergy of life insurance and non-life insurance businesses

- Promotion of cross-selling among life insurance and non-life insurance and among two life insurance companies through mutual utilization by Group companies of the Group's strong customer base

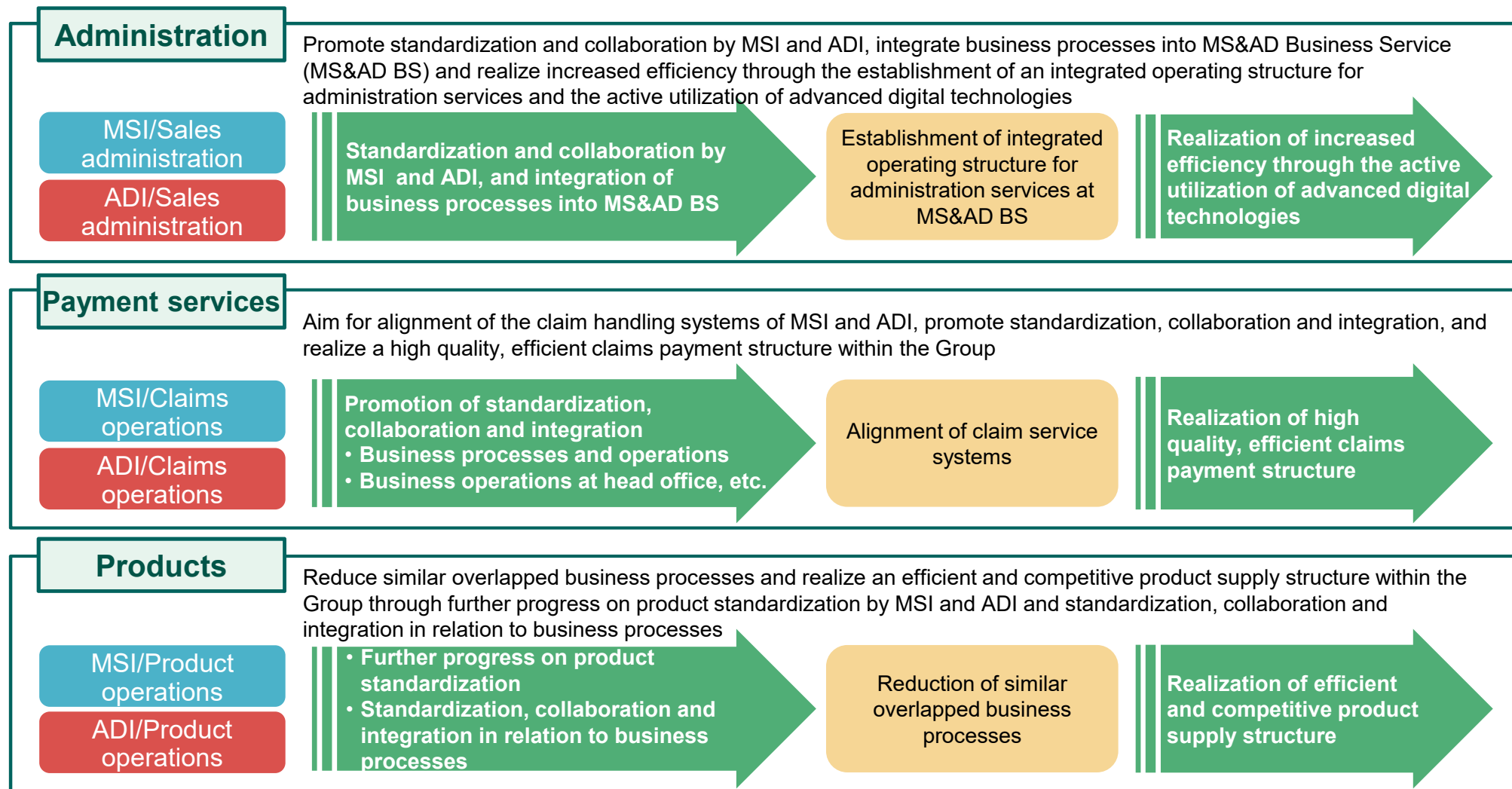
Global synergy

- Growth driven by the sharing and mutual use of advantages earned through the initiatives of Group companies in Japan and overseas, including markets and distribution channels, knowledge of customer needs and skills

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

One Platform Strategy (standardization, collaboration and Integration in Middle- and Back-office Operations)

Further promote standardization, collaboration and integration within the Group focusing on the middle- and back-office operations of Mitsui Sumitomo Insurance (hereinafter "MSI") and Aioi Nissay Dowa Insurance (hereinafter "ADI") to fully utilize the economies of scale achieved by having the largest share of the domestic non-life insurance. Seek to improve the efficiency and quality of business processes and invest the generated resources in strategic growth areas to strengthen Group competitiveness and achieve sustainable growth



* Includes details of initiatives from FY2026

5-1. Foundation Initiatives: Sustainability

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

Priority issues	Social issues	Main initiatives
Symbiosis with global environment (Planetary Health)	<ul style="list-style-type: none"> • Global warming • Damage to natural capital • Environmental pollution • Linear economy 	<ul style="list-style-type: none"> • Action on climate change — Aiming for net zero carbon emissions by 2050 • Improvement of sustainability of natural capital
Safe and secure society (Resilience)	<ul style="list-style-type: none"> • Emergence of new risks • Major earthquakes • Spread of infectious diseases • Decline of regional industry 	<ul style="list-style-type: none"> • Measures to address new risks • Loss prevention/mitigation • Regional revitalization — Creation of a resilient and inclusive society
Happiness of diverse people (Well-being)	<ul style="list-style-type: none"> • Aging population and declining birthrate • Human rights violations • Elimination of diversity • Poverty and widening income disparity 	<ul style="list-style-type: none"> • Adaptation to a society of healthy longevity • Promotion of respect for human rights • Improvement of employee engagement

5-1. Foundation Initiatives: Sustainability

- Implement initiatives with stakeholders to achieve net zero by 2050

Symbiosis with global environment (Planetary Health)

Action on climate change

— Aiming for net zero carbon emissions by 2050

- Reduction of greenhouse gas emissions created by Group and its supply chain
- Provision of products and services and investment and financing that will support technological innovation and its implementation in society for a shift 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

Improvement of sustainability of natural capital

- Implementation of initiatives that will help improve the sustainability of natural capital whilst addressing climate change, such as nature-based loss prevention/mitigation (green resilience)
- Support for the transition to business based on the restoration and protection of biodiversity and the utilization of sustainable resources
- Participation in the Taskforce on Nature-Related Financial Disclosures (TNFD) and promotion of visualization of the impact of corporate activities on nature

KPI

GHG emissions reduction rate

FY2030

Down 50% (from FY2019)
FY2050: Net zero emissions

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%

5-1. Foundation Initiatives: Sustainability

Safe and secure society (Resilience)

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

- Provision of products and services which address 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)

- Pursuit of solutions to social issues in collaboration with regional stakeholders including local governments and industrial groups
- Promotion of 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)

Adaptation to a society of healthy longevity

- Support for companies' health & productivity management
- Provision of products and services which help advance people's health and prevent disease
- Provision of products and services which support extension of the human wealth span in the era of the 100-year life

Respect for human rights

- Assessment of the impact of the Company's business activities on human rights and the implementation of preventive measures (human rights due diligence)
- Improvement of access to insurance and financial services

Improvement of employee engagement

- See "Foundation Initiatives: Human Resources (P.21)"

KPI

FY2025

Rate of increase in the number of underwritten policies for products which help improve the resilience of society

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

- Earn trust from society and customer satisfaction, to support the execution of strategies

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

KPI

Customer satisfaction level
(On quotation &
application process)

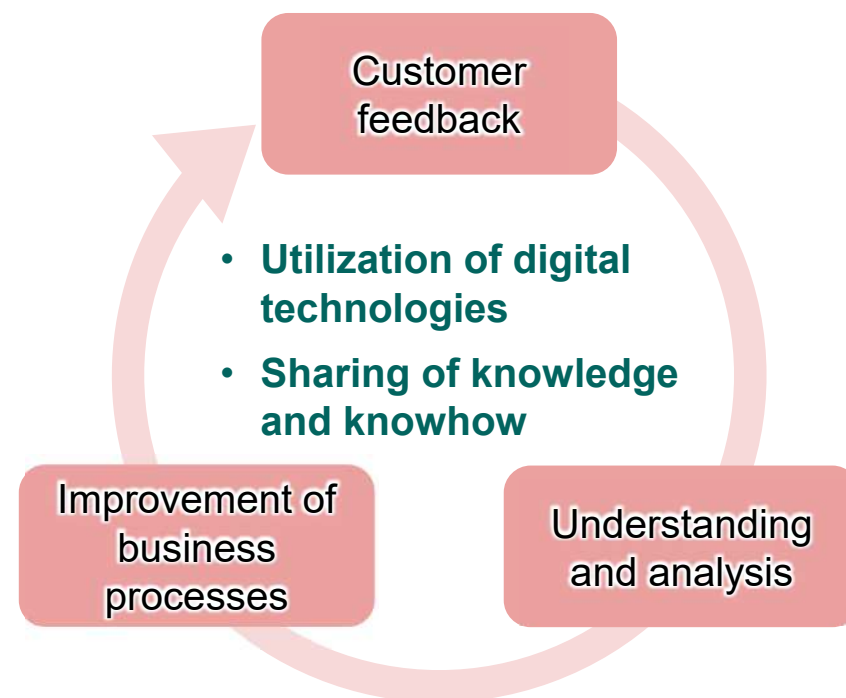
**Equal to or greater
than the previous year**

Customer satisfaction level
(On payment of claims)

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

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



5-3. Foundation Initiatives: Human Resources

- Secure human resources to support the execution of strategies and also develop an environment for their active participation and career advancement

Improvement of engagement

Improvement of productivity

Development of optimum human resource portfolio

Reskilling and recurrent training

- Enhancement of menu of self-directed learning
- Improvement of the level of both business and digital skills

Retention and active participation of specialized human resources

- Enhancement of training for specialist human resources
- Diversification of recruitment
- Personnel systems suitable for specialist human resources

Reform of personnel systems and their operation

Full demonstration of employees' abilities and skills and fulfillment of their ambitions

Development of an attractive workplace environment

- Opportunities for self-directed career development
- Flexible and diverse working styles
- Management which encourages employees to take on new challenges

Diversity and inclusion

- Diversification of decision-makers
- Management which draws out and utilizes diverse opinions and ideas
- Human resource exchanges among Group employees

Health & productivity management

- Initiatives to maintain and advance the health of employees to enable them to work with vigor and enthusiasm

Visualization of the abilities and skills of employees

KPI

End of FY2030

Percentage of female managers

30%

* Aiming for early achievement

Percentage of female line managers

15%

* Aiming for early achievement

FY2025 (targets)

Digital human resources
7,000

Employees for international business
1,200

Percentage of productivity improvement personnel expenses (MS+AD)
8.5%

Percentage of people who exercise regularly
Current level (24%) or higher

Male childcare leave
Aiming to increase percentage of male employees taking childcare leave to 100% and duration of leave to 4 weeks

Number of annual paid holidays taken
Equal to or greater than the previous year

Percentage of mid-career employees among managerial staff

Current level (21%) or higher

Percentage of employees hired locally overseas appointed as executives of overseas subsidiaries

Current level (77%) or higher

Employee Awareness Survey

- Sense of helping to create shared value (CSV)
- Constant awareness of MVV
- Pride in work, job satisfaction
- Active participation

Equal to or greater than the previous year

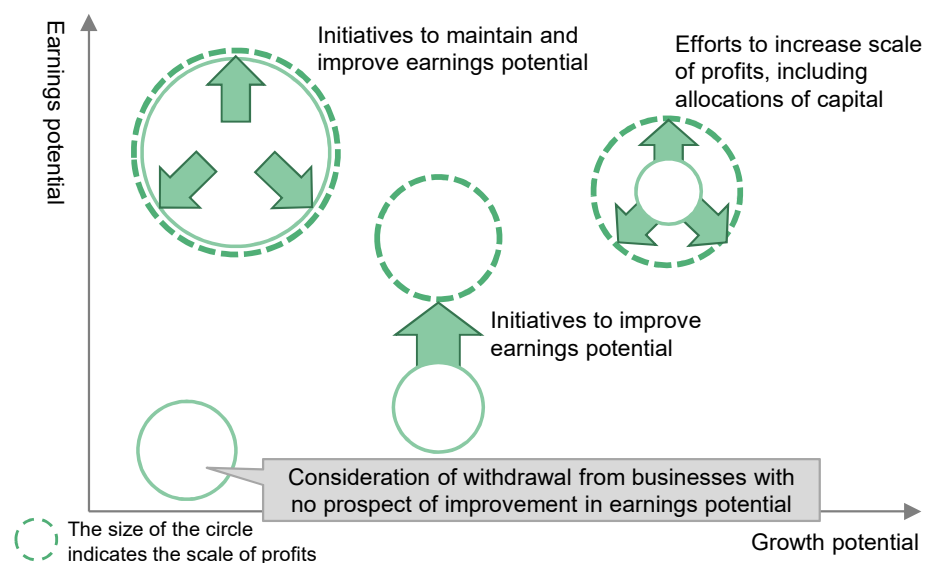
5-4. Foundation Initiatives: ERM

- Allocate management resources in such a way that strikes the right balance between risk, returns and capital by using the ERM cycle

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

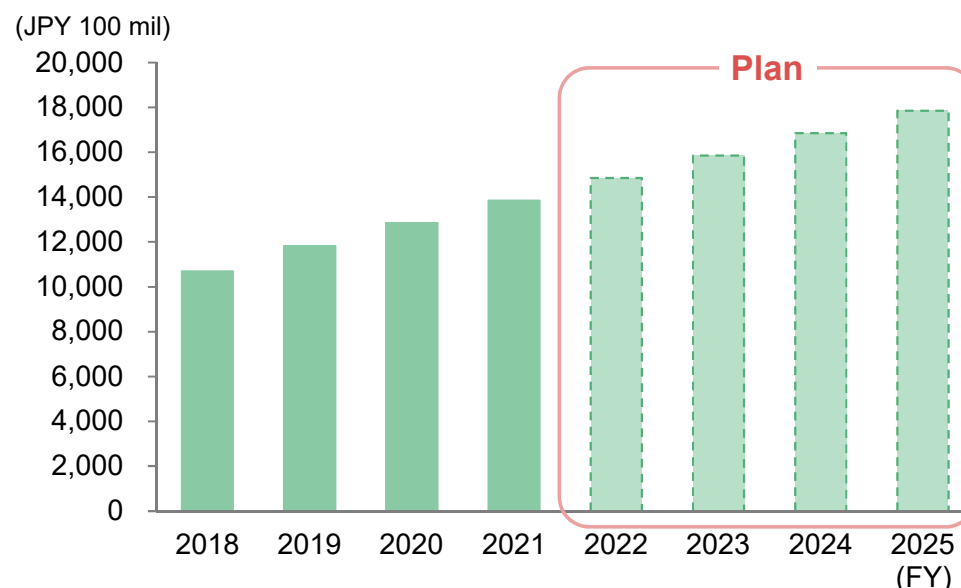
Conceptual diagram of sophistication of business management



Reduction of strategic equity holdings

- **Reduction amount**
Strengthening of financial position through continued reduction by JPY 100 billion a year
- **Weight in consolidated total assets**
Target weight of less than 10%
- **Weight in risk amount**
Target weight of less than 30%

Actual reduction (cumulative) and planned reduction in strategic equity holdings



6-1. Domestic Non-life Insurance Business

- 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
- Achieve growth through maintenance and expansion of revenue from auto insurance, improvement of revenue from fire insurance, and expansion of revenue from casualty insurance
- Boldly implement One Platform strategy, reduce operating expenses, and seek to improve productivity

Maintain and expand revenue from auto insurance

Continue to position auto insurance as a pillar of revenue and expand the topline and maintain and expand revenue

- Next round of initiatives reflecting changes in the automotive industry (spread of EVs and connected cars, advances in CASE and MaaS, etc.)
 - Launch of new products and services
 - Response to increasingly diverse models for automobile sales

* J GAAP

Net premiums written*	JPY 1,417.4 bn (FY2021) → JPY 1,469.0 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 SDGs and climate action and changes in the industrial structure

- Provision of products and services to meet newly emerging risks and needs
- Development of small and medium enterprises market

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

Underwriting profit*	JPY 45.5 bn (FY2021) → JPY 71.0 bn (FY2025)
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Improve revenue from fire insurance

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

- Revision of products and premium rates and measures to address individual policies
- 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 -66.7 bn (FY2021) → JPY 16.0 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. under "Vision 2021" and boldly implement standardization, collaboration and integration (One Platform strategy), focusing on the middle- and back-office operations of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance, and reduce operating expenses

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

Operating expense ratio*	34.4% (FY2021) → 31% level (FY2025)
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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 income, 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 expectancy" and "extension of the asset life"

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 income on an IFRS basis: **JPY 80 bn** (FY2025)

- Step up cross-selling of life insurance and non-life insurance by non-life insurance agencies
Propose and sell life insurance products to Japan's largest customer base, focusing on the professional and corporate distribution channels (target life insurance cross-selling rate: 25%)
- Develop and cultivate the group insurance market
Invest resources in the group insurance market, where Group non-life insurance companies are strong, to accelerate growth (Target: increase premiums from the group insurance market to double the FY2021 level by FY2025)

MSP Life ■ Target net income on an IFRS basis: **JPY 27 bn** (FY2025)

- Strengthen leading position in over-the-counter sales by financial institutions
Further strengthen leading position in over-the-counter sales by financial institutions through improvement of ability to develop unique products and education and training capability and strong relationships with financial institutions

Improve earnings by expanding investment income, etc.

MSA Life MSP Life

- Expand investment income
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 500 billion to JPY 800 billion

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

- Develop products and services that help solve social issues such as long-term nursing care and dementia
- Aim for more sophisticated underwriting based on cancer screening promotion activities and big data analysis

MSP Life

- Develop major products to follow lifetime gifting-oriented products
- Expand level payment products for asset formation class

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



6-3. International Business

- **Expand revenue by expanding revenue at MS Amlin and tapping into market growth in Asia where the Group has a robust business base**
- **Seek risk diversification and increase capital efficiency through business investment focusing on the United States, where there is considerable room for development, and Asian emerging markets, where growth can be expected.**
- **Demonstrate group synergy in the international business**

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
(Note) Managing General Agency (MGA): general agency with insurance company functions, excluding underwriting.
- **Increase business efficiency**
Increase business efficiency through a review of organizations, staffing, business processes, systems, brokers dealt with and other aspects

Scale of profit* JPY -17.4 bn (FY2021) → **JPY 37.0 bn (FY2025)**

Achieve sustainable growth in Toyota Retail business

- Roll out telematics insurance, etc. in conjunction with Toyota's new car sales around the world and its connected strategy
- Expand product lineup and implement underwriting and premium rate measures in markets already entered and expand into new countries and regions

Tap into growth in Asian markets

- **Strengthen sales channels**
Strengthen sales channels through cooperation and collaboration with JV partners, financial institutions, platformers and other parties that have customer bases and through business investment, with a view to tapping into the expanding market of middle-income earners
- **Strengthen competitiveness through utilization of digital technologies**
Seek to expand revenue by harnessing DX including online sales and use of AI (pricing, repair cost estimates) 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

- **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 18.0 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

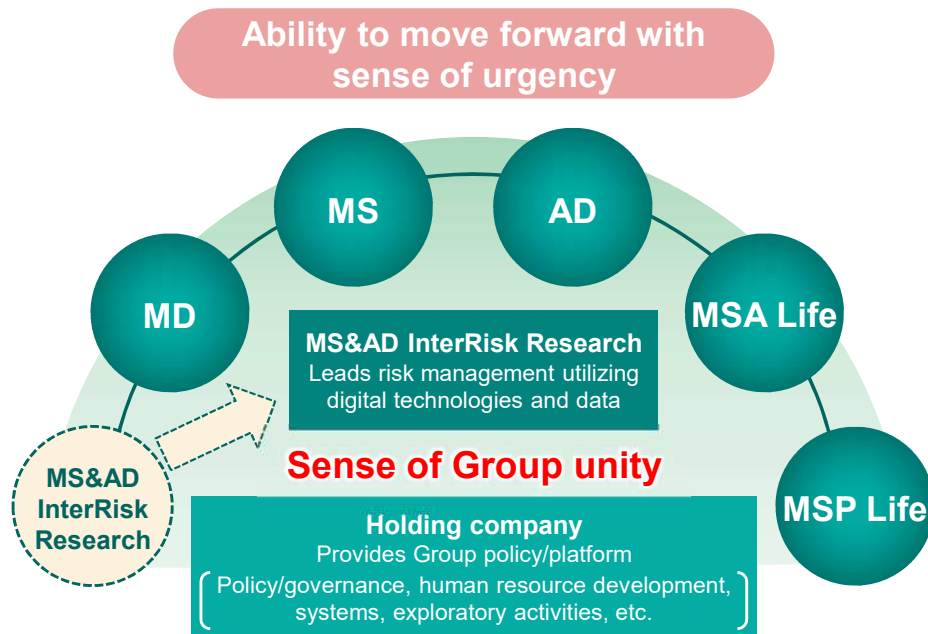
*J GAAP; includes profit growth resulting from PLUS Initiatives

6-4. 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 "Platform Provider of Risk Solutions"

Framework for promoting risk management business leveraging digital technologies and data

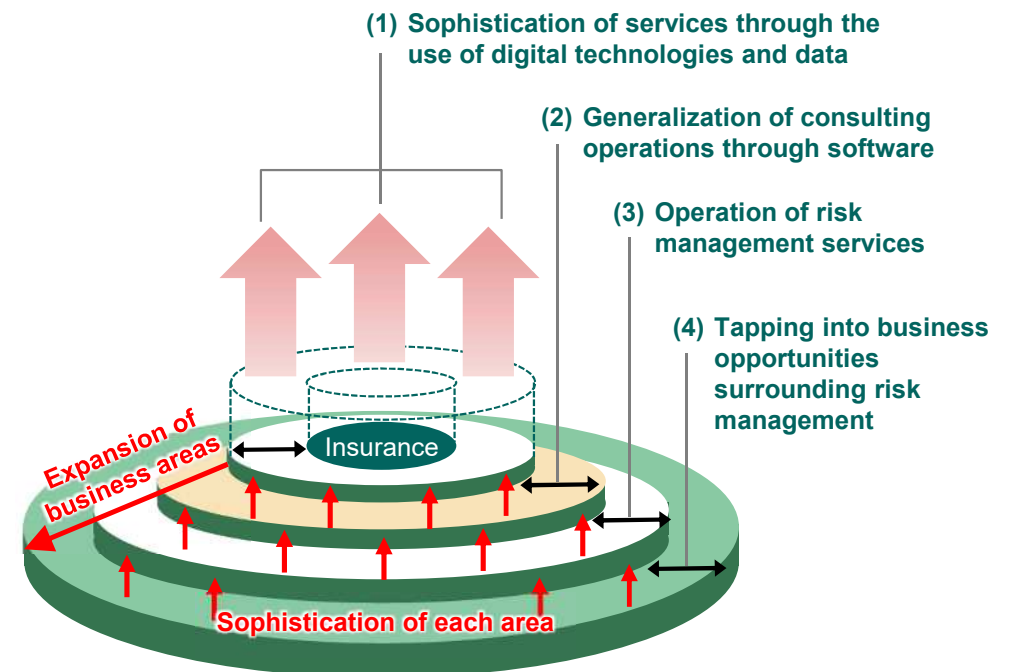
Step up the development of services before and after coverage and protection through integrated operations led by MS&AD InterRisk Research, and provide seamless risk management services as a group



- Establish Group data integration platform for the rapid and secure sharing of data inside and outside the Group, aimed at creating new services and business opportunities through the utilization of digital technologies and data

Conceptual diagram of risk management business expansion

Significantly expand revenue and grow into a new source of revenue for the Group by generalizing the consulting menu through software, offering predictive maintenance services (managed services) based on risk and loss forecasting using digital technologies and data, and other innovations



[Quantitative targets in risk-related services business]

Scale of profit*

JPY 0 bn (FY2021) → **JPY 3 bn** (FY2025)

* J GAAP

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 in terms of domestic sales and overseas business units to expand business in light of social issues, environmental changes and customer needs

Areas to focus on

Focus on the following three areas which have the potential for market growth and which will also help enhance the Company's brand value

1

Asset building-related business

(financial services business for individual customers, asset management business, variable annuity reinsurance business)

2

Provision of risk solutions contributing to ESG

(ART business^{*1}, insurance-linked securities-related business^{*2})

3

Response to changes in social environment

(investment in startups, etc.)

^{*1} Alternative Risk Transfer: risk protection that is done outside of the traditional models of an insurance program

^{*2} Insurance-linked securities: collective term for securitization products which transfer natural catastrophe risks and other insurance risks to capital markets

Specific strategies

Demonstration of the Group's collective strength

Use the Group's network to systematically expand business using the Company's resources, including the global provision of risks solutions such as weather derivatives

Diversification of business portfolio

Focus on business areas with a relatively low profit correlation to the insurance business such as asset building-related business and realize improvement in capital efficiency and stabilization of revenue through diversification

Fusion of financial and insurance services

Provide products and services that leverage the Group's strengths as an insurance company, including the financial technology accumulated through asset management, the customer base built in group insurance market and corporate transactions, etc., and natural catastrophe risk measurement knowhow

Initiatives to solve social issues and meet customer needs

Provide effective and competitive solutions in response to social issues, environmental changes and customer needs including climate change and a longevity society

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.). 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

- Implement Group joint initiatives aiming for net zero carbon emissions by 2050
- Measure greenhouse gas emissions of owned assets
- Make impact investments and accumulate knowhow

Maintenance of financial soundness

- Continue to reduce strategic equity holdings at a pace of JPY 100 billion a year (JPY 400 billion over 4 years)
- Continue to exercise appropriate ALM mindful of liabilities

Initiatives to support the above

Demonstrate group synergy

- Use American asset management company MSR* as Group shared platform
 - * 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
- Share information obtained by MSR within the Group and conduct initiatives such as monitoring and training of specialist human resources by MSR
- Establish information network linking Group companies in Japan and business units in the US, Europe and Asia

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 in Stage 1 (FY2022-FY2023) of the Medium-term Management Plan and 50% of return base profit* in Stage 2 (FY2024-FY2025)
 - * Profit for accounting purposes (net profit on an IFRS basis) after adjustment to avoid significant fluctuations from Group adjusted profit under the previous Medium-term Management Plan, taking continuity into consideration
- Provide additional returns in an agile and flexible manner, in light of market trends, the business environment, capital status and other factors

Calculation formula
for return base profit

Return base profit = Net profit on an IFRS basis – Adjustments* from net profit on an IFRS basis
+ Gain/loss on sale of strategic equity holdings

* Impact of market fluctuations, impact of deferred policy acquisition costs, gain/loss related to unfavorable policies, amortization of intangible assets, goodwill impairment

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%.
- Set the upper bound of the ESR target range at 250%, 30 points higher than the previous Medium-term Management Plan, to build up capital corresponding to the business investments to be implemented during this Medium-term Management Plan