

## **BUSINESS REPORT FOR THE 15TH TERM (FY2022)**

(From April 1, 2022 to March 31, 2023)

### **1. Matters Concerning the Current Status of the Insurance Holding Company**

#### **(1) Progress and results of business of the Corporate Group (the “Group”)**

In fiscal 2022, although the global economy showed signs of recovery due to the relaxing of COVID-19 restrictions, the economic outlook remained uncertain due to the increased upward pressure on commodity prices and the impact of monetary policies by various countries aimed at curbing inflation arising from the rising costs of raw materials and other factors caused by the protracted Ukraine conflict.

The Medium-Term Management Plan (2022-2025), which started from this fiscal year, is aiming for “Growing Together with Society as a Risk Solution Platformer.” We have been working to become a “corporate group that supports a resilient and sustainable society” under the three basic strategies of “Value (value creation),” “Transformation (business transformation),” and “Synergy (Group synergy).” Due to the impact of natural disasters and the COVID-19 pandemic, among other factors, the Group Adjusted Profit for fiscal 2022 was lower than the initial forecast (300 billion yen) but higher than the revised forecast (170 billion yen), resulting in a profit level of 172.7 billion yen. In terms of capital efficiency, the Group Adjusted ROE fell short of the initial forecast (7.6%), but achieved the revised forecast of 4.6%. As an indicator of the Group’s financial soundness, the ESR was 228%, which was within the target range (180-250%).

Value (Value creation)	<p>Through the global implementation of “CSV × DX<sup>*1</sup>,” the following initiatives were undertaken with the aim of providing value to all stakeholders and enhancing corporate value, as well as increasing the profitability of our business, products, and services and strengthening our earnings base.</p> <p>[Details of Initiatives]</p> <ul style="list-style-type: none"><li>• Development of products and services that come before and after coverage and protection, such as “Accident Risk AI Assessment<sup>*2</sup>,” and establishment of a sales structure</li><li>• Implementation of measures to improve and expand profitability of the domestic non-life insurance business, including premium rate revisions for fire insurance, development of disaster prevention and mitigation services, and sales expansion of strategic products for casualty insurance</li></ul>
Transformation (Business transformation)	<p>The following initiatives were undertaken with the aim of transforming the business structure and adapting to changes in the business environment through the creation of new businesses and other measures, as well as transforming the business, product, and risk portfolios to build a stable earnings base.</p> <p>[Details of Initiatives]</p> <ul style="list-style-type: none"><li>• Business investment in the U.S. MGA<sup>*3</sup> market in international operations and expansion of domestic life insurance business and new business areas</li></ul>

	<ul style="list-style-type: none"> <li>Using DX to establish new business sectors and developing more advanced risk consulting services with InterRisk Research &amp; Consulting playing a central role</li> <li>Reducing strategic equity holdings by 206.6 billion yen, exceeding the revised target (150 billion yen) for FY2022</li> </ul>
Synergy (Group synergy)	<p>The following initiatives were undertaken with the aim of realizing further growth by strengthening collaboration by leveraging the diversity of the Group, improving productivity by deepening Group standardization, collaboration, and integration, and realizing synergies on a global basis.</p> <p>[Details of Initiatives]</p> <ul style="list-style-type: none"> <li>Implementation of the “One Platform Strategy” to improve quality and productivity in areas such as products, claims services, and administrative work for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance</li> <li>Sales promotion of the products of Mitsui Sumitomo Primary Life through the sales network of Mitsui Sumitomo Aioi Life, and the expansion of concurrent selling of life insurance and non-life insurance products</li> <li>Global synergies including the sharing and mutual use of expertise and skills of Group companies in Japan and overseas through the TENKAI Project*<sup>4</sup> and other initiatives</li> </ul>

\*1 CSV (Creating Shared Value) × DX (Digital Transformation)

An initiative to achieve sustainable growth and increase corporate value by improving productivity and competitiveness through a combination of CSV (Creating Shared Value with Society) and DX (Digital Transformation).

\*2 Accident Risk AI Assessment

A service for local governments that uses AI to quantify the risk of traffic accidents for each location (road segment and intersection) and visualize it on a map.

\*3 MGA (Managing General Agent)

An agent authorized by an insurance company to underwrite insurance and to certify and assess damage amount, in addition to insurance solicitation.

\*4 TENKAI Project

An initiative where, to maximize the synergy of our Group, our know-how, technology, and services are deployed both domestically and internationally for accelerating our efforts to enhance our corporate value and sustainable growth.

The Group’s consolidated business performance for the current fiscal year was as follows.

(Yen in billions)

Category	FY2021	FY2022 (Current fiscal year)	Change
Ordinary income	5,132.0	5,251.2	2.3%
Ordinary profit	390.4	231.1	(40.8%)
Net income attributable to owners of the parent	262.7	161.5	(38.5%)

The progress and results of our efforts in each business domain for the current fiscal year are as follows:

#### Domestic Non-Life Insurance Business

Mitsui Sumitomo Insurance Co., Ltd. (“MSI”) and Aioi Nissay Dowa Insurance Co., Ltd. (“ADI”), the core non-life insurance companies of the Group, have developed and provided products and services that contribute to CSV in order to assist in solving social issues such as climate change and to grow together with society. MSI has responded to the needs of society by adding a special rear camera that records clear images of the rear of the vehicle as an option in its “Mimamoru Automobile Insurance (premium drive recorder-type)”<sup>\*5</sup> and by offering products and services that contribute to the preservation and restoration of natural capital and biodiversity, such as the “Additional Expense Coverage for Marine Pollution Clause” that covers the cost of preventing the spread of damage to the natural environment and restoration operations when an accident involving a vessel occurs. ADI has provided the “Traffic Safety EBPM Support” service,<sup>\*6</sup> which uses accumulated automobile driving data to support traffic safety planning and effectiveness verification at local governments, and launched pet insurance, offering one of the most generous coverage in the industry and services to prevent injuries and illnesses, and other products and services to help solve social and local issues. Also, the two companies jointly launched the “Disaster Support Insurance” to support social contribution initiatives of businesses in the event of disasters such as typhoons, floods, and earthquakes, and in order to realize a decarbonized society, developed and offered “Electric Vehicle Replacement Cost Clause,” the first such clause among Japanese non-life insurance companies, to cover the cost of acquiring electric vehicles as replacement vehicles in the event of major damage to a policyholder’s vehicle.

Mitsui Direct General Insurance Co., Ltd. (“Mitsui Direct”) has launched a new product that embodies the brand concept of “Strong and Tender.” This “Strong and Tender” car insurance is “Strong” in terms of coverage and accident response and is “Tender” in terms of offering a reasonable price, allowing customers to make their own choices with a sense of satisfaction.

##### <sup>\*5</sup> Mimamoru Automobile Insurance (premium drive recorder-type)

An auto insurance policy that provides services to prevent accidents from occurring and to support recovery by reducing the impact of accidents through the use of a communication-type dashboard cameras (“dashcams”) capable of capturing 360-degree views around vehicles and enabling use of the dashcam itself outside the vehicle (recording and speaking).

##### <sup>\*6</sup> Traffic Safety EBPM Support service

A service that is used by local governments and prefectural police when implementing traffic policies such as reviewing school commuting routes and installing signs. It objectively identifies possible dangerous intersections based on stored telematics data (vehicle driving data such as sudden deceleration), finds the reasons for hazards through detailed analysis of the intersection, and then proposes optimal traffic safety measures. EBPM is an abbreviation for Evidence-Based Policy Making.

Operating results by segment were as follows:

	Category	FY2021	FY2022 (Current fiscal year)	Change
MSI	Net premiums written	¥1,579.3 billion	¥1,629.8 billion	3.2%
	Net income	¥145.7 billion	¥107.8 billion	(26.0%)
ADI	Net premiums written	¥1,291.3 billion	¥1,335.5 billion	3.4%
	Net income	¥53.9 billion	¥43.1 billion	(20.0%)
Mitsui Direct	Net premiums written	¥35.4 billion	¥34.5 billion	(2.5%)
	Net income	¥0.7 billion*	¥0.8 billion	21.5%

(\*) The figures for FY2021 show the net income after adjustment for equity interest (segment income).

### Domestic Life Insurance Business

Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (“MSAL”) has established new coverage that enables receiving of lump-sum payments at the time of hospitalization (including outpatient hospitalization) in medical insurance policies that provide coverage for hospitalization and surgery. Also, MSAL has improved the attractiveness of its cancer insurance products by adding a special clause that eliminates the need to pay premiums when the insured is diagnosed with cancer. And in addition to providing coverage through insurance products, MSAL released a new healthcare service brand, “MSA Care,” which aims to provide total support for customers’ health by addressing prevention, early detection, and prevention of serious illness and recurrence by offering insurance products and healthcare services in integrated packages.

Mitsui Sumitomo Primary Life Insurance Co., Ltd. (“MSPL”) has increased the attractiveness of products that help customers build assets and extend their asset life by establishing a new guarantee-oriented course and an investment-oriented course for the index-linked annuity “Minori 10 Years,” which offers the pleasure of increasing assets while protecting annuity capital. In addition, Primary Life My Page, a web service for customers, was completely revamped to provide highly convenient services through a renewed screen design and a wider range of service options.

Operating results by segment were as follows:

	Category	FY2021	FY2022 (Current fiscal year)	Change
MSAL	New policies	¥1,690.4 billion	¥1,456.6 billion	(13.8%)
	Total amount of policies in force	¥23,847.7 billion	¥23,249.9 billion	(2.5%)
	Net income	¥21.0 billion	¥12.7 billion	(39.6%)
MSPL	New policies	¥819.6 billion	¥1,279.8 billion	56.1%
	Total amount of policies in force	¥6,803.6 billion	¥6,932.2 billion	1.9%
	Net income	¥53.0 billion	¥19.7 billion	(62.7%)

## Overseas Business

The Group took steps to increase and stabilize the Group's profits through the growth of its international business while curbing underwriting of international natural disaster risks. While making business investments for further business expansion, the Group also worked to strengthen governance for its international offices and management of international natural disaster risks.

MSI acquired Transverse Insurance Group, LLC\*<sup>7</sup> ("Transverse") to capture the growing MGA market in the United States and to expand its presence in the U.S. insurance market. In the MS Amlin business, profitability was strengthened by reducing natural disaster risks, carefully selecting underwriting, and continuing efforts to improve profitability such as premium rate increases, resulting in a profitable underwriting profit despite the impact of the Russian-Ukrainian conflict and Hurricane Ian. In Asia, MSI continued to generate stable profits by continuing to expand the retail market through the use of digital technology and collaboration with platform providers and others, and to open up the corporate market by strengthening intra-regional collaboration that leverages the strengths of MS First Capital Insurance Limited and other offices in the region.

ADI implemented telematics and mobility services businesses in the five core regions of Japan, the US, Europe, China, and Southeast Asia. In Europe, ADI used an AI model jointly developed with Mind Foundry\*<sup>8</sup> to improve profitability by streamlining premium rate setting and claims payment operations. In Thailand, the cumulative number of sales of automobile insurance policies incorporating driving behavior exceeded 200,000, and the company received the Insurtech Initiative of the Year - Thailand award at the Insurance Asia Awards 2022\*<sup>9</sup> for its technologically-advanced example of data utilization, and its innovation efforts using telematics technology were widely lauded, contributing to growth of its presence in the Asian region.

### \*7 Transverse Insurance Group, LLC

A holding company that operates an insurance business model in which it delegates certain functions and authority to an MGA, which then acts as an intermediary to reinsurers for risks associated with insurance policies sold by the MGA. Founded in 2018 in the United States.

### \*8 Mind Foundry

A start-up company with strengths in AI development that was founded by two professors in the field of AI at University of Oxford.

### \*9 Insurance Asia Awards 2022

An awards program sponsored by Charlton Media Group, publisher of Insurance Asia, a publication for insurance companies and investors in the Asia-Pacific region.

The results of overseas insurance subsidiaries were as follows:

Category	FY2021	FY2022 (Current fiscal year)	Change
Net premiums written	¥703.0 billion	¥934.1 billion	32.9%
Net income after adjustment for equity interest (segment income)	¥24.5 billion	¥15.7 billion	(36.0%)

### Risk-Related Services Business

With MS&AD InterRisk Research & Consulting, Inc. (“InterRisk”) as its core, the entire Group has been working to develop and provide services that come before and after coverage and protection using digital data.

The Group launched “Accident Risk AI Assessment” as an AI-based service and offers services that provide risk analysis and damage estimation through disaster simulation and other methods. The Group also supported efforts to address social and environmental issues such as biodiversity conservation, SDGs, and business and human rights, as well as corporate decarbonization efforts such as addressing climate change risks, and calculating greenhouse gas emissions and establishing their targets.

### Financial Services Business

In light of social issues, environmental changes, and customer needs, the Group has been aiming to make a stable contribution to earnings by offering a variety of products and services that are not limited to insurance by developing businesses using the Group’s comprehensive strengths, which include not only its domestic sales network but also its overseas network.

MSI launched a new service, “100-year Life Lounge,” which simulates employees’ lifetime income and expenditures to support their asset building as a part of corporate benefit programs, and focused on sales of weather derivatives to mitigate economic losses caused by natural disasters and extreme weather events.

In addition, MSI and ADI continued the sale of defined contribution pension products for corporations and individuals to meet asset-building needs in a society with increasing lifespans.

## Promotion of Sustainability

In the Group's Medium-Term Management Plan, we set sustainability as one of the fundamental initiatives for supporting our basic strategies and placed priority on the issues of Planetary Health (coexistence with the global environment), Resilience (a safe and security society), and Well-being (the well-being of diverse people).

Coexistence with the global environment (Planetary Health)	To achieve our target of virtually zero greenhouse gas emissions by 2050, we have suspended new insurance underwriting for existing coal-fired power plants and coal mines that produce coal that is primarily used as fuel for power generation, except where decarbonization technologies have been adopted. In the area of natural capital, as a member of the TNFD* <sup>10</sup> Forum, we participated in discussions on the development of a nature-related financial disclosure framework.
Safe and secure society (Resilience)	We provided products and services that address new risks, including the joint development and sale by Group companies of insurance and risk consulting services (such as "Information security e-learning") that contribute to cybersecurity measures throughout the supply chain of corporate operations.
Well-being of diverse people (Well-being)	<p>Based on human rights due diligence, the Group prepared prevention and improvement measures and monitoring methods for three key issues ("Fair and just customer services," "Consideration for human rights responses by our underwriting customers, investees, borrowers, and external contractors," and "Consideration for the health of employees and work environment without discrimination"), and have undertaken the following initiatives.</p> <ul style="list-style-type: none"><li>• Human rights awareness training for agents and external contractors</li><li>• Checking the status of initiatives, preparing and disseminating basic human rights policies at overseas sites, etc.</li></ul> <p>Also, we have provided life insurance products that promote health and prevent unwellness and serious illnesses, asset-building products and services to prepare for longevity, and improved employee engagement.</p>

\*10 TNFD

Abbreviation for Taskforce on Nature-related Financial Disclosures.

## ■ Issues to be Addressed

While the global economy, including Japan, is expected to continue its gradual recovery, there are concerns about downside risks due to the effects of global monetary tightening, rising commodity prices, and other factors.

The insurance industry is expected to play a role as a social infrastructure that responds to various challenges and enhances the resilience of society even in uncertain environments, such as the frequent occurrence of large-scale natural disasters, transition to a society coexisting with COVID-19, and rising geopolitical risks.

Under these circumstances, in FY2023, the second year of the Medium-Term Management Plan started in the previous fiscal year, the Group will continue to pursue the theme of “Growing Together with Society as a Risk Solution Platformer.” In order to become a corporate group that supports a resilient and sustainable society, we have set “Value (value creation),” “Transformation (business transformation),” and “Synergy (Group synergy)” as our basic strategies, and we will implement each initiative with Sustainability, Quality, Human Assets, and ERM as the foundation supporting our basic strategies.

Basic strategies	Value (Value creation)	By expanding the “CSV × DX” initiative globally, we will contribute to solving social issues such as climate change. We will also upgrade risk consulting that utilizes data and digital technologies and develop more products and services that come before and after coverage and protection to strengthen our earnings base.
	Transformation (Business transformation)	We will transform mainly our product, business, and risk portfolios to create a structure that will withstand the occurrence of a large-scale natural disaster, pandemics, etc.
	Synergy (Group synergy)	We will promote Group standardization, collaboration, and integration under the “One Platform Strategy.” While promoting synergy between life insurance and non-life insurance businesses, we will also pursue global synergy arising from the Group-wide, mutual sharing of knowhow and the like of each Group company both in Japan and overseas, in order to achieve further growth by leveraging the diversity of the Group and strengthening cooperation.

Foundations	Sustainability	Quality	Human Assets	ERM
	We will address social issues of high importance to both our stakeholders and the Group, namely Planetary Health (coexistence with the global environment), Resilience (a safe and secure society), and Well-being (the well-being of diverse people).	While securing the trust of society and customer satisfaction, we will practice highly transparent and effective corporate governance.	We will secure human assets to support implementation of basic strategies and create an environment in which employees can demonstrate their abilities, skills, and motivation to the fullest extent.	We will strive to improve profitability and capital efficiency through the integrated management of risk, return, and capital, while reducing strategic equity holdings.



Our implementation plans by major business area are as follows.

In the domestic non-life insurance business, we will increase revenue and generate stable profit by leveraging our strengths of having three non-life insurance companies with distinctive characteristics, one of the largest sales networks in Japan, and a close relationship with one of the leading corporate groups in Japan. We will continue our efforts to improve profitability in fire insurance and reduce operating expenses through the promotion of the “One Platform Strategy” and other initiatives.

In the domestic life insurance business, we will strengthen the customer marketing approach that leverages the sales channels (non-life insurance agents and sales through financial institutions) of MSAL and MSPL, which are their strengths, to increase revenue as well as expand the asset-building market through collaboration between the two companies for achieving sustainable growth.

In our international businesses, we will steadily implement initiatives to strengthen profitability, such as expanding underwriting of good performance contracts in the MS Amlin business, whose profitability has recovered, capturing the U.S. MGA market by utilizing Transverse, and strengthening our retail businesses in Asia, in addition to making business investments and enhancing global synergies in the U.S. and Asia. Also, in order to improve capital efficiency, we will continue to monitor profitability and growth potential and work to enhance the sophistication of our international business management.

In our risk-related services business, with InterRisk as the core of the Group, we will create new business opportunities by using digital data to strengthen risk management services such as consulting and services that come before and after coverage and protection.

The Group will continue to enhance capital efficiency by improving profitability in each of these business areas, and will strive to manage its businesses with an awareness of the cost of capital and stock price, and to increase corporate value.

Furthermore, based on the three key issues in sustainability, Coexistence with the global environment, Safe and secure society, and Well-being of diverse people, we will work toward contributing to the sustainability of society and the long-term growth of our Group.

We look forward to the continued support and encouragement of our shareholders.

(Note) All monetary amounts and number of shares indicated in this Business Report (including the statements that follow) are rounded down. Percentages of increase/decrease (change) are rounded off to the first decimal place.

(2) Changes in status of assets and earnings of the Corporate Group and Insurance Holding Company

a. Changes in status of consolidated assets and earnings of Corporate Group

(Yen in millions)

Category	FY2019	FY2020	FY2021	FY2022 (Current fiscal year)
Ordinary income	5,168,361	4,892,244	5,132,042	5,251,271
Ordinary profit	157,701	306,524	390,499	231,113
Net income attributable to owners of the parent	143,030	144,398	262,799	161,530
Comprehensive income	(157,288)	753,938	310,470	(80,923)
Net assets	2,494,038	3,126,657	3,302,749	3,056,273
Total assets	23,196,455	24,142,562	25,033,846	25,000,433

b. Changes in status of assets and earnings of Insurance Holding Company

Category	FY2019	FY2020	FY2021	FY2022 (Current fiscal year)
Operating income	(Yen in millions) 130,128	(Yen in millions) 216,887	(Yen in millions) 124,693	(Yen in millions) 179,756
Dividends income	129,968	216,724	124,536	179,589
Subsidiaries engaged in insurance business	128,619	215,825	122,657	177,550
Other subsidiaries	1,348	899	1,878	2,038
Net income	33,244	232,030	117,016	174,315
Net income per share	57.72 Yen	411.03 Yen	211.25 Yen	323.26 Yen
Total assets	(Yen in millions) 1,656,210	(Yen in millions) 1,766,273	(Yen in millions) 1,700,359	(Yen in millions) 1,687,398
Shares of subsidiaries engaged in insurance business	1,430,635	1,496,497	1,422,745	1,425,216
Shares of other subsidiaries	179,149	42,050	47,321	54,003

### (3) Main offices of Corporate Group

Name of company	Name of office	Location	Date founded
(Insurance holding company) MS&AD Insurance Group Holdings, Inc.	Headquarters	27-2, Shinkawa 2-chome, Chuo-ku, Tokyo	Oct. 1, 2014
(Domestic non-life insurance business) Mitsui Sumitomo Insurance Co., Ltd.	Headquarters	9, Kanda Surugadai 3-chome, Chiyoda-ku, Tokyo	Oct. 1, 2013
Aioi Nissay Dowa Insurance Co., Ltd.	Headquarters	28-1, Ebisu 1-chome, Shibuya-ku, Tokyo	Apr. 1, 2001
Mitsui Direct General Insurance Co., Ltd.	Headquarters	5-1, Koraku 2-chome, Bunkyo-ku, Tokyo	Jan. 4, 2021
(Domestic life insurance business) Mitsui Sumitomo Aioi Life Insurance Co., Ltd.	Headquarters	27-2, Shinkawa 2-chome, Chuo-ku, Tokyo	Oct. 1, 2014
Mitsui Sumitomo Primary Life Insurance Co., Ltd.	Headquarters	3-7, Yaesu 1-chome, Chuo-ku, Tokyo	May 1, 2008

### (4) Employees of Corporate Group

(Number of employees)

Business segment	End of previous fiscal year	End of current fiscal year	Change for the current fiscal year
(Insurance holding company) MS&AD Insurance Group Holdings, Inc.	401	418	17
(Domestic non-life insurance business) Mitsui Sumitomo Insurance Co., Ltd.	13,453	12,572	(881)
Aioi Nissay Dowa Insurance Co., Ltd.	13,503	12,741	(762)
Mitsui Direct General Insurance Co., Ltd.	528	498	(30)
(Domestic life insurance business) Mitsui Sumitomo Aioi Life Insurance Co., Ltd.	2,436	2,391	(45)
Mitsui Sumitomo Primary Life Insurance Co., Ltd.	403	410	7
(Overseas business) Overseas insurance subsidiaries	8,913	9,186	273
Other	325	368	43

(Note) The numbers of employees each represent the number of those on duty and do not include Executive Officers.

### (5) Major lenders of Corporate Group

(Yen in millions)

Business segment	Lender	Amount borrowed
(Domestic non-life insurance business) Mitsui Sumitomo Insurance Co., Ltd.	Syndicated loan	100,000

(Note) Syndicated loan was arranged by Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank, Ltd.

(6) Capital procurement of Corporate Group

Not applicable.

(7) Capital investment of Corporate Group

a. Total amount of capital investment

(Yen in millions)

Division name	Amount
(Insurance holding company)	
MS&AD Insurance Group Holdings, Inc.	-
(Domestic non-life insurance business)	
Mitsui Sumitomo Insurance Co., Ltd.	12,637
Aioi Nissay Dowa Insurance Co., Ltd.	8,072
Mitsui Direct General Insurance Co., Ltd.	179
Domestic Life Insurance Business	
Mitsui Sumitomo Aioi Life Insurance Co., Ltd.	494
Mitsui Sumitomo Primary Life Insurance Co., Ltd.	563
International Business	
Overseas insurance subsidiaries	2,884
Other	157

b. Establishment of major facilities, etc.

(Yen in millions)

Business segment	Description	Amount
(Domestic non-life insurance business)		
Mitsui Sumitomo Insurance Co., Ltd.	Reconstruction of a building related to MSI Takamatsu Building	2,108

(8) The parent company and main subsidiaries

a. Status of the parent company

Not applicable.

b. Status of main subsidiaries

Name of company	Location	Principal business	Date of incorporation	Common stock	Percentage of voting rights (%)	Other
Mitsui Sumitomo Insurance Co., Ltd.	Chiyoda-ku, Tokyo	Non-life insurance business	Oct. 21, 1918	¥139,595 million	100.0%	-
Aioi Nissay Dowa Insurance Co., Ltd.	Shibuya-ku, Tokyo	Non-life insurance business	Jun. 30, 1918	¥100,005 million	100.0%	-
Mitsui Direct General Insurance Co., Ltd.	Bunkyo-ku, Tokyo	Non-life insurance business	Jun. 3, 1999	¥39,106 million	100.0%	-
au insurance Co., Ltd.	Minato-ku, Tokyo	Non-life insurance business	Feb. 23, 2010	¥3,150 million	49.0% (49.0%)	-
Mitsui Sumitomo Aioi Life Insurance Co., Ltd.	Chuo-ku, Tokyo	Life insurance business	Aug. 8, 1996	¥85,500 million	100.0%	-
Mitsui Sumitomo Primary Life Insurance Co., Ltd.	Chuo-ku, Tokyo	Life insurance business	Sep. 7, 2001	¥41,060 million	100.0%	-
Little Family SS Insurance Co., Ltd.	Shinagawa-ku, Tokyo	Small-amount, short-term insurance business	Aug. 1, 2019	¥75 million	97.3% (97.3%)	-
MITSUI SUMITOMO INSURANCE Venture Capital Co., Ltd.	Chuo-ku, Tokyo	Venture capital business	Dec. 6, 1990	¥1,000 million	100.0% (100.0%)	-
Sumitomo Mitsui DS Asset Management Co., Ltd.	Minato-ku, Tokyo	Investment management business and investment advisory and agency business	Jul. 15, 1985	¥2,000 million	15.0% (15.0%)	-
MS&AD InterRisk Research & Consulting, Inc.	Chiyoda-ku, Tokyo	Risk management and consulting business	Jan. 4, 1993	¥330 million	100.0%	-
MSIG Holdings (U.S.A.), Inc.	New York, U.S.A.	Holding company	Oct. 21, 1988	US\$1,362 million (¥181,926 million)	100.0% (100.0%)	-
Mitsui Sumitomo Insurance USA Inc.	New York, U.S.A.	Non-life insurance business	Jan. 28, 1988	US\$5,000 thousand (¥667 million)	100.0% (100.0%)	-
Mitsui Sumitomo Insurance Company of America	New York, U.S.A.	Non-life insurance business	Mar. 29, 2001	US\$5,000 thousand (¥667 million)	100.0% (100.0%)	-
MSIG Specialty Insurance USA Inc.	New York, U.S.A.	Non-life insurance business	Jan. 11, 1994	US\$5,000 thousand (¥667 million)	100.0% (100.0%)	-
Transverse Insurance Group, LLC	Delaware, U.S.A.	Holding company	Jun. 26, 2018	US\$107,695 thousand (¥14,380 million)	100.0% (100.0%)	-
Transverse Specialty Insurance Company	Dallas, U.S.A.	Non-life insurance business	Nov. 18, 1982	US\$5,000 thousand (¥667 million)	100.0% (100.0%)	-
Transverse Insurance Company	Dallas, U.S.A.	Non-life insurance business	Mar. 14, 1961	US\$4,200 thousand (¥560 million)	100.0% (100.0%)	-
TRM Specialty Insurance Company	Dallas, U.S.A.	Non-life insurance business	Nov. 5, 1987	US\$2,500 thousand (¥333 million)	100.0% (100.0%)	-

Name of company	Location	Principal business	Date of incorporation	Common stock	Percentage of voting rights (%)	Other
DTRIC Insurance Company, Limited	Honolulu, U.S.A.	Non-life insurance business	Dec. 12, 1978	US\$4,500 thousand (¥600 million)	100.0% (100.0%)	-
DTRIC Insurance Underwriters, Limited	Honolulu, U.S.A.	Non-life insurance business	Feb. 2, 2007	US\$2,500 thousand (¥333 million)	100.0% (100.0%)	-
Mitsui Sumitomo Seguros S/A.	Sao Paulo, Brazil	Non-life insurance business	Dec. 15, 1965	BRL619,756 thousand (¥16,243 million)	100.0% (100.0%)	-
Aioi Nissay Dowa Europe Limited	London, U.K.	Holding company	Nov. 8, 2017	UK£350,010 thousand (¥57,947 million)	100.0% (100.0%)	-
Aioi Nissay Dowa Insurance UK Limited	London, U.K.	Non-life insurance business	Dec. 11, 2017	UK£135,100 thousand (¥22,367 million)	100.0% (100.0%)	-
MS Amlin Corporate Member Limited	London, U.K.	Non-life insurance business	Sep. 19, 1994	UK£1,700 thousand (¥281 million)	100.0% (100.0%)	-
MS Amlin Underwriting Limited	London, U.K.	Non-life insurance business	Nov. 29, 1988	UK£400 thousand (¥66 million)	100.0% (100.0%)	-
MSI Corporate Capital Limited	London, U.K.	Non-life insurance business	Jan. 7, 2000	UK£5,200 thousand (¥860 million)	100.0% (100.0%)	-
Mitsui Sumitomo Insurance Company (Europe), Limited	London, U.K.	Non-life insurance business	Jul. 28, 1972	UK£80,700 thousand (¥13,360 million)	100.0% (100.0%)	-
Leadenhall Capital Partners LLP	London, U.K.	Investment management business	Apr. 30, 2008	US\$2,850 thousand (¥380 million)	80.0% (80.0%)	-
MS Amlin AG	Zurich, Switzerland	Non-life insurance business	Aug. 19, 2010	SFR10,000 thousand (¥1,461 million)	100.0% (100.0%)	-
MSIG Insurance Europe AG	Cologne, Germany	Non-life insurance business	Apr. 20, 2012	€184,000 thousand (¥26,812 million)	100.0% (100.0%)	-
Aioi Nissay Dowa Life Insurance of Europe AG	Ismaning, Germany	Life insurance business	Dec. 8, 2005	€5,000 thousand (¥728 million)	100.0% (100.0%)	-
MS Financial Reinsurance Limited	Hamilton, Bermuda	Life insurance business	Nov. 21, 2011	¥46 million	100.0% (100.0%)	-
MS Amlin Insurance SE	Brussels, Belgium	Non-life insurance business	Jan. 4, 2016	€140,000 thousand (¥20,400 million)	100.0% (100.0%)	-
Aioi Nissay Dowa Insurance Company of Europe SE	Senningerberg, Luxembourg	Non-life insurance business	Nov. 12, 2004	€41,875 thousand (¥6,102 million)	100.0% (100.0%)	-
MSIG Insurance (Singapore) Pte. Ltd.	Singapore, Singapore	Non-life insurance business	Sep. 23, 2004	S\$333,442 thousand (¥33,544 million)	100.0% (100.0%)	-
MS First Capital Insurance Limited	Singapore, Singapore	Non-life insurance business	Dec. 9, 1950	S\$26,500 thousand (¥2,665 million)	97.7% (97.7%)	-
Aioi Nissay Dowa Insurance Company Australia Pty Ltd	Melbourne, Australia	Non-life insurance business	Aug. 1, 2008	A\$87,800 thousand (¥7,874 million)	100.0% (100.0%)	-
Challenger Limited	Sydney, Australia	Holding company	Sep. 13, 1985	A\$2,513 million (¥225,464 million)	15.2%	-
MSIG Mingtai Insurance Co., Ltd.	Taipei, Taiwan	Non-life insurance business	Sep. 22, 1961	NT\$2,535 million (¥11,107 million)	100.0% (100.0%)	-
MSIG Insurance (Hong Kong) Limited	Hong Kong, P.R.C.	Non-life insurance business	Sep. 8, 2004	HK\$1,625 million (¥27,655 million)	100.0% (100.0%)	-

Name of company	Location	Principal business	Date of incorporation	Common stock	Percentage of voting rights (%)	Other
Aioi Nissay Dowa Insurance (China) Company Limited	Tianjin, P.R.C.	Non-life insurance business	Jan. 23, 2009	RMB1,000 million (¥19,420 million)	100.0% (100.0%)	-
Mitsui Sumitomo Insurance (China) Company Limited	Shanghai, P.R.C.	Non-life insurance business	Sep. 6, 2007	RMB500,000 thousand (¥9,710 million)	100.0% (100.0%)	-
BOCOM MSIG Life Insurance Company Limited	Shanghai, P.R.C.	Life insurance business	Jul. 4, 2000	RMB5,100 million (¥99,042 million)	37.5%	-
MSIG Insurance (Vietnam) Company Limited	Hanoi, Vietnam	Non-life insurance business	Feb. 2, 2009	VND300,000 million (¥1,710 million)	100.0% (100.0%)	-
Cholamandalam MS General Insurance Company Limited	Chennai, India	Non-life insurance business	Nov. 2, 2001	INR2,988 million (¥4,900 million)	40.0% (40.0%)	-
Max Financial Services Limited	Nawanshahr, India	Holding company	Feb. 24, 1988	INR690,065 thousand (¥1,131 million)	21.9% (21.9%)	-
Max Life Insurance Company Limited	Chandigarh, India	Life insurance business	Jul. 11, 2000	INR19,188 million (¥31,468 million)	- (-)	-
PT. Asuransi Jiwa Sinarmas MSIG Tbk	Jakarta, Indonesia	Life insurance business	Jul. 17, 1984	IDR210,000 million (¥1,869 million)	80.0% (80.0%)	-
PT. Asuransi MSIG Indonesia	Jakarta, Indonesia	Non-life insurance business	Dec. 17, 1975	IDR100,000 million (¥890 million)	80.0% (80.0%)	-
Ceylinco Insurance PLC	Colombo, Sri Lanka	Holding company	Feb. 11, 1987	LKR1,324 million (¥543 million)	15.0% (15.0%)	-
MSIG Insurance (Thailand) Public Company Limited	Bangkok, Thailand	Non-life insurance business	Apr. 14, 1983	THB142,666 thousand (¥557 million)	86.4% (86.4%)	-
BPI/MS Insurance Corporation	Makati, Philippines	Non-life insurance business	Oct. 1, 1965	PHP350,000 thousand (¥864 million)	48.5% (48.5%)	-
MSIG Insurance (Malaysia) Bhd.	Kuala Lumpur, Malaysia	Non-life insurance business	Apr. 28, 1979	MYR1,511 million (¥45,663 million)	65.4% (65.4%)	-
Hong Leong Assurance Berhad	Kuala Lumpur, Malaysia	Life insurance business	Dec. 20, 1982	MYR200,000 thousand (¥6,042 million)	30.0% (30.0%)	-
MSIG Insurance (Lao) Co., Ltd.	Vientiane, Laos	Non-life insurance business	Sep. 18, 2009	US\$2,000 thousand (¥267 million)	51.0% (51.0%)	-

(Notes)

1. The table above shows main subsidiaries and associates.
2. Shown in parentheses in the Common stock column is the Yen value as translated at the exchange rate on the last day of the current fiscal year.
3. Shown in parentheses in the Percentage of voting rights column is the percentage of voting rights indirectly held.
4. Sumitomo Mitsui DS Asset Management Co., Ltd., Challenger Limited, Max Life Insurance Company Limited, and Ceylinco Insurance PLC are classified as associates because they have substantial influence, although the Company's ownership interest in these companies is less than 20%.

(9) Status of business transfers and acquisitions of Corporate Group

Date of business transfer	Status of business transfer
Jan. 3, 2023	<p>On August 10, 2022, MSI, a subsidiary of the Company, entered into a basic agreement with Virgo Transverse Core LLC and others to acquire Transverse Insurance Group, LLC. With the approval of the regulatory authorities of the relevant countries, the acquisition procedures were subsequently completed on January 3, 2023 (U.S. time) through MSI's U.S. subsidiary. The acquisition price was US\$399 million (Note). The overview of the target company and the purpose of the share acquisition are as follows:</p> <ul style="list-style-type: none"><li>• Overview of the Target Company Company name: Transverse Insurance Group, LLC Headquarters: Delaware, U.S.A. Description of business: Holding company with non-life insurance companies and other businesses under its umbrella</li><li>• Purpose of acquisition The purpose of the acquisition is to capture the growth of the U.S. MGA market and expand business opportunities by enhancing Transverse's creditworthiness against the backdrop of MSI's strong financial base, thereby generating synergy within the Group.</li></ul> <p>(Note) The Company has a performance-linked additional payment clause that pays a certain additional amount according to the performance level of Transverse Insurance Group, LLC after the acquisition.</p>

(10) Other important matters concerning state of Corporate Group

Not applicable.



## 2. Matters Concerning Officers

### (1) Status of officers

(As of end of fiscal year)

Name	Position and duties	Significant concurrent positions	Other
<b>Yasuyoshi Karasawa</b>	Chairman & Director, Chairman Executive Officer	-	-
<b>Yasuzo Kanasugi</b>	Representative Director, Vice Chairman & Director, Vice Chairman Executive Officer	Chairman & Director, <i>Aioi Nissay Dowa Insurance Co., Ltd. ("ADI")</i>	-
<b>Noriyuki Hara</b>	Representative Director, Vice Chairman & Director, Vice Chairman Executive Officer President & CEO (Group CEO)	Chairman & Director, Chairman Executive Officer, <i>Mitsui Sumitomo Insurance Co., Ltd. ("MSI")</i>	-
<b>Tetsuji Higuchi</b>	Representative Director, Executive Vice President Corporate Planning Dept., in sub-charge of Digital Innovation Dept., Global Business Development Dept., Corporate Communications and Investor Relations Dept., International Supervisory Dept., International Life Insurance Business Dept., Internal Audit Dept., Capital Policy, Sustainability, Group CFO	-	-
<b>Masahito Fukuda</b>	Director Executive Officer Sales	Director, Executive Vice President, <i>MSI</i>	-
<b>Yusuke Shirai</b>	Director Executive Officer Assist Management	Director, Managing Executive Officer, <i>ADI</i>	
<b>Mariko Bando</b>	Director (Outside Director)	Chancellor, Incorporated Educational Institution Showa Women's University Director, Mitsubishi Research Institute, Inc. (Outside Director) Director, Itoki Corporation (Outside Director)	-
<b>Akira Arima</b>	Director (Outside Director)	-	-
<b>Junichi Tobimatsu</b>	Director (Outside Director)	Attorney-at-law, GAIEN PARTNERS Director, amana inc. (Outside Director) Director, AI, Inc. (Outside Director (Audit and Supervisory Committee Member)) Director, CANDEAL Co., Ltd. (Outside Director (Audit and Supervisory Committee Member))	-
<b>Rochelle Kopp</b>	Director (Outside Director)	Managing Principal, Japan Intercultural Consulting Director, Lightworks Corporation (Outside Director)	-
<b>Akemi Ishiwata</b>	Director (Outside Director)	-	-
<b>Hidema Jinno</b>	Audit & Supervisory Board Member (Full-time)	-	-

(As of end of fiscal year)

Name	Position and duties	Significant concurrent positions	Other
<b>Atsuko Suto</b>	Audit & Supervisory Board Member (Full-time)	-	-
<b>Kunio Chiyoda</b>	Outside Audit & Supervisory Board Member	Director, Terasaki Electric Co., Ltd. (Outside Director (Audit and Supervisory Committee Member)) Director, SEIWA ELECTRIC MFG. CO., LTD. (External director (Audit and Supervisory Committee Member))	As a certified public accountant, Mr. Kunio Chiyoda has considerable knowledge of finance and accounting.
<b>Kyoko Uemura</b>	Outside Audit & Supervisory Board Member	Attorney-at-Law, Miyama, Koganemaru & Associates Director, SoftBank Corp. (Outside Director)	-

(Notes)

- The Company has submitted to the Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. an Independent Officer Notification, indicating that Directors Mariko Bando, Akira Arima, Junichi Tobimatsu, Rochelle Kopp, and Akemi Ishiwata as well as Audit & Supervisory Board Members Kunio Chiyoda and Kyoko Uemura are Independent Officers who are unlikely to have conflict of interests with general shareholders.
- The Company adopts an Executive Officer system. Executive Officers (excluding Directors who are also an Executive Officer) as of March 31, 2023 are as follows:

Senior Executive Officer	Satoru Tamura	Human Resources and General Administration Dept., Accounting Dept., Compliance Dept., Corporate Risk Management Dept., Internal Audit Dept., Group Chief Risk Officer
Executive Officer	Shinichiro Funabiki	Assist Management
Executive Officer	Naomi Motojima	In charge of DE&I
Executive Officer	Masashi Ippongi	Digital Innovation Dept., Group Chief Digitalization Officer
Executive Officer	Keisuke Niino	Assist Management
Executive Officer	Wakana Hitotsuyanagi	Claims Services
Executive Officer	Tamaki Kawate	International Business
Executive Officer	Tomoyuki Shimazu	Assist Management
Executive Officer	Toshiya Kawabe	General Manager of Human Resources and General Administration Dept.
Executive Officer	Takuma Hayakawa	Asset Management, Financial Services Business
Executive Officer	Takuya Tsuda	Data Management Dept., Information Technology Planning Dept., Administration and Information Systems, Group Chief Information Officer, Group Chief Information Security Officer
Executive Officer	Hiroyoshi Owada	General Manager of Corporate Planning Dept.
Executive Officer	Hiroshi Arakawa	Underwriting & Reinsurance
Executive Officer	Keiji Suzuki	General Manager of Corporate Risk Management Dept.

3. There were changes in Executive Officers as of April 1, 2023. Executive Officers as of April 1, 2023 are as follows:

Chairman	Yasuyoshi Karasawa	
Executive Officer		
Vice Chairman	Yasuzo Kanasugi	
Executive Officer		
President & CEO	Noriyuki Hara	Group CEO
Executive Vice President	Tetsuji Higuchi	Corporate Planning Dept., in sub-charge of Digital Innovation Dept., Corporate Communications and Investor Relations Dept., International Supervisory Dept., in sub-charge of International Business Planning Dept., Internal Audit Dept., Capital Policy, Group CFO
Senior Executive Officer	Satoru Tamura	Human Resources and General Administration Dept., Accounting Dept., Compliance Dept., Corporate Risk Management Dept., Internal Audit Dept., Group Chief Risk Officer
Managing Executive Officer	Naomi Motojima	Corporate Sustainability Dept., in charge of DE&I, Group Chief Sustainability Officer
Executive Officer	Shinichiro Funabiki	Assist Management
Executive Officer	Keisuke Niino	Assist Management
Executive Officer	Tamaki Kawate	International Business Planning Dept.
Executive Officer	Tomoyuki Shimazu	Assist Management
Executive Officer	Toshiya Kawabe	General Manager of Human Resources and General Administration Dept.
Executive Officer	Yusuke Shirai	Assist Management
Executive Officer	Takuma Hayakawa	Asset Management, Financial Services Business
Executive Officer	Takuya Tsuda	Data Management Dept., Information Technology Planning Dept., Group Chief Information Officer, Group Chief Information Security Officer
Executive Officer	Hiroyoshi Owada	General Manager of Corporate Planning Dept.
Executive Officer	Hiroshi Arakawa	Underwriting & Reinsurance
Executive Officer	Keiji Suzuki	General Manager of Corporate Risk Management Dept.
Executive Officer	Hiroshi Tatematsu	Sales
(New Appointment)		
Executive Officer	Tomoyuki Motoyama	Digital Innovation Dept., Administration, Group Chief Digitalization Officer
(New Appointment)		
Executive Officer	Mitsuru Sato	Claims Services
(New Appointment)		
Executive Officer	Sachiko Hori	Assist Corporate Risk Management
(New Appointment)		

4. The Company appoints one Substitute Audit & Supervisory Board Member to fill a vacancy in preparation for a shortfall in the number of statutory Audit & Supervisory Board Members.

Substitute Audit & Supervisory Board Member	Kozo Meguro
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(2) Remuneration to officers

- i) Total amount of remuneration for each type of officer, total amount of each type of remuneration, and number of officers who are eligible to receive payment of remuneration

(Yen in millions)

Category	Number of recipients	Total amount of remuneration	Total amount of each type of remuneration		
			Fixed remuneration	Performance-linked remuneration	
				Monetary remuneration	Non-monetary remuneration (stock-based remuneration)
Director	12	376	248	65	63
Audit & Supervisory Board Members	4	80	80	—	—
Total	16	457	328	65	63

(Notes)

1. The number of recipients to be paid includes one (1) Director who retired during this fiscal year.
2. Fixed remuneration includes remuneration for one (1) Director who retired during this fiscal year.
3. The performance-linked remuneration of six (6) Directors paid during this fiscal year resulted in a difference of 19 million yen from the reserve for performance-linked remuneration based on the performance of the previous fiscal year, which is not included in the table above.

ii) Policies for determining the content of individual remuneration for Directors, etc.

The Board of Directors of the Company passed the following resolution on policies for determining the content of individual remuneration for Directors, etc. at its meetings held on February 14, 2019, May 20, 2019, May 20, 2021, and December 27, 2022 after deliberation by the Remuneration Committee of which a majority of the members are Outside Directors.

a. Basic policy

- The purpose is to strengthen governance and enhance the medium- to long-term corporate value of the Group.
- The officer remuneration system shall function as an appropriate incentive for sustainable growth, linking with the business performance of the Company.
- The level of remuneration shall be competitive as a global company.

b. Decision process

(a) Remuneration for Directors

- To ensure transparency, it shall be decided by resolution of the Board of Directors after deliberation by the Remuneration Committee, of which a majority of the members are Outside Directors, within a range determined by resolution of the Shareholders Meeting.
- The Remuneration Committee provides advice to the Board of Directors on the amount of remuneration for Directors and policies regarding decisions on the determination of officer remuneration.
- The Board of Directors respects the advice of the Remuneration Committee to the maximum possible extent. Also, the amount of remuneration is determined after confirmation that it is in line with the remuneration system established by resolution of the Board of Directors.

Furthermore, the Board of Directors has confirmed that, in regard to the individual remuneration of Directors for the relevant fiscal year, the advice of the Remuneration Committee has been respected to the maximum possible extent and it is in line with the remuneration system established by resolution of the Board of Directors. The Board of

Directors has therefore judged that it is in line with this basic policy for determining the remuneration of Directors.

(b) Remuneration for Audit & Supervisory Board Members

- It shall be decided by discussion among Audit & Supervisory Board Members within a range determined by resolution of the Shareholders Meeting, taking into consideration full-time/part-time, audit operation assignment, the details and level of Directors' remuneration.

c. Overview of remuneration

(a) Composition of remuneration

	Fixed remuneration	Performance-linked remuneration	
		Monetary remuneration	Stock-based remuneration
Directors (excluding Outside Directors)	✓	✓	✓
Outside Director	✓	-	-
Audit & Supervisory Board Members	✓	-	-

- Composed of fixed remuneration and performance-linked remuneration. Outside Directors and Audit & Supervisory Board Members shall be provided only fixed remuneration.
- Fixed remuneration is determined in accordance with officers' position.
- Performance-linked remuneration is determined based on business performance.
- Performance-linked remuneration is composed of monetary remuneration and stock-based remuneration.
- Fixed remuneration is paid in the current fiscal year on a monthly basis, and performance-linked remuneration is paid after the end of each fiscal year.
- The standard proportions of the components of officer remuneration differ depending on the officer's position, as shown below. (This excludes Outside Directors and Audit & Supervisory Board Members.)

<President & Director>

The composition is such that the proportion of performance-linked remuneration is higher than for other positions.

(Standard ratios)

[Fixed remuneration] 50%	[Performance-linked remuneration] Monetary remuneration 25%	[Performance-linked remuneration] Stock-based remuneration 25%
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<Other positions>

The composition is such that the proportions of fixed remuneration and performance-linked remuneration differ depending on the officer's position.

(Standard ratios)

[Fixed remuneration] Approx. 60% - approx. 70%	[Performance-linked remuneration] Monetary remuneration Approx. 20%	[Performance-linked remuneration] Stock-based remuneration Approx. 10% - approx. 20%
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(b) Contents of stock-based remuneration

- Restricted stock shall be provided as stock-based remuneration and in principle, the Transfer Restrictions shall be released upon retirement of the related Director.
- If it is found that a Director was involved in a fraudulent act while in office, the Company acquires the restricted stock for free during the Transfer Restriction Period or the Director is made to return it after the transfer restriction is released.

Overview of restricted stock remuneration plan	
Eligible Directors	Directors excluding Outside Directors
Amount of monetary remuneration to be provided (maximum)	200 million yen per year
Type of shares to be allotted	Common shares (with transfer restrictions under a restricted stock allotment agreement)
Number of shares to be allotted (maximum)	130,000 shares per year
Transfer restricted period	Period from the allotment date to the date on which the related Eligible Director resigns or retires as the Company's Director or from another position which the Board of Directors has determined

d. Performance indicators pertaining to performance-linked remuneration

- Performance-linked remuneration shall be linked with the business performance of the Company and determined based on financial and non-financial indicators.
- Financial and non-financial indicators have been selected after taking into consideration the Group's Medium-Term Management Plan (2022-2025) and the details of indicators and reasons for their selection are as follows.

(a) Financial indicators

- Financial indicators are indicators that are used to reflect business performance in a single fiscal year in officer remuneration.

Indicator	Reasons for selection
Group Adjusted Profit* <sup>1</sup>	The selected indicators were Group Adjusted Profit as a measure of shareholder returns, Group Adjusted ROE as a measure of capital efficiency, and Consolidated Net Income as a key performance indicator for the Group. * After the adoption of IFRS, the indicators at the left will be changed to "IFRS net income" and "Adjusted ROE" on an IFRS basis.
Consolidated Net Income	
Group Adjusted ROE* <sup>2</sup>	

\*1 Group Adjusted Profit

Consolidated net income + provision for catastrophe loss reserve and others – other incidental factors (amortization of goodwill and other intangible fixed assets, and others) + equity in earnings of the non-consolidated Group companies

\*2 Group Adjusted ROE

Group Adjusted Profit ÷ [average of beginning and ending amounts on BS of adjusted net assets (consolidated net assets + catastrophe reserves, and others – goodwill and other intangible fixed assets)]

(b) Non-financial indicators

- Non-financial indicators are indicators that are used to reflect initiatives contributing to medium- to long-term business performance in officer remuneration.

Evaluation item		Reasons for selection
Basic strategies	<ul style="list-style-type: none"> <li>Value (value creation)</li> <li>Transformation (business transformation)</li> <li>Synergy (Group synergy)</li> </ul>	The “Basic strategies” and “Foundations” supporting the basic strategies were selected as evaluation items for non-financial indicators to realize the vision of the Group’s Medium-Term Management Plan (2022-2025) to become a “corporate Group that supports a resilient and sustainable society.”
Foundations	<ul style="list-style-type: none"> <li>Sustainability</li> <li>Quality</li> <li>Human Assets</li> <li>ERM</li> </ul>	

(c) Application methods for financial and non-financial indicators

- The standard ratio between financial and non-financial indicators used in the calculation of performance-linked remuneration shall be “50:50.”
- The application coefficients for financial and non-financial indicators shall vary within ranges of 0 to 3.0 and 0.5 to 1.5, respectively, with 1.0 as the standard.
- The monetary remuneration and stock-based remuneration components of performance-linked remuneration shall each be calculated as follows, based on standard amounts for each position.

Monetary remuneration: Standard amount per position × business performance coefficient (financial indicators × 80% + non-financial indicators × 20%)

Stock-based remuneration: Standard amount per position × business performance coefficient (financial indicators × 20% + non-financial indicators × 80%)

- Monetary remuneration is structured such that it more strongly reflects business performance in a single fiscal year, by having a higher ratio for financial indicators than non-financial indicators.
- Stock-based remuneration is structured such that it more strongly reflects an evaluation of initiatives contributing to the enhancement of corporate value over medium to long term, by having a higher ratio for non-financial indicators than financial indicators.

(d) Actual financial and non-financial indicators in the current fiscal year

<Financial indicators>

	Actual	Target	Vs. target
Group Adjusted Profit	¥172.7 billion	¥167.4 billion	103.2%
Consolidated Net Income	¥161.5 billion	¥138.3 billion	116.8%
Group Adjusted ROE	4.8%	4.6%	+0.2 points

<Non-financial indicators>

Evaluation item	Results of evaluation
Basic strategies	As a result of evaluation based mainly on the following points, performance is evaluated to be at a standard level: <ul style="list-style-type: none"> <li>• Developing and providing products and services that offer new value leading to solutions to social issues</li> <li>• Transforming the business, product, and risk portfolios</li> <li>• Implementation of the One Platform Strategy and Group synergies, etc.</li> </ul>
Foundations	As a result of evaluation based mainly on the following points, performance is evaluated to be at a standard level: <ul style="list-style-type: none"> <li>• Initiatives related to the key sustainability issues of coexistence with the global environment, a safe and secure society, and the well-being of diverse people</li> <li>• Quality improvement initiatives such as product and service improvements based on customer feedback</li> <li>• Initiatives related to human assets, such as building an optimal human asset portfolio and creating a workplace environment that maximizes employees' abilities, skills, and motivation, including implementation of DE&amp;I</li> <li>• Initiatives related to ERM, such as improving profitability and capital efficiency and reducing strategic equity holdings, etc.</li> </ul>

e. Resolutions related to officer remuneration at the Shareholders Meeting

<Remuneration of Directors>

Shareholders Meeting held on June 25, 2018 [10th Annual Shareholders Meeting] Resolved that the maximum amount of remuneration of Directors in total (excluding wages as an employee payable to a Director also serving as an employee) shall be 500 million yen per year (of which remuneration for Outside Directors shall be no more than 100 million yen per year). The number of Directors was twelve (12) (including five (5) Outside Directors) as at the close of the Annual Shareholders Meeting.
Shareholders Meeting held on June 24, 2019 [11th Annual Shareholders Meeting] Resolved to introduce a new restricted stock remuneration plan with delayed delivery and that the total amount of monetary remuneration receivables to be paid for the allotment of restricted stock to Directors other than Outside Directors shall be up to 200 million yen per year. The number of Directors other than Outside Directors was seven (7) as at the close of the Annual Shareholders Meeting.

<Remuneration of Audit & Supervisory Board Members>

Shareholders Meeting held on June 25, 2009 [1st Annual Shareholders Meeting] Resolved that remuneration shall be up to 110 million yen per year. The number of Audit & Supervisory Board Members was four (4) as at the close of the Annual Shareholders Meeting.
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(3) Limited liability agreements and indemnity agreements

Name	Summary of content in limited liability agreements and indemnity agreements
(Outside Director) <b>Mariko Bando</b> <b>Akira Arima</b> <b>Junichi Tobimatsu</b> <b>Rochelle Kopp</b> <b>Akemi Ishiwata</b>	[Outline of limited liability agreements] The Company has concluded agreements with each of the persons limiting his/her liability under Article 423, Paragraph 1 of the Companies Act. The amount of limited liability based on these agreements is the sum of the amounts stipulated in each items of Article 425, Paragraph 1 of the Companies Act.
(Outside Audit & Supervisory Board Member) <b>Kunio Chiyoda</b> <b>Kyoko Uemura</b>	[Outline of indemnity agreements] Not applicable.



(4) Directors and officers liability insurance policy

Scope of insureds	Outline of directors and officers liability insurance policy
Directors, Audit & Supervisory Board Members, and Executive Officers, etc. of the Company and other major subsidiaries, etc.	The Company has entered into a directors and officers liability insurance policy with an insurance company as provided in Article 430-3, Paragraph 1 of the Companies Act. The insured do not bear any insurance premiums. Under this insurance policy, the insurer will cover any damages that may arise as a result of the insured assuming liability or receiving a claim for the pursuit of liability in relation to the execution of his or her duties. This policy is renewed annually.

### 3. Matters Concerning Outside Officers

#### (1) Concurrent and other status of Outside Officers

Please refer to “2. Matters Concerning Officers, (1) Status of officers” above for information on the concurrent positions of Outside Officers. There is no special relationship between any of the above entities and the Company.

#### (2) Primary activities of Outside Officers

Name	Length of time in office	Attendance at Board of Directors meetings etc.	Major activities including the remarks made at Board of Directors meetings etc.
<b>Mariko Bando</b> (Outside Director)	5 years and 9 months	Attended all 12 meetings of the Board of Directors held during the current fiscal year.	<p>She has fulfilled the roles and responsibilities required as an Outside Director, including supervising management and providing advice on all aspects of management at the Board of Directors meetings, based on her extensive insight and experience in areas such as administration, human resources development, and the promotion of diversity.</p> <p>As the chairperson of the Remuneration Committee, an internal committee of the Board of Directors, she participated in deliberations concerning the remuneration of officers, and as a member of the Nomination Committee, she participated in deliberations concerning the nomination of officers, and contributed to enhancing the corporate value and corporate governance of the Company.</p>
<b>Akira Arima</b> (Outside Director)	4 years and 9 months	Attended all 12 meetings of the Board of Directors held during the current fiscal year.	<p>He has fulfilled the roles and responsibilities required as an Outside Director, including supervising management and providing advice on all aspects of management at the Board of Directors meetings, based on his extensive insight and experience mainly as a management executive of major companies.</p> <p>As the chairperson of the Nomination Committee, an internal committee of the Board of Directors, he participated in deliberations concerning the nomination of officers, and as a member of the Remuneration Committee, he participated in deliberations concerning the remuneration of officers, and contributed to enhancing the corporate value and corporate governance of the Company.</p>

Name	Length of time in office	Attendance at Board of Directors meetings etc.	Major activities including the remarks made at Board of Directors meetings etc.
<b>Junichi Tobimatsu</b> (Outside Director)	4 years and 9 months	Attended all 12 meetings of the Board of Directors held during the current fiscal year.	<p>He has fulfilled the roles and responsibilities required as an Outside Director, including supervising management and providing advice on all aspects of management at the Board of Directors meetings, based on his extensive insight and experience as an attorney-at-law mainly in the area of corporate legal affairs in general both in Japan and overseas.</p> <p>As a chairperson of the Governance Committee, which makes recommendations to the Board of Directors, he contributed to enhancing the corporate value of the Company by providing necessary advice based on his knowledge of corporate governance.</p> <p>Also, as a member of the Nomination Committee and the Remuneration Committee, which are internal committees of the Board of Directors, he participated in deliberations concerning the nomination and the remuneration of officers and contributed to enhancing the corporate value and corporate governance of the Company.</p>
<b>Rochelle Kopp</b> (Outside Director)	2 years and 9 months	Attended all 12 meetings of the Board of Directors held during the current fiscal year.	<p>She has fulfilled the roles and responsibilities required as an Outside Director, including supervising management and providing advice on all aspects of management at the Board of Directors meetings, based on her extensive insight concerning cross-cultural communication and experience as a management consultant in Japan and overseas.</p> <p>As a member of the Nomination Committee and the Remuneration Committee, which are internal committees of the Board of Directors, she participated in deliberations concerning the nomination and the remuneration of officers, and contributed to enhancing the corporate value and corporate governance of the Company.</p>

Name	Length of time in office	Attendance at Board of Directors meetings etc.	Major activities including the remarks made at Board of Directors meetings etc.
<b>Akemi Ishiwata</b> (Outside Director)	9 months	Attended all 10 meetings of the Board of Directors held after the date of appointment.	She has fulfilled the roles and responsibilities required as an Outside Director, including providing advice from a consumer perspective, supervising management, and providing advice on all aspects of management at the Board of Directors meetings, based on her extensive insight and experience in sustainability. As a member of the Nomination Committee and the Remuneration Committee, which are internal committees of the Board of Directors, she participated in deliberations concerning the nomination and the remuneration of officers, and contributed to enhancing the corporate value and corporate governance of the Company.
<b>Kunio Chiyoda</b> (Outside Audit & Supervisory Board Member)	6 years and 9 months	Attended 11 of the 12 meetings of the Board of Directors and all 11 meetings of the Audit & Supervisory Board held during the current fiscal year.	He has fulfilled his monitoring and supervision functions on management by appropriate statements and recommendations, based on his extensive insight and experience of accounting and audit as a certified public accountant at the meetings of the Board of Directors and the Audit & Supervisory Board.
<b>Kyoko Uemura</b> (Outside Audit & Supervisory Board Member)	5 years and 9 months	Attended 11 of the 12 meetings of the Board of Directors and 10 of the 11 meetings of the Audit & Supervisory Board held during the current fiscal year.	She has fulfilled her monitoring and supervision functions on management by appropriate statements and recommendations, based on her extensive insight and experience as an attorney-at-law at the meetings of the Board of Directors and the Audit & Supervisory Board.

(Note) The period of office of each individual is from the date of their assumption of office to March 31, 2023.

### (3) Remuneration for Outside Officers

(Yen in millions)

	Number of recipients	Remuneration from the insurance holding company	Remuneration from the parent company, etc. of the insurance holding company
Total Remuneration	7	92	-

(Note) The breakdown of remuneration from insurance holding companies is 68 million yen for Outside Directors and 24 million yen for Outside Audit & Supervisory Board Members.

### (4) Opinion of Outside Officers

There is no opinion from Outside Officers concerning matters (1) to (3) of “3. Matters Concerning Outside Officers”.

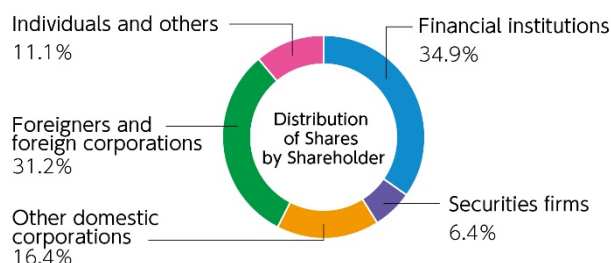
## 4. Matters Concerning Stock

### (1) Number of shares

Total number of issuable shares: 900,000 thousand shares

Total number of shares issued: 535,967 thousand shares

(Note) The total number of shares decreased by 57,665 thousand shares from the end of the previous fiscal year due to the issuance of 134 thousand shares of common stock as restricted stock remuneration on July 26, 2022 and the cancellation of 57,800 thousand shares of treasury stock on November 30, 2022.



(2) Number of shareholders at the end of the current fiscal year: 82,003

### (3) Major shareholders

Names of shareholders	Investment in the Company	
	Number of shares held (in thousands of shares)	Ratio of shares held %
The Master Trust Bank of Japan, Ltd. (Trust account)	78,193	14.6
Toyota Motor Corporation	52,610	9.8
Nippon Life Insurance Company	36,325	6.8
Custody Bank of Japan, Ltd. (Trust account)	28,800	5.4
JP MORGAN CHASE BANK 380055	16,494	3.1
JPMorgan Securities Japan Co., Ltd.	11,635	2.2
STATE STREET BANK WEST CLIENT - TREATY 505234	9,864	1.8
Barclays Securities Japan Limited	6,455	1.2
Sumitomo Life Insurance Company	6,077	1.1
JP MORGAN CHASE BANK 385781	6,018	1.1

(Note) The ratio of shares held is calculated after deducting treasury shares.

(4) Shares of the insurance holding company delivered to officers during the current fiscal year

	Number of shares	Number of persons to whom shares were delivered
Directors (excluding Outside Officers)	17,124	5
Outside Directors (Outside Officers)	—	—
Officers other than Directors	—	—

(Notes)

1. An outline of the stock-based remuneration plan of the Company is provided in “2. Matters Concerning Officers (2) Remuneration to officers.”
2. Shares shown in the table above were delivered to the Directors of the Company (excluding Outside Directors) as consideration for the execution of their duties as Directors and Executive Officers of the Company. In addition, 13,395 shares were delivered to them as consideration for the execution of their duties as Directors and Executive Officers of main subsidiaries of the Company.

## 5. Matters Concerning Stock Acquisition Rights, etc.

- (1) Stock acquisition rights, etc. held by the officers of the insurance holding company as of the last day of the fiscal year

	Outline of the stock acquisition rights, etc.	Number of persons who hold stock acquisition rights, etc.
Directors (excluding Outside Officers)	2016 First Stock Options as Equity Compensation	
	<p>Stock acquisition right allotment date: Jul. 29, 2016</p> <p>Total number of stock acquisition rights: 1,534 (Number of shares underlying each stock acquisition right is one share per unit)</p> <p>Type and number of shares underlying stock acquisition rights: Common stock of the Company: 1,534 shares</p> <p>Exercise period for stock acquisition rights: From Jul. 30, 2016 to Jul. 29, 2046</p> <p>Exercise value (per share): ¥1</p> <p>Conditions on exercise of stock acquisition rights: (Note 2.)</p>	2
	2017 First Stock Options as Equity Compensation	
	<p>Stock acquisition right allotment date: Aug. 1, 2017</p> <p>Total number of stock acquisition rights: 1,357 (Number of shares underlying each stock acquisition right is one share per unit)</p> <p>Type and number of shares underlying stock acquisition rights: Common stock of the Company: 1,357 shares</p> <p>Exercise period for stock acquisition rights: From Aug. 2, 2017 to Aug. 1, 2047</p> <p>Exercise value (per share): ¥1</p> <p>Conditions on exercise of stock acquisition rights: (Note 2.)</p>	3
	2018 First Stock Options as Equity Compensation	
	<p>Stock acquisition right allotment date: Aug. 1, 2018</p> <p>Total number of stock acquisition rights: 1,489 (Number of shares underlying each stock acquisition right is one share per unit)</p> <p>Type and number of shares underlying stock acquisition rights: Common stock of the Company: 1,489 shares</p> <p>Exercise period for stock acquisition rights: From Aug. 2, 2018 to Aug. 1, 2048</p> <p>Exercise value (per share): ¥1</p> <p>Conditions on exercise of stock acquisition rights: (Note 2.)</p>	4
	2019 First Stock Options as Equity Compensation	
	<p>Stock acquisition right allotment date: Aug. 1, 2019</p> <p>Total number of stock acquisition rights:</p>	4

	<p>3,761 (Number of shares underlying each stock acquisition right is one share per unit)</p> <p>Type and number of shares underlying stock acquisition rights: Common stock of the Company: 3,761 shares</p> <p>Exercise period for stock acquisition rights: From Aug. 2, 2019 to Aug. 1, 2049</p> <p>Exercise value (per share): ¥1</p> <p>Conditions on exercise of stock acquisition rights: (Note 2.)</p>	
Outside Directors (Outside Officers)	—	—
Officers other than Directors	2016 First Stock Options as Equity Compensation	
	<p>Stock acquisition right allotment date: Jul. 29, 2016</p> <p>Total number of stock acquisition rights: 1,206 (Number of shares underlying each stock acquisition right is one share per unit)</p> <p>Type and number of shares underlying stock acquisition rights: Common stock of the Company: 1,206 shares</p> <p>Exercise period for stock acquisition rights: From Jul. 30, 2016 to Jul. 29, 2046</p> <p>Exercise value (per share): ¥1</p> <p>Conditions on exercise of stock acquisition rights: (Note 2.)</p>	1
	2017 First Stock Options as Equity Compensation	
	<p>Stock acquisition right allotment date: Aug. 1, 2017</p> <p>Total number of stock acquisition rights: 844 (Number of shares underlying each stock acquisition right is one share per unit)</p> <p>Type and number of shares underlying stock acquisition rights: Common stock of the Company: 844 shares</p> <p>Exercise period for stock acquisition rights: From Aug. 2, 2017 to Aug. 1, 2047</p> <p>Exercise value (per share): ¥1</p> <p>Conditions on exercise of stock acquisition rights: (Note 2.)</p>	1
	2018 First Stock Options as Equity Compensation	
	<p>Stock acquisition right allotment date: Aug. 1, 2018</p> <p>Total number of stock acquisition rights: 767 (Number of shares underlying each stock acquisition right is one share per unit)</p> <p>Type and number of shares underlying stock acquisition rights: Common stock of the Company: 767 shares</p> <p>Exercise period for stock acquisition rights: From Aug. 2, 2018 to Aug. 1, 2048</p> <p>Exercise value (per share): ¥1</p>	1



	Conditions on exercise of stock acquisition rights: (Note 2.)	
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(Notes)

1. The table shows stock acquisition rights which have been granted by offsetting the right to claim remuneration to the Company, with the payment obligations for the stock acquisition rights that have been allotted to each person.
2. A rights holder may exercise his/her stock acquisition rights only after he/she relinquishes his/her position as a Director, Executive Officer, and full-time Audit & Supervisory Board Member of the Company or its subsidiaries which consist of five domestic insurance companies (Note 3). In such a case, a rights holder may exercise his/her stock acquisition rights all at once, during the period beginning on the day following the day he/she relinquishes his/her position as a Director, Executive Officer, and full-time Audit & Supervisory Board Member of the Company or its subsidiaries which consist of five domestic insurance companies, until the elapse of 10 days.
3. Mitsui Sumitomo Insurance Co., Ltd., Aioi Nissay Dowa Insurance Co., Ltd., Mitsui Direct General Insurance Co., Ltd., Mitsui Sumitomo Aioi Life Insurance Co., Ltd. and Mitsui Sumitomo Primary Life Insurance Co., Ltd.
4. As of the last day of the fiscal year the Officers of the Company hold stock acquisition rights granted in consideration for the execution of their duties as the Company's Directors or Executive Officers, the number of which is shown in the table above. In addition to this, the Officers of the Company hold stock acquisition rights granted in consideration for the execution of their duties as the Directors or Executive Officers of the Company's major subsidiaries at the time of issuance of the stock acquisition rights, the number of which is shown below.
  - Number of stock acquisition rights issued as of July 2016: 8,451
  - Number of stock acquisition rights issued as of July 2017: 6,621
  - Number of stock acquisition rights issued as of July 2018: 7,014
  - Number of stock acquisition rights issued as of August 2019: 23,209

(2) Stock acquisition rights, etc. of the insurance holding company issued to employees, etc. during the fiscal year

Not applicable.

## 6. Matters Concerning Accounting Auditor

### (1) Accounting Auditor

(Yen in millions)

Name or title	Remuneration for the current fiscal year	Other
KPMG AZSA LLC Designated and engagement partner: Hiroyuki Yamada Designated and engagement partner: Fumito Hirose Designated and engagement partner: Kenichi Ishii	78	1. Apart from work under Article 2, Paragraph 1 of the Certified Public Accountants Act, the Company has paid the Accounting Auditor consideration for compliance support work. 2. Relating to the remuneration of the Accounting Auditor, the Audit & Supervisory Board has given its consent in accordance with Article 399, Paragraph 1 of the Companies Act upon confirming and verifying the appropriateness of the Accounting Auditor's Audit Plan, the performance status of the Accounting Auditor's duties and the calculation basis for the remuneration quotation.

(Notes)

1. The sum of the amounts payable in cash and in kind from the Company and its subsidiaries is 844 million yen.
2. The amount shown in the table above includes remuneration for audits under the Financial Instruments and Exchange Law because the audit contract between the Company and the Accounting Auditor does not provide for separate amounts of remuneration for audits under the Companies Act and audits, etc. under the Financial Instruments and Exchange Law, nor can these amounts practically be separated.

### (2) Limited liability agreements and indemnity agreements

Not applicable.

### (3) Other matters concerning Accounting Auditor

#### (a) Policy on dismissal or decision not to reappoint the Accounting Auditor

Should the Audit & Supervisory Board decide to dismiss the Accounting Auditor based on Article 340 of the Companies Act, or in the event it is recognized that it will be difficult for the Accounting Auditor to perform its duties or other such circumstances, and the Audit & Supervisory Board has determined it is appropriate to dismiss or not to reappoint the Accounting Auditor, the Audit & Supervisory Board will decide the detail of the proposal on the dismissal or non-reappointment of the Accounting Auditor, which shall be presented at a Shareholders Meeting based on Article 344 of the Companies Act.

#### (b) Auditing of the financial statements of the Company's principal subsidiaries done by certified public accountants other than the Company's Accounting Auditor

Overseas subsidiaries among the Company's principal subsidiaries are audited by certified public accountants other than KPMG AZSA LLC.

## **7. Basic Policy Concerning Persons in Control of Decisions on Finance and Business Policy**

Not applicable.

## **8. System for Ensuring Appropriateness of Operations**

### **(1) Basic Policy Pertaining to System for Internal Controls**

A summary of the establishment of the above system is as set out below.

#### **MS&AD Insurance Group Holdings, Inc. Basic Policy Pertaining to System for Internal Controls**

As the holding company conducting overall management of the Group, MS&AD Insurance Group Holdings, Inc. (the “Holding Company”) shall, under the “Corporate Philosophy (Mission),” strive to create a system of management that is transparent with the control functions to facilitate the stable and sustained growth of the Group over the long term through the effective deployment of management resources and appropriate risk management and thereby raise the corporate value.

#### **1. Group Management Structure (System for Assuring the Proper Conduct of Business at the Corporate Group Consisting of the Holding Company and Its Subsidiaries)**

- (1) The Holding Company shall formulate the Corporate Philosophy (Mission), Corporate Vision, and Code of Conduct (Values) that all officers and employees in the Group are expected to focus on in all aspects of business, and shall strive to have them instilled in and implemented by all officers and employees of the Holding Company and its subsidiaries (subsidiaries under the Companies Act and Insurance Business Act; in this basic policy, the “Group companies”). The Holding Company shall report to the Board of Directors on the status of implementation whether the company’s corporate culture truly embraces the intent and spirit of the Corporate Philosophy (Mission), Corporate Vision and Code of Conduct (Values).
- (2) The Holding Company shall appropriately exercise shareholder voting rights, such as appropriately voting on resolutions at Shareholders Meetings over domestic Group insurance companies and affiliates in which the Holding Company conducts direct investment (the “Directly Invested Companies”) from the standpoint of conducting management of the Group as a whole and maximizing the corporate value of the entire Group.
- (3) The Holding Company shall execute business management agreements with the Directly Invested Companies and institute the Group Basic Policies (Corporate Governance, Risk Management, Compliance and Internal Auditing).
- (4) Pursuant to business management agreements, the Holding Company shall require the Directly Invested Companies to comply with the Group Basic Policies as well as develop a system to ensure appropriate business conduct as stated in items (i) through (iv) below.
  - (i) **System for Reporting to the Holding Company Regarding the Execution of Duties by Directors of the Directly Invested Companies**  
The Directly Invested Companies shall either get approval from the Holding Company with respect to important matters affecting the Directly Invested Companies or report to the Holding Company regarding such matters. In addition, the Holding Company shall be able to require the Directly Invested Companies to report the status of business management, etc. of subsidiaries of Directly Invested Companies to the Holding Company.
  - (ii) **System to Assure the Efficient Execution of Duties by Directors of Directly Invested Companies (mentioned in 2. below)**
  - (iii) **System to Assure that the Execution of Duties by Directors and Employees of the Directly Invested Companies Complies with Applicable Laws and the Articles of Incorporation (mentioned in 3. below)**
  - (iv) **Rules and Other Systems for Managing Risk of Loss of the Directly Invested Companies (mentioned in 4. below)**

- (5) In principle, the Directly Invested Companies shall appropriately supervise the management of their subsidiaries (subsidiaries under the Companies Act and Insurance Business Act) under business management agreements. For overseas bases and subsidiaries, the Directly Invested Companies shall consider local laws and characteristics when promoting the development of business systems.

**2. System to Assure the Efficient Execution of Duties (System to Assure the Efficient Execution of Duties by Directors of the Holding Company and Its Subsidiaries)**

- (1) To achieve a balance between quick decision making and proper monitoring, the Holding Company shall adopt an Executive Officer System, appoint Outside Directors, and separate the “Management Decision Making and Oversight Functions” by the Board of Directors and the “Business Execution Functions” by Executive Officers, and strengthen these Functions. In addition, in order to enable practical deliberations by the Board of Directors, the number of Directors shall not exceed fifteen (15) members, and the delegation of authority over business execution to Executive Officers shall be promoted.
- (2) To facilitate the proper and efficient execution of duties by Directors and Executive Officers, the Holding Company shall institute rules pertaining to the organization and exercise of authority, etc. to clarify the duties that must be performed and the administrative authority.
- (3) The Holding Company shall institute the Group’s Medium-Term Management Plan and annual plans, strive to have them instilled among all officers and employees of the Holding Company and its Group companies, and set numerical targets for each business area and properly allocate management resources to accomplish the goals of the plans. In addition, Corporate Governance, Compliance, Risk Management, etc. are positioned as important issues of management in the Group’s Medium-Term Management Plan.
- (4) The Holding Company shall institute the IT Governance Basic Policy of the Group in consideration of the importance of information technology (IT) as a managerial foundation, and establish an IT governance structure.
- (5) The Holding Company shall institute the Basic Policy on Taxes of the Group in consideration of the importance of tax matters in its business activities and establish a tax governance structure.
- (6) Executive Officers of the Holding Company shall provide the Board of Directors with reports of the status of business execution for the Company and the Directly Invested Companies (including summaries of business results). The Holding Company’s Board of Directors shall take measures as necessary based on the content of these reports, such as modifying the targets or assigning additional management resources.
- (7) The Holding Company shall convene regular meetings of the Group Management Committee. The Group Management Committee shall have officers from the domestic Group insurance companies attend its meetings as necessary to discuss important matters affecting the Group’s business strategy and management of the domestic Group insurance companies and shall determine the direction of decision making.

**3. Group Legal Compliance System (System to Assure That Execution of Duties by Directors and Employees of the Holding Company and Its Subsidiaries Complies with Applicable Laws and the Articles of Incorporation)**

- (1) In line with the Group’s Compliance Basic Policy formulated by the Holding Company, the Holding Company and Group companies shall make efforts to instill compliance awareness among all officers and employees, and shall comply with applicable laws and internal rules, etc. and shall carry out business activities based on high ethical standards.
- (2) The Holding Company shall institute the Legal Compliance Rules as well as a Compliance Program as its implementation plan and monitor the status of the implementation to ensure compliance and develop corporate ethics. It shall also institute a Compliance Manual and revise it when necessary based on the business activities of the entire Group, management environment and other factors.
- (3) The Holding Company shall create business units and systems such as a Compliance Department to be responsible for overall management of matters pertaining to compliance for the entire Group. It shall also establish a Quality Improvement and Compliance Committee to conduct monitoring of the status of the promotion of compliance, and necessary measures shall be implemented with respect to matters confirmed by this committee. The Holding Company shall regularly report to the Board of Directors on the status of the promotion of compliance.
- (4) Holding Company shall also establish rules for reporting compliance issues discovered by officers and employees of the Holding Company and the Group companies in the Legal

Compliance Rules. Upon receipt of a report, the Holding Company's Compliance Department shall work with the relevant departments and the Group companies to investigate the content of such reports and formulate measures to prevent recurrences.

- (5) The Holding Company and the Group companies shall establish a system to eliminate any antisocial forces, in line with the Group's Basic Policy Concerning Antisocial Forces instituted by the Holding Company (e.g., establishing a business unit to respond to problems, introducing guidelines, developing a system for managing databases concerning antisocial forces, strengthening collaboration with outside organizations such as the police, etc.) and ensure that all officers and employees take a firm stand against antisocial forces and will not accept any unjustified or improper demands.
- (6) When the Holding Company engages in transactions with related parties such as officers of the Group, the Holding Company shall conduct appropriate monitoring to ensure that such transactions do not harm the interests of the Group and the common interests of its shareholders, such as by requiring approval of the Board of Directors of competitive transactions and transactions with a conflict of interest.
- (7) The Holding Company and Group insurance companies shall establish a system that ensures the compliance with the arm's length rule and the propriety of other transactions within the Group, etc. in line with the Basic Policy on Internal Group Transactions and Business Alliances instituted by the Holding Company.
- (8) The Holding Company and domestic Group insurance companies shall establish a system to manage conflicts of interest based on the Group's Basic Policy for Management of Conflicts of Interest instituted by the Holding Company.
- (9) The Holding Company and Group companies shall establish a system to manage outsourcing based on the Group's Basic Policy for Management of Outsourcing instituted by the Holding Company.
- (10) The Holding Company and Group companies shall establish the Speak Up System (whistleblowing system), which shall enable all officers, employees, and others to report directly to internal and external contact points regarding violations of laws and regulations, violations of internal company rules, inappropriate actions, or actions that could lead to such violations by the organization or individuals, and shall strive to make all officers and employees informed of the system. In addition, the Holding Company shall institute rules for the operation of the Group's Speak Up System and thereby establish that there shall be no unfavorable treatment of whistleblowers as a result of their reporting, while it shall report to the Board of Directors on the status of the operation of the System.
- (11) The Holding Company shall not encourage, approve nor instruct the Group companies or their officers and employees to engage in conduct that violates the law.

#### **4. Integrated Risk Management System (Provisions for Managing Risk of Loss of the Holding Company and Its Subsidiaries, and Other Systems)**

- (1) The Holding Company and the Group companies shall conduct appropriate risk management by sharing a basic approach and also instituting risk management policies for each company according to the conditions of each company, in line with the Group's Risk Management Basic Policy instituted by the Holding Company.
- (2) The Holding Company shall create business units and systems such as a Risk Management Department to have an understanding of various risks present within the Group and to conduct appropriate integrated risk management. An ERM Committee shall also be established, and necessary measures shall be taken to avoid and reduce risk based on the findings of this committee (including the confirmation results from integrated risk management (quantitative)).
- (3) The Holding Company shall monitor risk and the status of risk management for the entire Group, shall integrate and quantify risks for the entire Group and confirm that the capital required for the entire Group is assured. The Holding Company shall report to the Board of Directors on the status of these initiatives, in consideration of the results of consultation and coordination by the ERM Committee.
- (4) The Holding Company shall establish the Crisis Management System and the Business Continuity Management System for the entire Group in accordance with the Crisis Management Manual and restructuring plan instituted by the Holding Company to fulfill corporate social responsibility and our responsibilities to stakeholders, and also establish the necessary systems to minimize damages caused by risks.

**5. System for Assuring the Reliability of Financial Reporting**

- (1) When selecting candidates to serve as Audit & Supervisory Board Members, the Holding Company shall appoint at least one person as Audit & Supervisory Board Member who possesses the necessary knowledge regarding accounting and financial matters.
- (2) The Holding Company and the Group companies shall establish a system for the timely and proper reporting of financial information and other disclosures of information, pertaining to the Group, based on the Group's Basic Policy for Controlling Disclosure of Information instituted by the Holding Company.
- (3) In order to provide accurate and clear reporting of the business results and financial condition of the Holding Company and its consolidated subsidiaries, the Holding Company shall institute accounting rules and prescribe the important matters pertaining to accounting administration in line with corporate accounting standards generally accepted as fair and appropriate.
- (4) In order to ensure the fair disclosure of information, the Holding Company shall institute controls pertaining to the disclosure of information and procedural rules and take measures to evaluate the effectiveness and improve the workability of these controls, and the ERM Committee shall check the propriety of information disclosure.
- (5) In accordance with the Financial Instruments and Exchange Act, the Holding Company, through the ERM Committee, shall check the results from evaluations of the establishment and the function of "Internal Controls over Financial Reporting" implemented by the Holding Company and its consolidated subsidiaries.
- (6) The Holding Company shall report to the Board of Directors on the findings from investigations by the ERM Committee pertaining to the effectiveness of controls on the disclosure of information and the propriety of information disclosure of the Holding Company and its consolidated subsidiaries.

**6. System for Assuring the Effectiveness of Internal Audit**

- (1) The Holding Company and domestic Group insurance companies shall maintain a system for internal auditing covering the business activities of the entire Group based on the Group's Internal Audit Basic Policy instituted by the Holding Company to conduct internal auditing effectively and efficiently.
- (2) The Holding Company and domestic Group insurance companies shall establish an independent organization dedicated to internal auditing and shall formulate internal audit rules that prescribe the basic matters pertaining to internal audit and an internal audit plan based on the types and degrees of risk.
- (3) The Holding Company's internal auditing department shall make reports to the Board of Directors of important matters from the findings of internal auditing conducted by the Holding Company and the domestic Group insurance companies as well as the status of improvements at the business units subject to audits.

**7. System for Information Management (System for Management and Retention of Information Pertaining to Execution of Duties by Directors)**

- (1) The Holding Company shall institute Corporate Information Management Regulations and shall properly retain and manage the documentations pertaining to execution of duties by Directors and Executive Officers (which means important documentations such as the minutes of the Board of Directors and approval documentations, including electronic data) as well as other company information. In addition, the Directors and Audit & Supervisory Board Members shall be able to have access to such information at all times.
- (2) The Holding Company and the Group companies shall establish a system to ensure the proper handling and secure management of personal information (customer information) based on the Group's Basic Policy for Management of Customer Information instituted by the Holding Company.

**8. System for Assuring the Effectiveness of Auditing by Audit & Supervisory Board Members**

**(1) System Pertaining to Employees Assisting with the Duties of Audit & Supervisory Board Member, as Well as Assuring Independence of Such Employees and the Effectiveness of Instructions to Such Employees**

- (i) To support the duties of Audit & Supervisory Board Members, the Holding Company establishes an Office of Audit & Supervisory Board with dedicated employees.
- (ii) The Holding Company's Directors shall respect the independence of the Office of Audit & Supervisory Board while organizational changes in the Office of Audit & Supervisory Board as well as transfer or discharge of the employees described above shall obtain a

consent from the Audit & Supervisory Board. Employee evaluation shall also be conducted upon consultation with the Audit & Supervisory Board Member assigned by Audit & Supervisory Board.

**(2) System for Reporting to Audit & Supervisory Board Members**

- (i) When the Holding Company's Directors and Executive Officers are aware of any serious violations of applicable law or the Articles of Incorporation or inappropriate conduct regarding the execution of duties, or facts that may cause a serious harm to the Company, they shall promptly report such to the Audit & Supervisory Board.
- (ii) The Holding Company's Directors and Executive Officers shall make reports to the Audit & Supervisory Board Members promptly regarding any decisions that will significantly affect businesses or organizations, the findings of internal audits, the status of whistleblowing and other matters to be reported to the Audit & Supervisory Board Members, through the process instituted in consultation with the Audit & Supervisory Board Members.
- (iii) Officers, employees, and others of the Holding Company and the Group companies shall directly report to the Audit & Supervisory Board Members of the Holding Company regarding serious violations of laws and regulations, violations of internal company rules, inappropriate conduct, or those that could lead to such violations.
- (iv) The Holding Company and the Group companies shall not subject persons making reports as described in items (i) to (iii) above to any unfavorable treatment for the reason that they have made such reports.

**(3) Other Matters**

- (i) The Holding Company shall clearly state in the relevant rules, etc. that, in addition to the Board of Directors, Audit & Supervisory Board Members may also attend meetings of the Group Management Committee and other important meetings.
- (ii) The Holding Company's Chairman & Director, Vice Chairman & Director, President & Director, and Representative Directors shall regularly exchange opinions with the Audit & Supervisory Board pertaining to issues that must be addressed by the Holding Company, the development status of auditing environment for Audit & Supervisory Board Members, important auditing issues, and other matters.
- (iii) When requested by the Audit & Supervisory Board Members, the Holding Company's internal auditing department shall cooperate with the audit by the Audit & Supervisory Board Members.
- (iv) When requested by Audit & Supervisory Board Members for advance payment or reimbursement, etc. of expenses under the Article 388 of the Companies Act with respect to the execution of their duties, the Holding Company shall conduct procedures in accordance with the Article 388 of the same Act.

**(2) Overview of the Operational Status of the Internal Control System**

The Company strives to maintain a system to ensure the propriety of business and to appropriately operate its system, and reports to the Board of the Directors regarding the results of an annual self-inspection of the operational status of this system.

An overview of the operational status in the current fiscal year is as follows.

### **1. Group Management Structure (System for Assuring the Proper Conduct of Business at the Corporate Group Consisting of the Holding Company and Its Subsidiaries)**

The Company works to ensure the further penetration of its Corporate Philosophy (Mission), Corporate Vision, and Code of Conduct (Values) (“MVV”) through creating a deeper understanding of and putting into practice the MS&AD “Story of Value Creation,” under which we support the creation of an environment where customers can lead their lives and engage in their business activities safely by facing social issues, anticipating risks, working to prevent them, minimizing the impact when risks do occur, and also providing products and services to minimize the economic burden. The Company and Group companies both in Japan and overseas conducted employee awareness surveys related to the MVV, etc., and reported to the Board of Directors regarding the status of the creation of corporate culture and its implementation at each Group company.

The Company has established the Group Basic Policies, requires that each company comply with the Group Basic policies, obtain the approval of the Company and report to the Company regarding decisions on important matters, and appropriately manage the subsidiaries of each company, and monitors the status of such actions in accordance with the business management agreements, etc., that it has executed with these companies.

### **2. System to Assure the Efficient Execution of Duties (System to Assure the Efficient Execution of Duties by Directors of the Holding Company and Its Subsidiaries)**

To incorporate outside perspectives independent from management, strengthen monitoring and supervisory functions, and conduct highly transparent management, five (5) of the eleven (11) Directors, over one-third, are Outside Directors (including three (3) women) (as of March 31, 2023). Outside Directors receive advance briefings concerning agenda documents for meetings of the Board of Directors.

The Company sets management numerical target for each business domain in the Medium-Term Management Plan, allocates capital based on the Risk Appetite Statements to the operating companies, and reports monthly performance at the Group Management Committee to verify the status of progress with respect to the income and expenditure plans.

The Company will continue to aim to ensure soundness, enhance its ratio of risk to returns, and improve capital efficiency, positioning the ERM cycle as the base of Group management.

### **3. Group Legal Compliance System (System to Assure That Execution of Duties by Directors and Employees of the Holding Company and Its Subsidiaries Complies with Applicable Laws and the Articles of Incorporation)**

In order to conduct business activities based on thorough awareness of compliance and high ethical standards, we implement various measures including conducting compliance training, conducting inspections to detect inappropriate acts at an early stage and to prevent their recurrence, and operation of systems to receive reports and complaints from internal and external stakeholders, such as the Speak Up System.

The Company has established a Quality Improvement and Compliance Committee to promote business operations that put the Group’s customer first, ensure compliance, and establish corporate ethics. The committee meets quarterly in principle to monitor and discuss issues related to quality improvement and compliance systems, etc. for the entire Group and each company, and reports the results of its discussions, including measures to address recognized issues, to the Board of Directors.

### **4. Integrated Risk Management System (Provisions for Managing Risk of Loss of the Holding Company and Its Subsidiaries, and Other Systems)**

To enable the Company to manage risk in a way that integrates various types of risk, the Group has established organizations and systems such as the ERM Committee, integrated risk management departments such as the Investment Risk Management Section, and formulated “Regulations for Capital and Integrated Risk Management.” The Board of Directors of the Company receives regular reports on the results of quantitative checks of integrated risk management by the officer responsible for risk management, and the results of deliberations by the ERM Committee concerning factors such as the status of progress toward targets for important risk management initiatives of the Group and the status of monitoring indicators for important risks faced by the Group. In this way, the Board of Directors of the Company confirms the status of risks and the risk management initiatives of the Group, and takes measures to avoid and eliminate risks as necessary.

In accordance with the “Standards Related to the Management of Important Group Risks, Material Group Risks, and Emerging Group Risks,” the status of progress toward targets for important risk management initiatives of the Group, the effectiveness of these initiatives, and the status of



monitoring indicators are confirmed every six months, and based on the results of deliberation and coordination among the ERM Committee, etc., the officer responsible for risk management provides reports to the Board of Directors every six months.

#### **5. System for Assuring the Reliability of Financial Reporting**

The ERM Committee reports, and exchanges opinions on confirmation of the validity of disclosure information on regular disclosure and timely disclosure. When the Annual Securities Reports and Quarterly Earnings Reports are being prepared, the ERM Committee verifies the status of controls over information disclosure for each department and company based on the internal control confirmation documents received from departments providing basic information, departments preparing disclosure documents, and directly invested consolidated subsidiaries, and submits a report to the Board of Directors each quarter confirming no serious deficiencies exist in the information disclosure control system.

#### **6. System for Assuring the Effectiveness of Internal Audit**

The Company and the domestic insurance companies of the Group formulate internal audit plans that cover all aspects of the Group's business activities and are tailored to the amount and types of risks faced, while important operational processes are also verified in a cross-departmental manner. Through such measures, the Group conducts efficient and effective internal audits. The Company has developed systems that use monitoring and other means to verify and promote the improvement of internal audit systems and internal management systems at the domestic insurance companies of the Group. In addition, the Board of Directors receives annual reports on circumstances at each company.

#### **7. System for Information Management (System for Management and Retention of Information Pertaining to Execution of Duties by Directors)**

The Company confirms that information such as the minutes of Annual Shareholders Meetings, meetings of the Board of Directors, the Group Management Committee, etc. and documentation relating to the Board of Directors is appropriately managed.

#### **8. System for Assuring the Effectiveness of Auditing by Audit & Supervisory Board Members**

(1) Matters Pertaining to Employees Assisting with the Duties by Audit & Supervisory Board Members

The Holding Company has assigned three (3) dedicated employees to the Office of Audit & Supervisory Board and conducts personnel changes with the approval of the Audit & Supervisory Board.

(2) System for Reporting to Audit & Supervisory Board Members

Directors and Executive Officers execute their duties in recognition of the materiality of reporting to Audit & Supervisory Board Members. In addition, the Speak Up system is operated so that officers and employees of the Company and the Group companies can directly report to the Audit & Supervisory Board Members of the Company, and it is confirmed that the status of reporting under the Group's Speak Up system is regularly reported to the Audit & Supervisory Board.

(3) Other Systems for Assuring the Effectiveness of Auditing by Audit & Supervisory Board Members

In addition to meetings of the Board of Directors, the Audit & Supervisory Board Members also attend other important meetings such as those of the Group Management Committee and Task Specific Committee Meetings. In addition, the Chairman & Director, Vice Chairman & Director, President & Director, and Representative Directors hold regular meetings to exchange opinions with Audit & Supervisory Board Members.

## 9. Matters Concerning Specified Wholly Owned Subsidiaries

(Yen in millions)

Corporate name	Location	Carrying amount of the stock of the specified wholly owned subsidiary at the end of current fiscal year
Mitsui Sumitomo Insurance Co., Ltd.	9, Kanda Surugadai 3-chome, Chiyoda-ku, Tokyo	648,506
Aioi Nissay Dowa Insurance Co., Ltd.	28-1, Ebisu 1-chome, Shibuya-ku, Tokyo	512,283

(Note) Total assets of the Company at the end of the current fiscal year amounted to 1,687,398 million yen.

## 10. Matters Concerning Transactions with the Parent Company, etc.

Not applicable.

## 11. Matters Concerning Accounting Advisors

Not applicable.

## 12. Other Matters

Not applicable.