

# MS&AD's Value Creation Story

## Contribute to the development of a vibrant society and help secure a sound future for the planet

The MS&AD Insurance Group was formed with three groups of insurance companies being integrated with the mission "to contribute to the development of a vibrant society and help secure a sound future for the planet, by enabling safety and peace of mind through the global insurance and financial services business." To realize this mission, we need to face those social issues that impede this idea and promptly identify various risks stemming from these issues. Then, through a variety of products and services, we need to prevent risks from occurring or minimize the impact of those risks and to reduce the economic burden when those risks materialize. By doing so, we help create an environment where customers can live and conduct business in a secure manner. That is our value creation story.

### Social Issues To Be Solved by Our Group

- Global warming
- Damage to natural capital
- Environmental pollution
- Linear economy

- Emergence of new risks
- Spread of infectious diseases
- Major earthquakes
- Decline of regional industry

- Aging population and declining birthrate
- Human rights violations
- Elimination of diversity
- Poverty and widening income disparity

### Identifying Materiality from Social Issues To Be Solved

**Symbiosis with the global environment**  
(Planetary Health)

**Safe and secure society**  
(Resilience)

**Happiness of diverse people**  
(Well-being)

➡ Please refer to page 21 for details on identifying materiality.

Note: The above refer to sustainability-related materiality.

### Creating Shared Value with Society (CSV Initiatives)

We will confront diversifying social issues, create our value creation story, and engage in value co-creation together with our various stakeholders. And with the development of society, we will aim for sustainable growth of the Group and aim to enhance corporate value.

**Carbon neutral Support**

**Provision of multifaceted cyber risk related products**

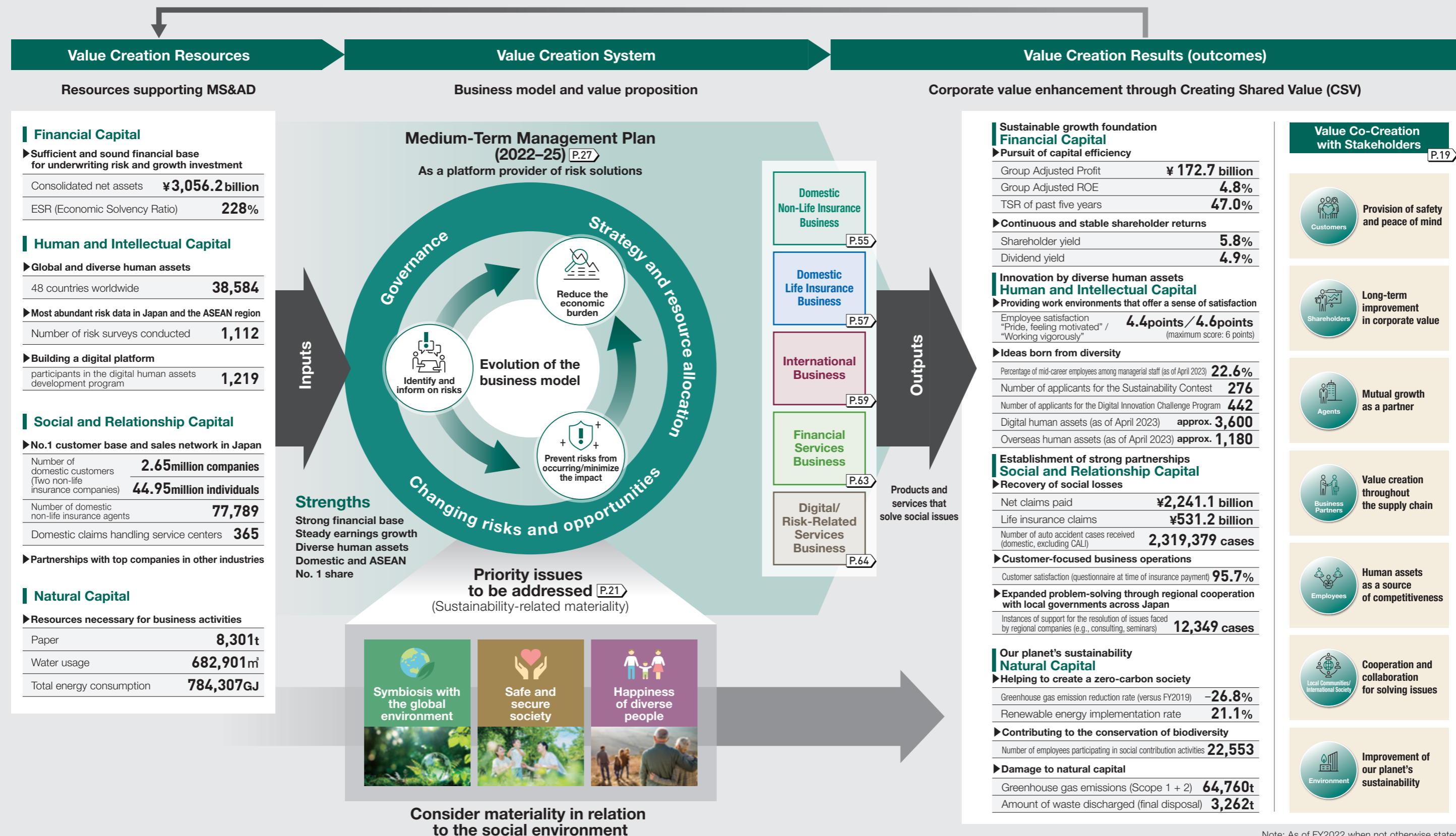
**Support for corporate human rights-related responses**

### Aspiration for 2030

**A corporate group supporting a resilient and sustainable society**

# MS&AD's Value Creation Story

Here we explain the MS&AD Insurance Group's system for value creation. We are utilizing the diverse resources of the Group's business activities together with our stakeholders as the impetus to create new value. Firmly building a system that can sustainably create value in this way leads to improvement in corporate value over the medium to long term.



Note: As of FY2022 when not otherwise stated

# Value Co-Creation with Stakeholders

In co-creation with diverse stakeholders, the MS&AD Group will drive sustainable growth and corporate value enhancement by addressing a wide range of social issues while promoting environmental and social sustainability.



## Quality improvement and product/service provision that reflect customer feedback

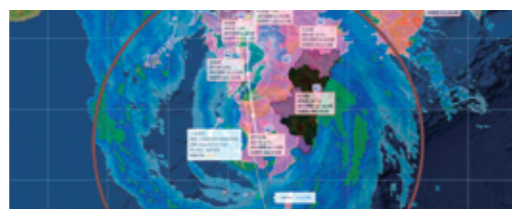
All employees implement the “Customer Focus” attitude expressed in the code of conduct (Our Values), listen to customer feedback broadly, and provide high-quality products and services to solve social issues and achieve the “security and satisfaction of our customers.”

### Communication channel

- Customer surveys
- Annual report on the status of “Customer Focused Management Policy” initiatives
- Contact center
- Official website
- Communication with agents and employees (e.g., inquiries, consultations, requests, complaints)
- Disaster prevention and reduction information is made available to the public, and alerts are notified via an app.

### Examples of initiatives

The cmap real-time damage forecasting website and app provide information on the number of damaged buildings, disaster-related social media, alert levels, evacuation centers, and related issues.



## Value creation across the entire supply chain

We, together with our supply chain, meet the expectations of society with thorough compliance, respect for human rights, and consideration of the environment.

### Communication channel

- Communication with outside vendors
- Periodic inspections of outside vendors
- Human rights risk management support, etc.

### Examples of initiatives

We provided information on the MS&AD Insurance Group Basic Human Rights Policy to all vendors and encouraged them to prevent or mitigate any negative impact on human rights in their business activities. In addition, a common Group relief counter was established to redress human rights violations by employees of vendors.



## Employees' job satisfaction and career fulfillment are a driver of the MS&AD Group's growth

We create a working environment where employees can work with a sense of feeling motivated and job satisfaction and provide opportunities for everyone to play an active role. We foster a corporate culture that respects a diverse sense of values, thereby generating innovation.

### Communication channel

- Conducting an employee awareness survey
- Speak-up system for whistleblowing and consulting on breaches of laws, company rules, and inappropriate behavior
- Based on improvement proposals, each head office department submits the results of feedback to the departments.

### Examples of initiatives

Conducted awareness surveys of employees in Japan and overseas and implemented training for national staff to further disseminate and implement MS&AD's mission, vision, and values.



## Our Group's sustainable growth and medium- to long-term improvement in shareholder value

We make highly transparent information disclosure, actively engage in constructive dialogue with shareholders, and reflect outcomes of these activities in managing our Group, thereby striving to create more value and improve corporate value.

### Communication channel

- FY2022 dialogue results
- Strategy briefings for institutional investors and analysts: 2 sessions
- Results briefing conference calls: 4 sessions
- ESG briefings: 1 session
- Thematic meetings: 2 sessions
- Briefings for individual investors: 6 sessions
- Japanese and overseas analyst/investor interviews: 237 sessions

### Examples of initiatives

ESG briefing held for institutional investors and analysts in January 2023. Provision of opportunities to introduce the Group's ESG initiatives and exchange views with Outside Directors.



## Mutual growth as business partners

By communicating smoothly, and thinking and acting together with our agents, we will provide high-quality services and optimal insurance products to customers and mutually pursue the growth of agents and our Group.

### Communication channel

- Agent meetings
- Agent study sessions
- Provision of “zeroboard,” a service for calculating and visualizing greenhouse gas emissions

### Examples of initiatives

Presenting optimal proposals that meet the needs of each individual customer through data analysis by “MS1 Brain,” an AI-powered agent sales support system



## Solving social issues through collaboration with diverse partners

We work together with diverse partners such as cooperating with domestic and overseas industrial organizations and local governments and collaborating among industries, academia, and government, thereby protecting the Earth's environment and social sustainability and contributing to developing a vibrant society.

### Communication channel

- Collaboration agreements with local governments
- Collaborative research with universities and other organizations on disaster prevention and mitigation and the local environment
- Dialogue with NPOs and NGOs
- Communication/exchanges with local communities
- Holding of seminars/symposiums

### Examples of initiatives

From fiscal 2022, in collaboration with universities, local NPOs, and municipal governments, the MS&AD Green Earth Project has launched initiatives for disaster prevention and reduction, decarbonization, and regional co-creation through conservation and restoration of the natural environment in the Kuma River basin (Kumamoto Prefecture), Minamisanriku Town (Miyagi Prefecture), and the Inba marshlands (Chiba Prefecture).



## Improving the sustainability of the Earth

Toward achieving net zero by 2050, we will consider sustainability in all our business activities. We will demonstrate our initiative in climate change and promote the preservation of biodiversity and improvement in the sustainability of natural capital.

### Communication channel

- Dialogue with experts and NPOs/NGOs
- Collaborative research with universities on climate change and natural capital
- Participation in initiatives and international conferences
- Employee participation in environmental and social contribution activities (22,553 employees)
- Holding of seminars/symposiums

### Examples of initiatives

Four financial institution groups—MS&AD Group, SMFG, Norinchukin Bank, and Development Bank of Japan—launched the Finance Alliance for Nature Positive Solutions (FANPS) in February 2023 to support companies' shift to nature positive in their business activities.



Identifying Materiality

Step1

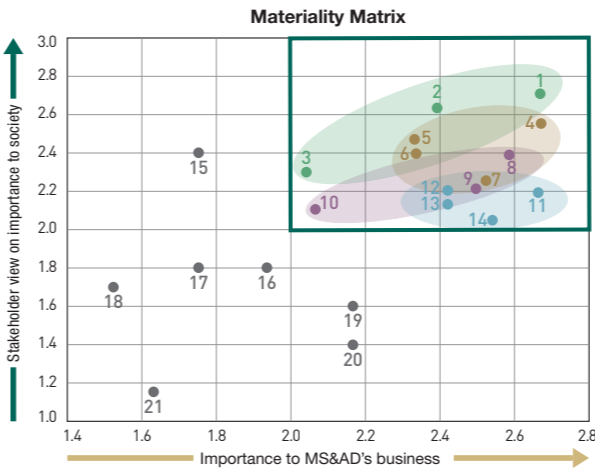
Twenty-one social issues to be resolved were selected from among the social issues listed in national and international government reports, ISO 26000, GRI Standard, SASB, and other guidelines

1	Acceleration of global warming	8	Aging population and declining birthrate	15	Price instability
2	Damage to natural capital (ecosystem degradation and crisis)	9	Human rights violations and exclusion of diversity	16	Hunger and food crises
3	Environmental pollution and noncircular economy	10	Increasing poverty and inequality	17	Debt crises
4	Emergence of new risks	11	Customer responsibility	18	Frequent and spreading regional conflicts and terrorism
5	Spread of infections	12	Compliance	19	Disillusionment among young people
6	Large-scale earthquakes	13	Corporate governance	20	Commodity shock
7	Decline of local industry	14	Human resources	21	Immigration problems

Step2

Evaluate the selected social issues using the materiality matrix

The materiality matrix is analyzed from two perspectives: the impact of us on society (importance to stakeholders) and the impact of society on us (importance to us).



Step3

Organize social issues of high importance to stakeholders and us and set materiality



Symbiosis with the global environment  
(Planetary Health)

Safe and secure society  
(Resilience)


Happiness of diverse people  
(Well-being)

Quality • Human Resources • ERM  
•Quality **P.78** •Human Resources **P.79** •ERM **P.39**

Three Key Sustainability Issues

	Social issues	Risks and opportunities		Time axis			Examples of Major Measures and Initiatives ◎Response to risks ★Response to opportunities	KPI		FY2022 Results	
				Short	Medium	Long					
 Symbiosis with the global environment (planetary health)	1 Acceleration of global warming	Risk	Reduction of earnings due to the inability to achieve a rapid transition to a net zero society		●	●	◎★Promotion of information disclosure and strategy in line with the TCFD recommendations ◎Implementation of business activities with sustainability in mind ◎Introduction of renewable energy  ◎Diversification of the business portfolio ◎Possession control of natural disasters in the United States	Greenhouse gas emission reduction rate (versus FY2019)	[2030] -50% [2050] Net zero	<div>P.29</div>	
			Loss of reputation due to insufficient information disclosure and delayed response to climate change	●	●						
			Deterioration of income and expenditure due to intensification of natural catastrophes, etc., and an increase in capital costs due to increased profit volatility	●	●	●					
		Opportunity	Provision of products and services that contribute to reducing greenhouse gas emissions	●	●						★Provision of products and services to support companies in decarbonization and disclosing climate-related information ●Provision of greenhouse gas emission calculation and visualization services ★Provision of products and services for natural disaster preparedness ●Weather derivatives ●Related services to assess the impact of climate change
			Provision of products and services that support corporate decarbonization and climate-related information disclosure	●	●						
			Provision of products and services that prepare for natural disasters	●	●						
	2 Damage to natural capital (ecosystem degradation and crisis)	Risk	Deterioration of earnings due to business partners' stagnation of economic activities caused by the depletion of natural resources			●	◎Promotion of initiatives on the themes of preservation of the natural environment and reduction of environmental impact (also corresponding to 11) ●MS&AD Green Earth Project ◎Efforts for preservation of biodiversity in Asia and Japan ◎★Efforts to develop and disseminate the TNFD disclosure framework	Insurance premium growth rate for products that contribute to the Net-Zero society and a circular economy	FY2025 Annual average 18%		
			Decline in earnings caused by the deterioration in business performance of business partners due to tighter regulations on the circular economy, etc.		●	●					
		Opportunity	Increased need for risk assessment of natural capital and preservation of biodiversity and its sustainable use	●	●						★Provision of goods and services to support natural capital, preservation of biodiversity, and sustainable use ★Provision of products and services that support a circular economy ★Launching of a financial alliance to promote nature positivity
			Decline in earnings due to an inability to achieve the transition to a circular economy		●						
 Safe and secure society (resilience)	4 Emergence of new risks	Risk	Impact of an increase in large-scale cyberattacks on the Group	●	●		◎Building an information security management system	Growth rate of the number of policy for products that contribute to improving social resilience	FY2025 Annual average 20%	<div>P.29</div>	
			Emergence of new risks due to the spread of IoT and in the post-digital era	●	●						
		Opportunity	Creation of new markets due to the emergence of new risks such as cyberattacks	●	●		★Provision of goods and services for new risks manifested by changes in society ●Products and services that address cyber risks ●Voluntary automobile insurance and accident reduction services using telematics technology				
			Building of new business models through Creating Shared Value and digital transformation (CSV×DX) and social digitalization	●	●						
	5 Spread of infections	Risk	Impact of a new pandemic on operations	●	●	●	★Provision of products and services to infectious disease control and healthcare providers				
		Opportunity	Business opportunities related to infectious disease control and healthcare providers	●	●						
	6 Large-scale earthquakes	Risk	Increase in disaster risks due to the increased probability of huge earthquakes, particularly those concentrated in urban areas	●	●	●	◎Ensuring effectiveness through periodic review of risk management manuals and business continuity plans (also corresponding to 5)				
		Opportunity	Increased need for earthquake countermeasures	●	●		★Provision of products and services to prepare for massive earthquakes ★Provision of services that meet the needs of companies for BCP measures				
	7 Decline of local industry	Risk	Declining regional vitality due to depopulation, lack of access to mobility and financial services, and aging social infrastructure	●	●		★Provision of insurance and services in response to local revitalization and regional issues (also corresponding to 8) ●Seminars to help local companies solve problems	Number of issues solved by local companies	FY2025 10,000 cases		
		Opportunity	Increased demand for regional and customer resilience, including expansion of regional economic cycles and support for next-generation mobility services such as CASE and MaaS	●	●						

Three Key Sustainability Issues


	Social issues	Risks and opportunities		Time axis			Examples of Major Measures and Initiatives ◎Response to risks ★Response to opportunities	KPI		FY2022 Results
				Short	Medium	Long				
<div></div> <div>Happiness of diverse people (well-being)</div>	8 Aging population and declining birthrate	Risk	Decrease in earnings caused by a decline in the total population (labor force) and medium- to long-term contraction of the domestic market due to the ongoing depopulation of local areas		●	●	◎Prediction of risk development due to market changes through monitoring	Number of policies in force of asset-building products for longevity	FY2025 100,000 cases	<div>P.29</div>
			Crisis of sustainability in social security systems and financial systems		●	●				
			Loss of earnings due to inability to address needs in an aging society		●	●				
		Opportunity	Increased interest in local revitalization initiatives that can revive local economies and solve labor shortages	●	●	★Provision of products and services in line with the needs of an aging society ●Products for pensions, nursing care, dementia, etc. ●Financial gerontology training ★Provision of products and services that help solve health-related social issues ●Health management support insurance and services ●Breast, uterine, and colorectal cancer seminars	Number of policies in force that help solve health-related social issues	FY2025 2.6 million cases		
			Increased need for security systems in cooperation with local governments	●	●					
			Services related to nursing care and dementia, increasing the need for asset formation and asset inheritance measures in the super-aged society	●	●					
	9 Human rights violations and exclusion of diversity	Risk	Decrease in reputation due to actual or possible human rights violations	●	●	◎Provision of human rights training to employees and agents ◎Speak-up system (whistleblowing system) and establishment of a consultation service ◎Implementation of business activities with sustainability in mind	Number of companies supporting human rights-related measures	FY2025 1,000 cases		
			Opportunity	Increased awareness of respect for human rights and the increased need for corporate responses	●	●			★Provision of products and services that contribute to respecting human rights and promoting DE&I ●Human rights risk management support consulting services	
	10 Increasing poverty and inequality	Risk	Widening and entrenchment of the gap between the rich and poor due to the escalation of inter-state conflicts, etc., and destabilization of the economic environment from an increase in refugees	●	●	◎★Activities and active disclosure of information related to social contribution and collaborative value				
			Opportunity	Grasping of new markets through financial inclusion	●	●			●	

Impact of CSV Initiatives

Based on the three priority issues identified, we are promoting CSV initiatives based on risks and opportunities. Our group’s products and services solve social problems and support a resilient and sustainable society.

We are creating a positive impact both in improving corporate value and solving social issues.

Note: Figures are estimates for FY2022.



Symbiosis with the global environment  
(Planetary Health)

Quantitative assessment service on the climate change impact of the TCFD recommendations

6,640 bases

( Number of companies that provided quantitative assessment services for physical risks from climate change impacts )

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

Real-time damage prediction website cmap.dev (cmap)

2.73 million accesses

( Number of page views per year on a site that forecasts and publishes the number of buildings affected by typhoons, heavy rains, and earthquakes in real time )

It is open to the public free of charge as an advance disaster prevention and reduction measure against natural disasters.



Safe and secure society  
(Resilience)

Products to cover cyber risks

20,165 companies

( Number of corporations and organizations protected from cyber risks )

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

Telematics-based safety driving support services

2.2 million cases

( Number of automobile insurance policies for monitoring and automobile insurance for connected cars )

We offer automobile insurance that utilizes telematics-based safety driving support services.



Happiness of diverse people  
(Well-being)

Tontine pension plans

50,000 cases

( Number of tontine annuity contracts )

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

Support for companies that address human rights issues

1,111 cases

( Number of human rights–related consultations, training, seminars, etc., conducted for companies, etc. )

We support companies in their efforts to address human rights issues and develop insurance proposals related to corporate welfare and health management.