

MS&AD’s Path toward Realizing Its Vision of Society

The MS&AD Insurance Group, together with its customers, shareholders, and other stakeholders, has developed a value creation story and has made steady progress toward the realization of becoming the “world’s leading insurance and financial group,” which it set out to become at its inception, by maintaining its position among the top 20 non-life insurance companies in the world.

To become a corporate group that supports a resilient and sustainable society in 2030, we aim to achieve sustainable growth by creating shared value with society by providing solutions to social issues through the promotion of the CSV×DX strategy.

New Frontier 2013

Development of the Mission

The MS&AD Insurance Group was founded with the mission of “contributing to the development of a vibrant society and helping to secure a sound future for the planet.”

Achievements We have made progress in the integration of group management, including the construction of a system that will serve as a common basis for the domestic non-life insurance business, and clarified the form of group management through “reorganization by function.”

Issues In response to major natural disasters such as the Great East Japan Earthquake and severe flooding in Thailand, the targets of the Group core profit and ROE were ultimately not met.

Next Challenge 2017

Building of a value creation story

Evolve and develop group integration based on the value creation story that embodies our mission

Achievements We have put in place a stable earnings foundation through Group management integration via “reorganization by function.” We strengthened ERM and promoted sales of strategic equity holdings and international business investment, thereby improving capital efficiency and building a growth base.

Issues As a result of hurricanes in the United States and other events in FY2017, profits from the international business declined significantly and the targets the Group set for core profit and ROE were not met.

Vision 2021

Develop management based on CSV

Set the SDGs as a guidepost, set the social vision for 2030, and promote CSV

Achievements While deepening “reorganization by function,” the Group’s adjusted profit of ¥347.1 billion exceeded the target and the Group’s adjusted ROE exceeded expectations at 9.5%. In terms of scale, the Group remained high among global non-life insurance groups.

Issues Due to the impact of overseas natural disasters and COVID-19 on stock market conditions, etc., the diversification of risk and business portfolios became an ongoing issue.

Medium-Term Management Plan (2022–25)

Implementation of growth strategies based on CSV

Full-scale development of CSV×DX×Global

Image of society for 2030

A corporate group supporting a resilient and sustainable society

Numerical Management Targets	FY2010 Results	FY2013			FY2014 Results	FY2017		
		Results	Initial targets	Revised targets		Results	Initial targets	Revised targets*4
Group Core Profit*1	14.5	94.8	150.0	110.0	155.7	105.0	160.0	220.0
Domestic non-life insurance	6.5	47.8	100.0	60.0	92.4	190.1	100.0	135.0
Domestic life insurance	4.1	24.4	15.0	15.0	20.4	34.3	16.0	15.0
International business	1.8	18.0	30.0	30.0	38.2	-125.0	39.0	66.0
Financial services business/Risk-related services business	1.9	4.4	5.0	5.0	4.6	5.6	6.0	5.0
Group ROE*1	0.8%	4.5%	7.0%	7.0%	5.9%	3.7%	7.0%	7.5%
Consolidated net premiums written	2,541.4	2,809.5	2,700.0	2,700.0	2,940.7	3,446.9	3,100.0	3,570.0
Combined ratio (domestic non-life insurance)	-	-	-	-	96.0%	92.8%	95% or less	93% range
Annualized premiums of policies in force (life insurance)*2	278.0	333.5	330.0	330.0	-	-	-	-
Increase in EV*3 of MSI Aioi Life	-	-	-	-	59.7	41.3	more than 45.0	more than 50.0

*1 The definitions for Adjusted Profit and Adjusted ROE, which have been identified as numerical management targets, are being reviewed under the Medium-Term Management Plan “Vision 2021,” which was initiated in FY2018.
*2 Figures for MSI Aioi Life (excluding group insurance). The figure for FY2010 is the total for MSI Kirameki Life and Aioi Life.
*3 EV: Embedded Value (see “Glossary of Insurance Terminology” on page 107)

	FY2018 Results	FY2021		
		Results	Initial targets	Revised targets*6
Group Adjusted Profit	189.8	347.1	350.0	300.0
Domestic non-life insurance (excluding gains/losses on sales of strategic equity holdings)	146.9 (65.1)	230.7 (173.5)	182.0 (142.0)	177.0 (150.0)
Domestic life insurance	31.6	75.7	45.0	41.0
International business	5.4	34.3	117.0	75.0
Financial services business/Risk-related services business	5.8	6.3	6.0	7.0
Group Adjusted ROE	6.1%	9.5%	10.0%	10.0%
Consolidated net premiums written	3,500.4	3,609.0	3,710.0	3,580.0
Life insurance premiums (Gross premiums income)*5	1,599.9	1,314.4	1,600.0	1,000.0
MSI Aioi Life’s EEV	819.4	923.6	1,050.0	962.0
ESR (Economic Solvency Ratio)	199%	228%	180%–220%	180%–220%

*4 FY2017 numerical management targets were revised higher from the initial targets in FY2016.
*5 Life insurance premiums (gross premiums income) are those of domestic life insurance subsidiaries only.
*6 FY2021 numerical management targets were revised from their initial values in FY2020 in light of Stage 1 progress.

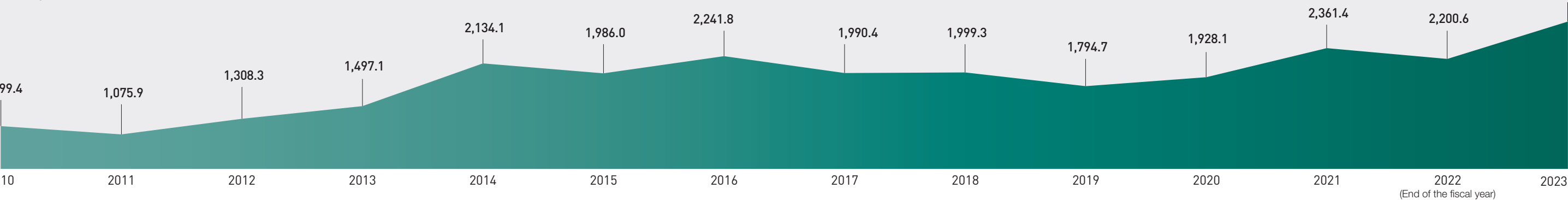
FY2025 Target Net Income (on an IFRS basis)

¥470 billion – ¥500 billion

FY2025 Target Adjusted ROE

Stable achievement of 10% or higher

Changes in Market Capitalization



Aspirations, Basic Strategies, and Foundations of the Medium-Term Management Plan (2022–25)

The Medium-Term Management Plan (2022–2025) aims for us to become a “corporate group supporting a resilient and sustainable society” that contributes to solving social issues and grows together with society by implementing a value creation story and acting as a platform provider of risk solutions.

To realize our aspirations, we will use “Value (value creation),” “Transformation (business reforms),” and “Synergy (pursuit of Group synergy)” as our basic strategies, and “Sustainability,” “Quality,” “Human Resources,” and “ERM” as the foundation to support our basic strategies.

▶ Aspirations

Qualitative Targets

A corporate group supporting a resilient and sustainable society

As a platform provider of risk solutions, we will help solve climate change and other social issues, while growing together with society.

- In addition to covering economic losses, seamlessly provide products and services before and after coverage and protection.
- Offer optimal solutions through marketing, underwriting, payment services, and risk consulting that utilize digital technologies.

Quantitative Targets

FY2025	IFRS Net income of ¥470 billion–¥500 billion	Stable achievement of 10% or higher in adjusted ROE*
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*IFRS Net income/(Net assets on an IFRS basis – Net unrealized gains/losses on strategic equity holdings)
(Under IFRS, gains/losses on sale of strategic equity holdings are no longer included in net income. To align the standards for the denominator (net assets) and numerator (net income) of ROE, gains/losses on strategic equity holdings are excluded from net assets.)

▶ Basic Strategies and Foundations Supporting Basic Strategies

Basic strategies

Value (value creation) <ul style="list-style-type: none">• Roll out CSV × DX globally to provide value to all stakeholders and enhance corporate value• Enhance the profitability of our businesses, products, and services to strengthen the revenue base	Transformation (business reforms) <ul style="list-style-type: none">• Transform our business structure to adapt to changes in the business environment, including the creation of new businesses• Transform our businesses, products, and risk portfolio to build a stable revenue base	Synergy (pursuit of Group synergy) <ul style="list-style-type: none">• Take advantage of the diversity of the Group and strengthen cooperation to achieve further growth• Deepen standardization, collaboration, and integration in the Group to improve productivity• Pursue synergies on a global basis
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Foundation

Sustainability <ul style="list-style-type: none">• Initiatives to address the three priority issues<ul style="list-style-type: none">Symbiosis with the global environment (planetary health)Safe and secure society (resilience)Happiness of diverse people (well-being)	Quality <ul style="list-style-type: none">• A corporate group that continues to evolve based on customer feedback• Highly transparent and effective corporate governance	Human resources <ul style="list-style-type: none">• Building of an optimal portfolio of human resources• Development of a working environment in which employees can fully demonstrate their abilities, skills, and motivation	ERM <ul style="list-style-type: none">• Improvement in earnings power and capital efficiency• Reduction of strategic equity holdings
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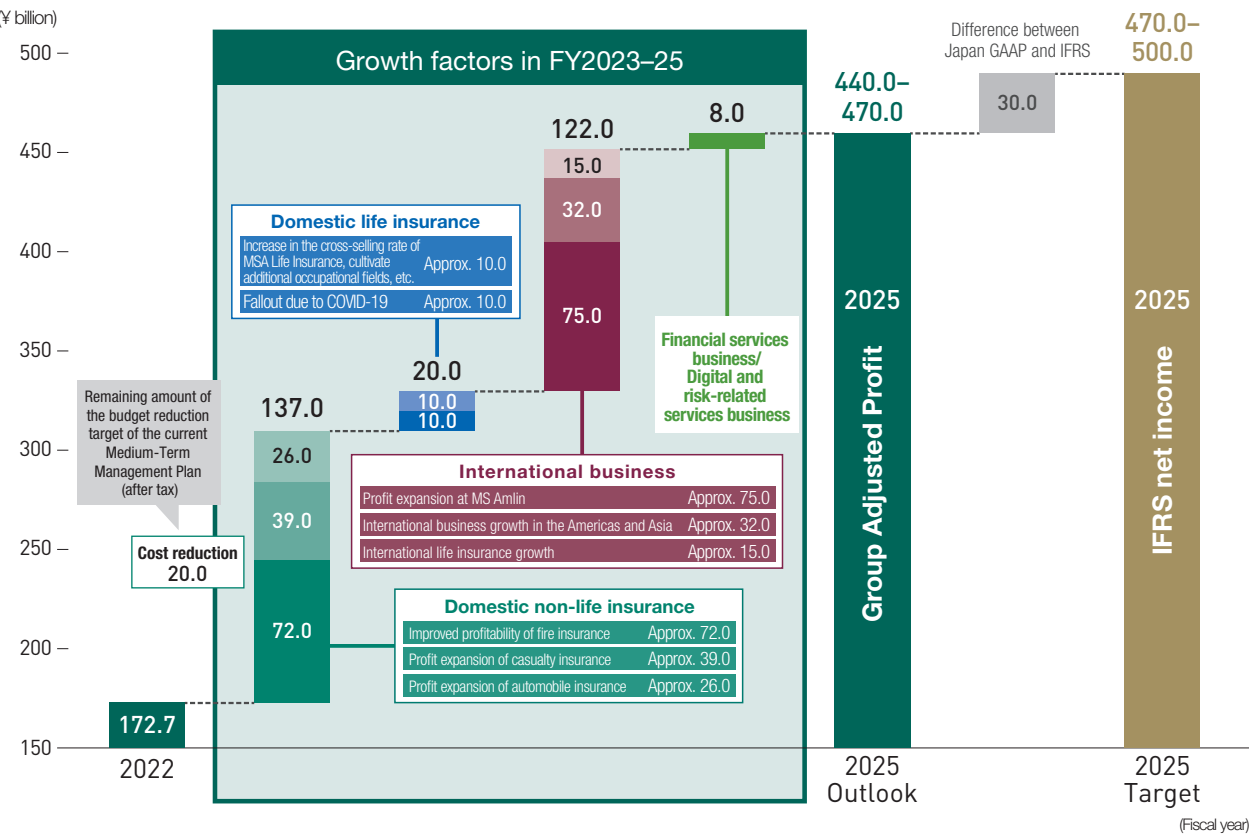
Numerical Management Targets (Financial)

The quantitative targets (financial) of the Medium-Term Management Plan (2022–25) are to achieve ¥470 billion–¥500 billion in IFRS net income and a stable adjusted ROE of 10% or more, with the aim of achieving global peer-level profitability by FY2025. Due to changes in the business environment after the formulation of the Medium-Term Management Plan, the Group Adjusted Profit forecast for FY2023 is ¥350 billion compared with the target of ¥400 billion at the time of the formulation of the Medium-Term Management Plan. However, efforts to strengthen profitability are steadily progressing, and we are maintaining the targets of the Medium-Term Management Plan as we respond appropriately to changes in the environment. IFRS is scheduled to be applied in FY2025, and the Japanese standard will be applied until FY2024.

Structure of the FY2025 Profit Target

Group Adjusted Profit (based on Japanese standards) is expected to increase to ¥267 billion–¥297 billion over the next three years from ¥172.7 billion in FY2022. The growth factors in FY2023-25 is expected to be approximately ¥137 billion due to improved profitability in fire insurance and increased profit in casualty insurance and automobile insurance of the domestic non-life insurance business; approximately ¥20 billion due to the increase in the cross-selling rate of Mitsui Sumitomo Aioi Life Insurance in the domestic life insurance business; and approximately ¥122 billion due to the increase in profit of MS Amlin in the international business and other reasons.




	FY2022 results	FY2025 (Outlook) Group Adjusted Profit	FY2025 (Target) IFRS net income
Total	172.7	440.0–470.0	470.0–500.0
Domestic non-life insurance business	118.0	Approx. 255.0	
Domestic life insurance business	34.7	Approx. 55.0	
International business	17.9	Approx. 140.0	
Financial services business/ Digital and risk-related services business	2.0	Approx. 10.0	



Progress of numerical management targets (non-financial)

For the four aspects of the foundation (sustainability, quality, human assets, ERM) that supports the three basic strategies of the Medium-Term Management Plan (2022–25), we have set the following numerical management targets (non-financial) for sustainability, quality, and human assets initiatives. By achieving these numerical management targets, we will support the promotion of our basic strategy to become a corporate group that supports a resilient and sustainable society.

Sustainability KPIs

Priority issue	KPI progress		Target	FY2022 Results
 Symbiosis with the global environment (planetary health)	GHG emission reduction rate (versus FY2019)		FY2030: -50% FY2050: Net zero	-26.8% (Scope 1 + 2)
	Renewable energy usage rate		FY2030: 60% FY2050: 100%	21.1%
	FY2025	Premium growth rate for products that contribute to the decarbonization of society and a circular economy Example: Carbon Neutral Support Agreement	Annual average 18%	17.9%
 Safe and secure society (resilience)	FY2025	Growth rate of the number of subscriptions for products that contribute to improving social resilience Example: Cybersecurity insurance	Annual average 20%	29.4%
		Instances of support for the resolution of issues faced by regional companies Example: Seminars on regional revitalization	10,000 instances a year	12,349 cases
 Happiness of diverse people (well-being)	FY2025	Number of companies supporting human rights-related measures Example: Harassment prevention consulting	1,000 instances a year	1,111 cases
		Number of policies in force for asset-building products to support longevity Example: Tontine annuity insurance	100,000	50,000 cases
		Number of policies in force for products that help solve health-related social issues Example: Medical insurance covering dementia and infertility treatment	2.6 million	2.17 million cases

Human Assets and Quality KPIs

		(): FY2022 results			
Human Assets	End of FY2030 (aiming for early achievement)	Percentage of female managers	30% (19.5%)	Percentage of female line managers	15% (12.9%)
	FY2025	Digital human resources	Overseas human resources	Productivity improvement	
		7,000 persons (about 3,600 persons)	1,200 persons (about 1,180 persons)	8.5% (9.2%)	
		Percentage of personnel expenses	Percentage of employees hired locally overseas appointed as executives of overseas subsidiaries	Percentage of employees who exercise regularly	
		Current level (22.6%) or higher	Current level (83.0%) or higher	Current level (26.5%) or higher	
		Male childcare leave	Employee awareness survey		
Percentage of male employees taking childcare leave: 100% Duration of leave: 4 weeks (92.5%, 8.1 days)	<ul style="list-style-type: none">• Sense of feeling that our business helped create shared value• Constant awareness of Mission, Vision, and Values• Pride in work, feeling motivated• Playing active roles <div>The same level or higher compared with the previous year</div>				
Number of annual paid leave days taken	See P.48 for employee satisfaction data				
	The same level or higher compared with the previous year (16.4 days)				
Quality	FY2025	Customer satisfaction level (on contract procedures and the claim payment process)	The same level or higher compared with the previous year		

Basic Strategy 1 Value (Value Creation)

In our Basic Strategy 1, “Value,” we will roll out CSV×DX globally, provide new value to all stakeholders, and further increase our profitability to enhance our corporate value.

In the Value strategy, we will provide new value and strengthen our earnings foundation based on the Group’s strong financial base, steady profit growth, diverse human assets, etc.

Enhancing the revenue base

- Reduce project costs (increase the efficiency of personnel and system-related costs) as planned; we have already achieved 39% progress toward the Medium-Term Management Plan reduction target
- Improve the profitability of the domestic non-life insurance business by optimizing rates, strengthening underwriting, etc.
- Enhance productivity improvements by promoting the “One Platform Strategy,” etc.

MS&AD Value Strategy

- Realize the development and monetization of products and services that provide new value before and after coverage and protection
- Utilize Group-wide knowledge gained through investment in start-ups by MS&AD Ventures



CSV×DX

- Develop and expand sales of products and services that will lead to the resolution of social issues and build a sales system

Examples of initiatives

‘Mimamoru’ Automobile insurance policy (Voluntary automobile insurance with dashcam)



More than 2 million!

From post-accident insurance to accident-free insurance

Accident occurrence risk AI assessment (traffic accident occurrence risk visualization tool for local governments)

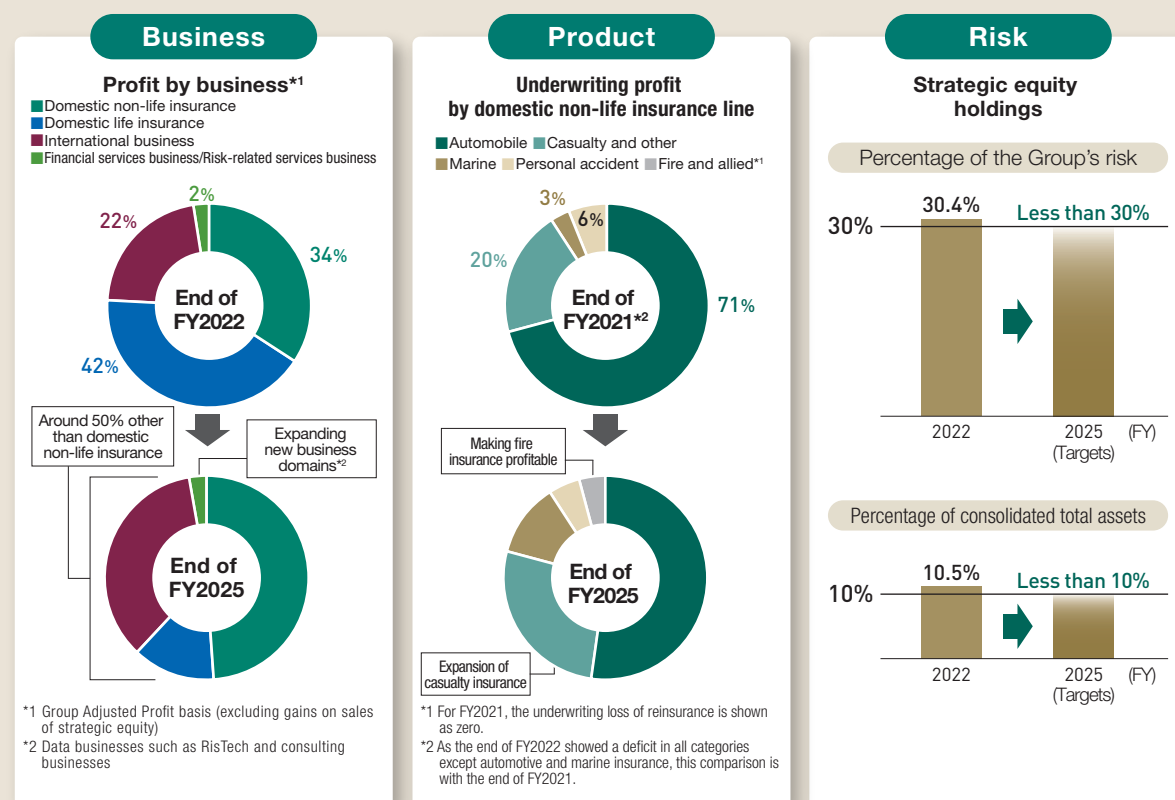


Basic Strategy 2 Transformation (Business Reforms)

The Basic Strategy 2, “Transformation,” aims to build a stable earnings foundation by implementing reforms in three portfolios: business, product, and risk. We will also transform the structure of our business, including the creation of new businesses, and adapt to changes in the business environment.

- In Business Portfolio Reform, we aim to diversify the sources of profit by expanding our international business, domestic life insurance business, and new business areas while maintaining the scale of profit in the domestic non-life insurance business. In FY2025, we aim to secure approximately 50% of our profit from businesses other than the domestic non-life insurance business, with the aim of overcoming our dependence on the domestic non-life insurance business. In FY2022, we made investments in our international business, including the acquisition of Transverse Insurance Group, LLC, a fronting company in the U.S. MGA market, and proceeded to transform our business portfolio.
- In Product Portfolio Reform, we are transforming from the current reliance on automobile insurance, which is expected to gradually decline in the future, for about 70% of its profits, to more diversified profit sources by monetizing fire insurance (making it profitable) and expanding casualty insurance (expanding sales of new products in response to new risks). In FY2022, we promoted the expansion of casualty insurance by responding to new risks and needs, such as cybersecurity, and developing markets for mid-sized and small businesses.
- In Risk Portfolio Reform, the reduction of strategic equity holdings, which account for the largest portion of the Group's risk volume, continues to be an issue, and we increased the sales target in the Medium-Term Management Plan (2022–25) from ¥400 billion to ¥600 billion to halve the proportion of strategic equity holdings. In FY2022, we sold ¥206.6 billion, more than double the initial sales target of ¥100 billion, and we will accelerate our efforts going forward.

Transformation of the Three Portfolios



Creation of new businesses

We worked to create new services and business opportunities using digital data with MS&AD InterRisk Research & Consulting at the core, and sales of non-contract business from Group non-life insurance companies at MS&AD rose 130% year on year.

Basic Strategy 3 Synergy (Demonstration of Group Synergies)

Under Basic Strategy 3, “Synergy,” the MS&AD Group will leverage its strengths in diversity to drive growth, while leveraging its scale to improve productivity. We will take advantage of the economies of scale in the domestic non-life insurance business, which boasts the largest market share; boldly promote standardization, collaboration, and integration across the Group by centering on the middle- and back-office divisions of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance as the “One Platform Strategy”; and achieve greater operational efficiency and quality improvement at the same time. We are also actively working to demonstrate synergies between domestic Group companies and global synergies.

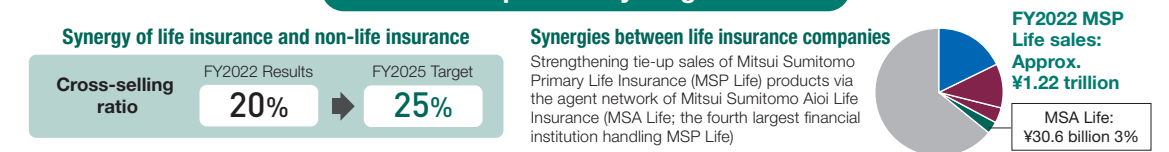
In the “One Platform Strategy,” Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance will continue to operate as one, excluding strategic differences such as some large Group contracts and specialized office work and products for specific channels. We will promote the integrated management of head office functions, expand the use of BPO* for routine operations, and use shared bases to improve the efficiency of head office functions. As a synergy between the domestic non-life insurance business and the domestic life insurance business, we will increase the ratio of non-life insurance agents who also sell life insurance from about 20% currently to 25%. As a global synergy, we will pursue synergies between Group companies and investee companies in all areas in and outside Japan, including insurance products, non-life insurance services, and DX.

*BPO: Business Process Outsourcing; the outsourcing of operations

Implementation of the “One Platform Strategy”

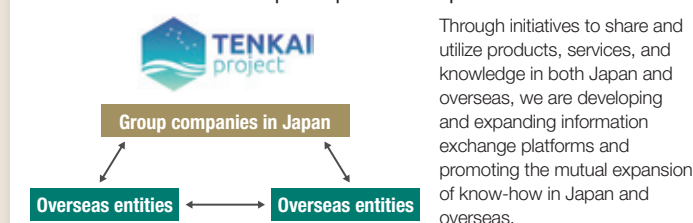
1 Platform Standardization, collaboration, and integration	Further pursue standardization, collaboration, and integration in middle- and back-office operations, achieving further business efficiency and quality improvement	
	There are advantages to not standardizing specific procedures and products, etc., for some major group contracts and specific channels, and integrated operation will be implemented except where separation is retained for strategic purposes.	
Progress and future initiatives (Excerpt)	Products	Start cohabitation of personnel during product development (“One Platform Development”)
	Alignment of claims	Cohabitation of some non-life insurance service bases will begin in October 2023
	Administration	Reorganized MS&AD clerical services by function rather than company and expanded outsourcing to the company
	Reinsurance Business	Started the joint use of the reinsurance system
	Operation	Increased the use of MSR Capital Partners, LLC, as a common platform for foreign investment (asset management)
Efficiency of head office functions	Human resources	Constructed a Group-based human assets data infrastructure
	Start of integrated operation in FY2023	Data management, human resources (development of human assets), and risk management
	Expansion of BPO	Living with a contact center base (Kansai) Consider expanding the use of BPO for routine operations, mainly administrative and office work functions, in the head office departments

Group-wide synergies

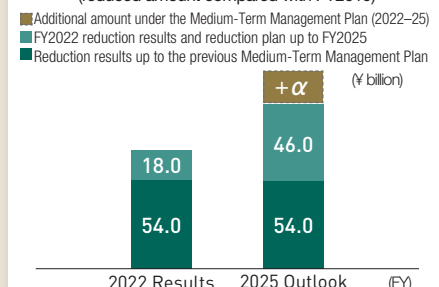


Global synergy

Sharing and mutual utilization of the expertise and skills of Group companies in Japan and overseas



Additional reductions in business expenses (reduced amount compared with FY2019)



DX strategy

CDO Message

Tomoyuki Motoyama

Group CDO (DX Promotion)

The Medium-Term Management Plan (2022–25), launched in FY2022, sets forth “Value (value creation)” as one of the Group’s three basic strategies and promotes CSV × DX initiatives centered on MS&AD InterRisk Research & Consulting. To accelerate these efforts and demonstrate synergies across the Group, we have established the “Group data linkage infrastructure” for data sharing among Group companies. In addition, to provide optimal solutions to a wider range of customers, we have begun to provide solutions through our agents.

Our Group’s human assets form the basis of these CSV × DX initiatives, and we continue to promote the development of digital human assets and digital culture, which we have been focusing on

Provision of CSV × DX initiatives and new solutions with MS&AD InterRisk Research & Consulting as the core

Since FY2022, MS&AD InterRisk Research & Consulting has been at the core of our efforts to transform our business model by promoting the development and sales of solutions before and after compensation and protection using digital data.

Specifically, we began providing advanced solutions that help solve social issues, such as the “accident risk AI assessment,” which uses AI technology to assess and visualize potential traffic accident risks, and the “LaRC Flood Risk Analysis Service,” which uses highly accurate, reliable, and high-resolution hazard maps to identify future flood risks. These are examples of solutions created by making the most of the data skills and knowledge held by MS&AD Group companies and are truly the result of Group synergies.

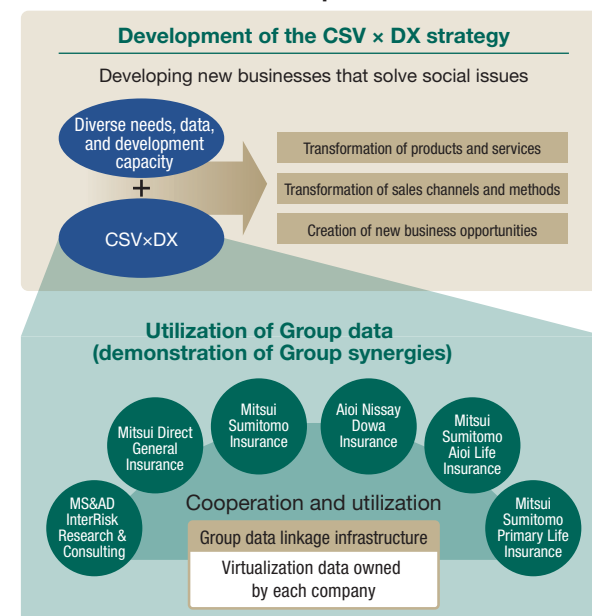
In April 2023, we began offering solutions through our agents, aiming to solve social issues by providing optimal solutions to more customers.

since FY2018. In November 2022, we established Aioi R&D Lab-Oxford, a joint research laboratory for research and development of cutting-edge technology and science, with Mind Foundry, an AI venture of the University of Oxford, to research cutting-edge technologies such as AI. These efforts were comprehensively evaluated, and the company was selected as a 2023 Digital Transformation Stock (DX Stock) via a program jointly implemented by the Ministry of Economy, Trade, and Industry; the Tokyo Stock Exchange; and the Information-technology Promotion Agency. As digital innovation advances, the Group will continue to work together to promote DX and contribute to solving local and social issues.

Development of the Group data linkage infrastructure

We have developed the Group data linkage infrastructure to share the non-life and life insurance data held by Group companies in a safe and speedy manner. We will use the data across groups to create new solutions and advance existing solutions.

Positioning of the Group data linkage infrastructure in our Group



Promotion of business development through DX and development of digital human resources

Promotion of business development through DX

We are actively promoting business development through DX by utilizing advanced digital technologies through cooperation with start-up companies.

MS&AD Garage Program

Employees from Group companies meet and work to solve problems through DX.

65 people from 32 entities

Domestic non-life insurance: 47

Domestic life insurance: 6

Overseas entities: 12

Multiple business alliance ideas are born each time (PoC)

MS&AD Innovation Factory

This base for business development, without being bound by existing frameworks, proposes problems that will be faced in the future and refines future businesses and creates new businesses to address those problems.

Enhancing existing businesses

Creating new businesses

Developing digital human resources

Focusing on our Group’s unique programs through cooperation with universities and other educational institutions, which have been introduced gradually since FY2018, we are strengthening the development of digital human resources, fostering a digital culture through internal contests, etc., and working to build a digital foundation for the entire Group.

Number of digital human resources

As of April 2023
About 3,600 people

FY2025 target
7,000 people

MS&AD Digital Academy

MS&AD Digital College from Kyoto

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

KUAS
京都先端科学大学
Cooperation with the Kyoto University of Advanced Science (KUAS)

Data Science Training

Development of data scientists in the field of medicine

滋賀大学
Shiga University
Cooperation with Shiga University

東京医科歯科大学
Tokyo Medical and Dental University
Collaboration with Tokyo Medical and Dental University

Develop the ability to think about business

Digital Innovation Challenge Program

Soliciting ideas to contribute to the theme set each year

FY2022 Theme
Provision of value before and after compensation (guarantee)

Approximately 6,000 applications in total

DX issue selection

Our Group has been selected as a 2023 Digital Transformation Stock (DX Stock) in recognition of its concerted efforts to provide new solutions utilizing data and digital technologies and to strengthen its DX infrastructure.

This is the fifth time we have been selected; previous selections were for “DX Brand” and “Notable DX Company” and the DX predecessors, “Active IT Strategy Brand” and “Notable IT Strategy Company.”

DX銘柄2023
Digital Transformation

Financial and Capital Strategies

CFO Message

Tetsuji Higuchi

Representative Director
Executive Vice President, Group CFO



FY2022 Financial Results, FY2023 Results Forecast

Despite a decline in profit in FY2022 due to incidental factors effects, we aim to achieve Group Adjusted Profit of ¥350 billion in FY2023.

In FY2022, consolidated net premiums written (non-life insurance) increased 9.0% year on year to ¥3,934.4 billion due to an increase in both domestic non-life insurance and overseas subsidiaries. On the other hand, Group Adjusted Profit was ¥172.7 billion, down 50.2% year on year due to a decline in profit for domestic non-life insurance, domestic life insurance, and overseas subsidiaries. Excluding losses related to Russia and Ukraine; losses related to the COVID-19 fluctuations in the financial markets of MS Amlin, for which assets under management are valued at fair value; and other incidental factors, Group Adjusted

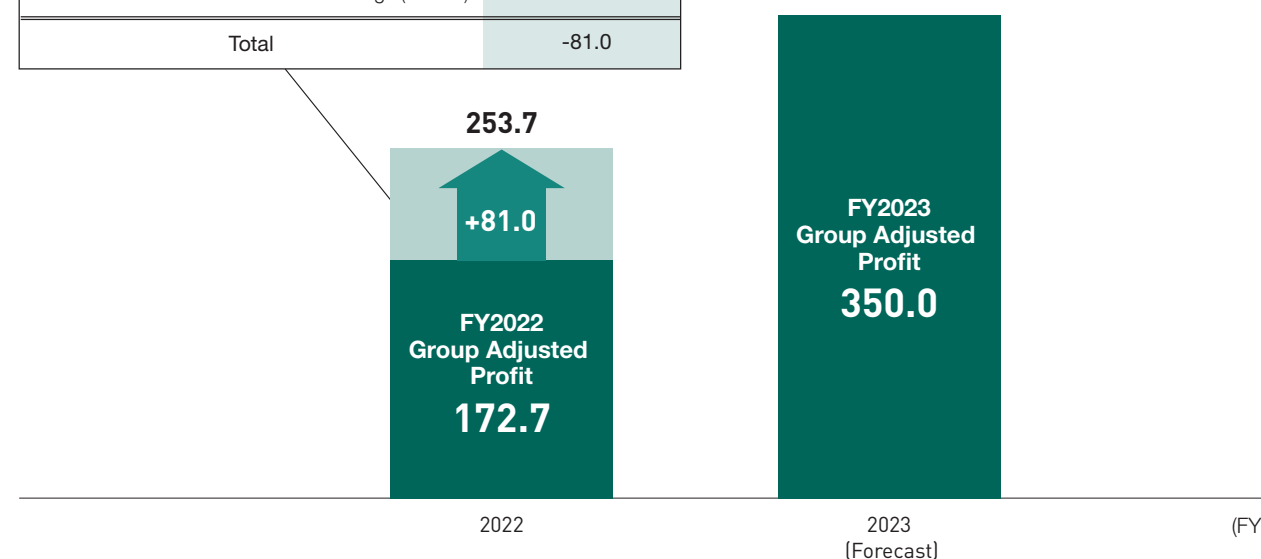
Profit was ¥253.7 billion.

Group Adjusted Profit for FY2023 is expected to roughly double to ¥350.0 billion, and Group Adjusted ROE is expected to recover to 10.0%. With the elimination of temporary factors in FY2022 such as losses related to Russia and Ukraine of ¥16 billion and losses related to the novel coronavirus of ¥52 billion, we expect to improve profitability in FY2023 by ¥60.9 billion in the domestic non-life insurance business, ¥10.2 billion in the domestic life insurance business, and ¥106.0 billion in the international business, mainly due to the increase in profit of MS Amlin.

Group Adjusted Profit (excluding incidental factors)

FY2022 Special Factors I (excluding incidental factors)	Impact
Russia and Ukraine related losses	-16.0
Impact of COVID-19	-52.0
Financial market volatility	-31.0
Reduction of overseas real estate holdings (Taiwan)	18.0
Total	-81.0

(¥ billion)



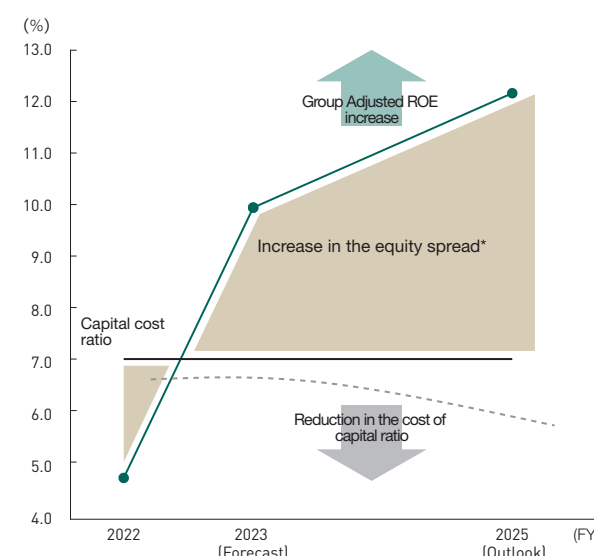
Capital Efficiency

We will increase ROE and reduction in the capital cost ratio by reducing risk.

Efforts to increase corporate value

We will improve Group Adjusted ROE by increasing insurance underwriting profit for domestic non-life insurance, domestic life insurance, and the international business; reducing the operating expense ratio; and increasing investment profits. We will also work to lower

the cost of capital ratio by reducing overseas catastrophe risk and accelerating sales of strategic equity holdings, thereby achieving stable expansion of the equity spread.



*Equity spread: Group Adjusted ROE – Cost of capital ratio

Group Adjusted ROE increase

- Expansion of profit in the domestic non-life insurance business
- Reduction of the operating expense ratio
- Expansion of profit in the domestic life insurance business
- Expansion of profit in the international business
- Increase in investment profits

Advancement of business management

Reduction in the capital cost ratio

- Interest rate risk (response completed)
- Reduction of overseas catastrophe risk
- Acceleration of sales of strategic equity holdings

Aim for the stable expansion of the equity spread

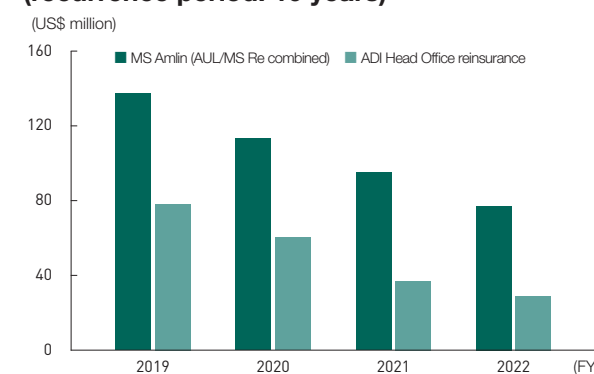
As for overseas catastrophe risk, we are carefully expanding our underwriting profit by taking advantage of opportunities to harden the reinsurance market while reducing the risk of U.S. wind and flood disasters.

In the current Medium-Term Management Plan, we initially planned to reduce strategic equity holdings by ¥400 billion over four years, or ¥100 billion per year, but we have raised the reduction plan target and now intend to reduce strategic equity holdings by ¥600 billion over four years. In FY2022, we achieved a reduction of

¥206.6 billion. We will continue the same level of reduction in the next Medium-Term Management Plan and aim to halve the fair value balance compared with September-end 2022.

In addition, Mitsui Sumitomo Aioi Life Insurance has completed its efforts to reduce interest rate risk by promoting ALM through the expansion of its investment in ultra-long-term bonds and increasing its hedge ratio (interest rate sensitivity of assets/interest rate sensitivity of liabilities) to approximately 100%.

U.S. wind and flood disaster risks (recurrence period: 10 years)



Note: MS Amlin is the North American wind and flood disaster risks (recurrence period: 10-year PML) after the renewal on July 1 of each fiscal year. ADI Head Office reinsurance is the U.S. wind and flood disaster risks (recurrence period: 10 years), as of the end of March of each fiscal year.

Reduction of strategic equity holdings



■ Advancement of business investment and business management

Business investment is oriented toward M&A for geographic and line diversification and expansion of the business portfolio. We will also promote sophisticated business management and distribute capital flexibly to businesses with high capital efficiency.

Implementation of growth strategies and risk diversification through business investment

Investment policy

- Is it possible to share a sense of values and empathize via principles and philosophies?
- Do you have a sales base and know-how that can predict business scale expansion and high profitability, and can you expect Group synergies?
- Does geographic and line diversification of the portfolio contribute to improving capital efficiency?
- Can a sufficient investment effect be obtained by considering the hurdle rate set based on the cost of capital?

Investment performance

Acquisition completed in January 2023



Completion of acquisition of the MGA market fronting company Transverse Insurance Group, LLC

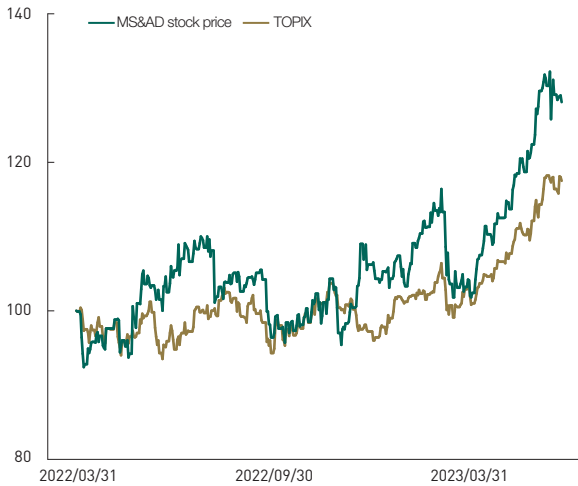
Business investment target

- United States MGA and specialty insurance companies, etc.
- Asia Investment targets leading to the strengthening and expansion of the retail business

■ Stock price and PBR

We have been promoting capital efficiency-oriented management, such as raising the ROE and lowering the cost of capital, and our stock price and PBR have been rising steadily. Since the start of the current

MS&AD stock price versus TOPIX (from the end of March 2022 to the end of June 2023)



In January 2023, we acquired Transverse Insurance Group, LLC, in the United States, and in June 2023, we transferred our business to Mitsui Sumitomo Insurance Care Network.

Advancement of business management and flexible capital movement

Subject to review

- Continue to be unable to generate sufficient returns relative to the cost of capital, with no prospect of improvement
- Not expected to contribute to the Group such as synergies
- Not expected to produce results in the markets in which the business operates

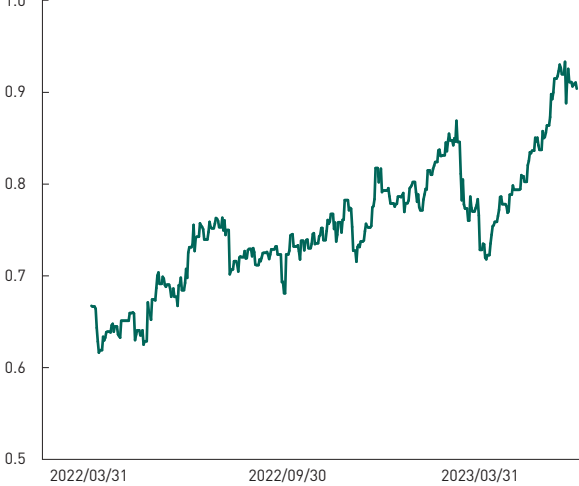
Addressing items subject to review

Aim to improve capital efficiency by reinvesting in existing businesses with high profitability and growing businesses

(June 2023: Business transfer) 三井住友海上ケアネット MS&ADインシュアランスグループ

Medium-Term Management Plan at the end of March 2022, the stock has outperformed TOPIX and is now positioned to exceed 1x PBR.

Transition of PBR (from the end of March 2022 to the end of June 2023)



Source: Bloomberg
Note: The stock price and TOPIX are indexed at 100 on March 31, 2022.

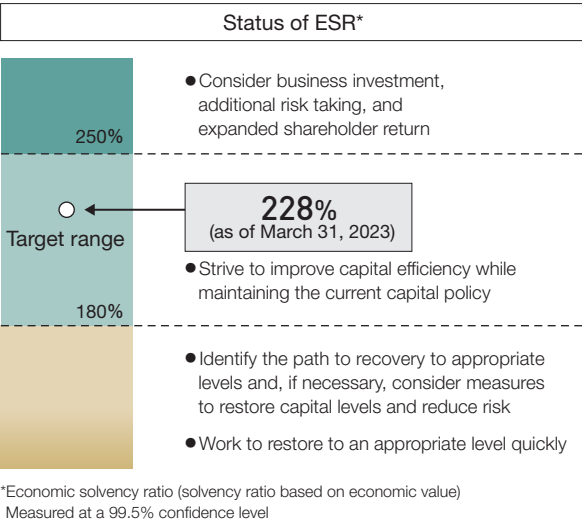
Financial Soundness

We will maintain financial soundness equivalent to an AA rating, invest for sustainable growth, and provide stable shareholder returns.

Our Group aims to maintain financial soundness equivalent to an AA rating and has set a target ESR of 180%–250% as a guideline. At the end of March 2023, the ESR was 228%, which is in the middle of the target range even when the stress caused by market fluctuations is applied. We will continue to balance risk taking and shareholder returns for sustainable growth.

Rating of core Group insurance companies

S&P	Moody's	AM Best	R&I	JCR
A+ (Stable)	A1 (Stable)	A+ (Stable)	AA (Stable)	AA+ (Stable)



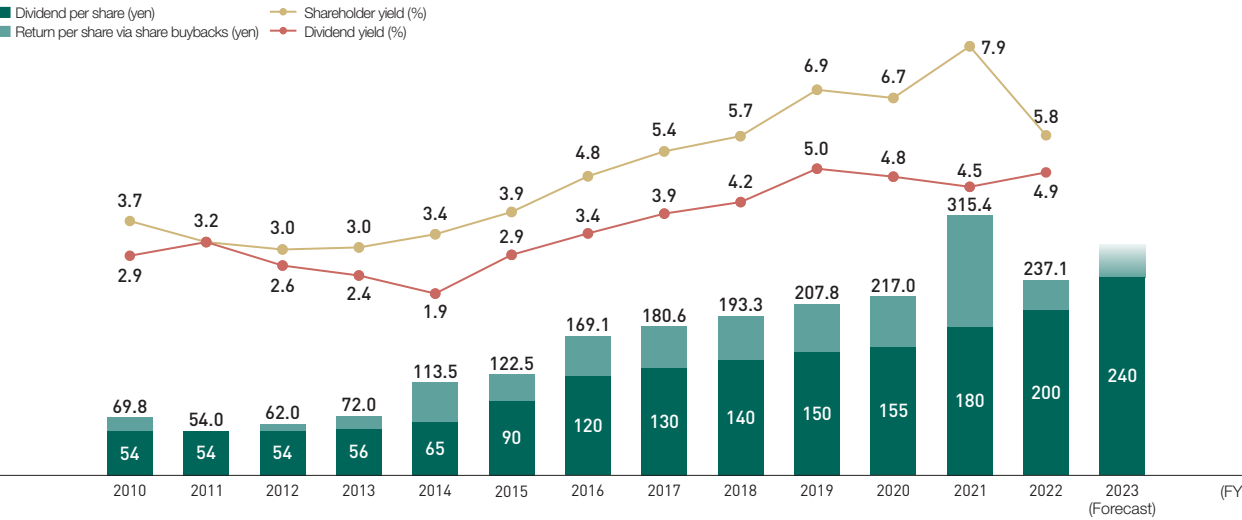
Shareholder Return

We will return 50% of profits to shareholders through dividends and share buybacks.

The shareholder return policy of the Medium-Term Management Plan is based on 50% of Group Adjusted Profit as a basic return and 50% of return base profit*1 in FY2025 after the transition to IFRS. In addition, based on the business environment, ESR levels, liquidity, stock price trends, etc., we will provide additional returns flexibly. Regarding shareholder return for FY2022, we decided to increase the annual shareholder dividend by

¥20 from the previous year to ¥200 per share and to repurchase ¥20 billion of our own shares, resulting in a dividend yield of 4.9% and a shareholder yield of 5.8%. For FY2023, we intend to increase the annual dividend by another ¥40 to ¥240 per share. We will continue to aim for stable shareholder returns by increasing corporate value through sustainable growth.

Per share total shareholder return, total shareholder yield, and dividend yield



Notes:
1.Base profit for shareholder return = Net profit on an IFRS basis – Adjustments from net profit on an IFRS basis*2 + Gain/loss on sales of strategic equity
2.Impact of market fluctuations, deferred effects of new policy expenses, gains/losses on unfavorable contracts, amortization of intangible assets, and goodwill impairment

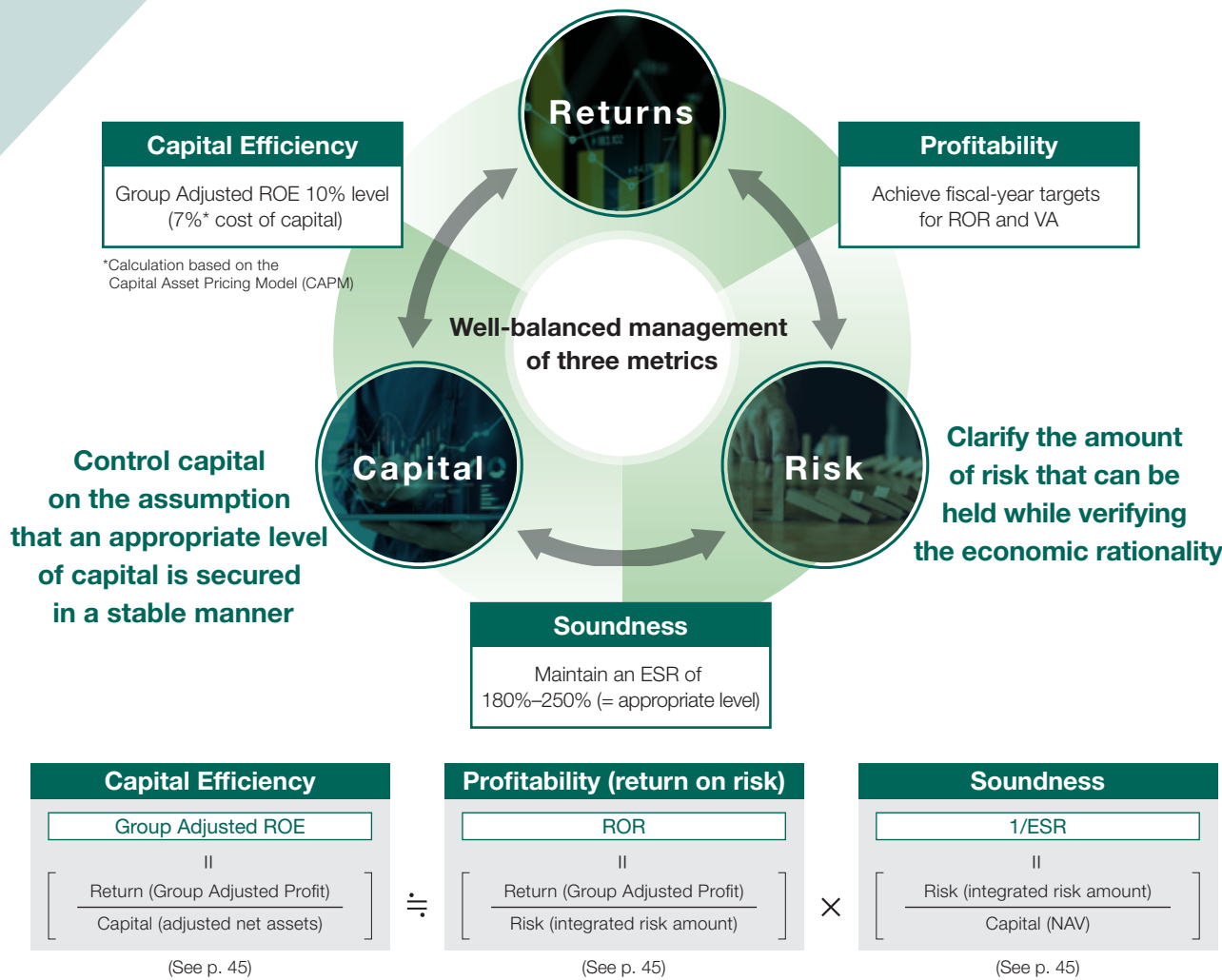
ERM-Based Group Management

The MS&AD Group endeavors to increase its earnings power and capital efficiency while maintaining financial soundness. Toward this end, it practices Group management based on an enterprise risk management (ERM) cycle. It allocates capital to its businesses in accord with its Group Risk Appetite Statement. Its businesses take risks with the allocated capital. The Group exercises appropriate risk control through the monitoring of return on risk (ROR) and other metrics. Under the Medium-Term Management Plan (2022–25), the ERM Committee will work to enhance the evaluation and management of each business in the Group, considering capital, risk, and return, and to improve the Group’s capital efficiency by flexibly allocating capital to more capital-efficient business opportunities, such as investments in growth businesses.

Integrated Management of Risk, Returns, and Capital

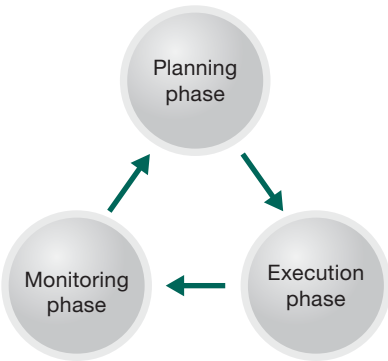
To realize its management vision, the Group formulates medium-term management plans in accord with its Group Risk Appetite Statement and holistically manages risk (integrated risk amount), returns (Group Adjusted Profit), and capital (NAV) with the aim of maintaining financial soundness and boosting capital efficiency and risk/return.

Make internal and external investments for sustainable profit growth



ERM Cycle

Planning phase	① Formulate strategies based on the Group Risk Appetite Statement and establish capital allocation amounts after confirming the amount of risk that can be taken.
Execution phase	② Take risks within the risk limits based on the capital allocation amounts and others.
Monitoring phase	③ Conduct regular monitoring of financial soundness, profitability, capital efficiency, etc. ④ Based on the outcome of monitoring, examine and implement any necessary measures.

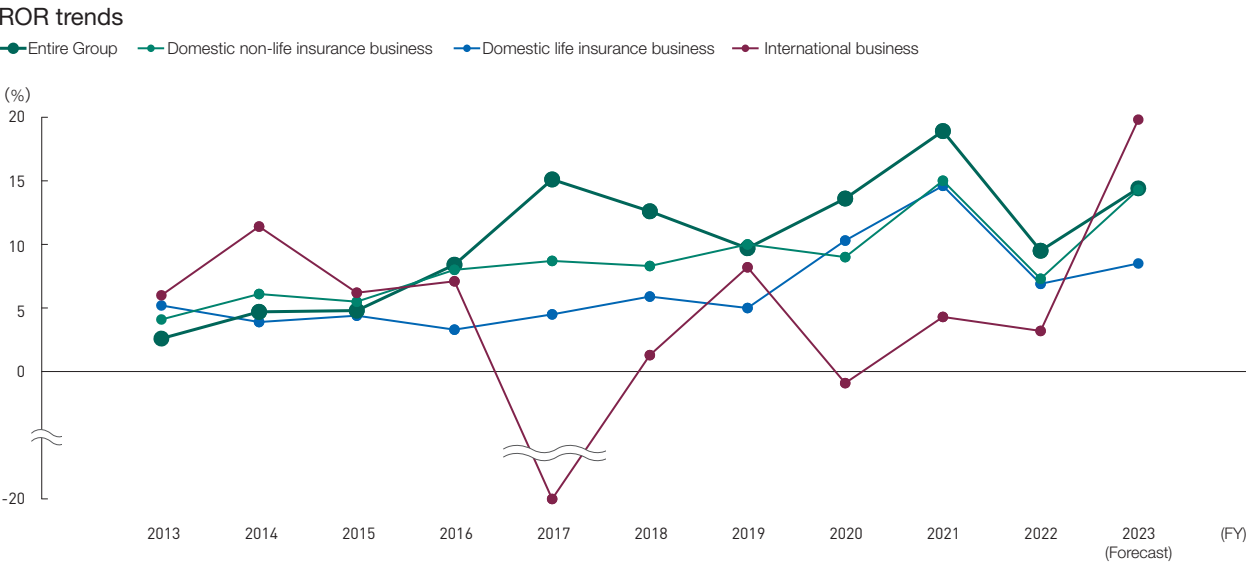


Initiatives to Boost Profitability

To boost capital efficiency while maintaining financial soundness, the MS&AD Insurance Group seeks to earn adequate risk/return through the following initiatives in each of its business domains.

Product development/sales/initiative management	P/L management by product/line	
	Domestic non-life insurance	Strengthening risk/return management according to insurance line attributes and P/L management of new types of insurance, which have a large impact on major accidents and are growth drivers
	MSI Aioi Life*	Assessing ROR for new policies when products are developed and revised and a sales policy is formulated
	MSI Primary Life*	Product-by-product profitability assessment (estimated value at the start of sales and actual value after sales)
Asset management strategy	Promoting diversified investment in assets with relatively high expected returns coupled with appropriate risk control through comprehensive asset and liability management (ALM)	
Retention/reinsurance policy	Establishment of a retention and outward reinsurance scheme that maintains financial soundness and stability of periodic profit and loss and contributes to improving profitability. Control the net retained risk amount associated with natural disasters	

*MSI Aioi Life: Mitsui Sumitomo Aioi Life Insurance; MSI Primary Life: Mitsui Sumitomo Primary Life Insurance





To realize our management vision, our Group has formulated a management plan in accordance with the Group's risk appetite statement and is working to ensure soundness, improve capital efficiency, and increase profitability based on the ERM cycle. Specifically, based on our risk appetite statement and other factors, we take risks based on allocated capital and strengthen actions such as risk control and underwriting through monitoring information such as the return on risk.

In recent years, the social and economic conditions surrounding our Group have changed significantly, including climate change, the COVID-19 epidemic, advances in digital technology, sophisticated cyberattacks, heightened geopolitical risks, and fluctuations in financial and credit markets. In FY2022, we experienced domestic natural catastrophes, including Typhoons 14 and 15; domestic hailstorms; floods in South Africa; hurricanes in the United States; hardening of the reinsurance market; insurance payments related to COVID-19; the ongoing Russian invasion of Ukraine; and fluctuations in financial markets due to global inflation and monetary tightening. Our Group has secured sufficient capital against risks that occur once every 200 years by appropriately controlling risks through enhanced underwriting, the use of reinsurance to control catastrophe risks, the reduction of strategic equity holdings, and comprehensive asset and liability management (ALM). At the same time, we conduct stress tests to ensure that there are no problems with our financial soundness in the event of major earthquakes, wind and flood disasters, major fluctuations in financial markets, an increase in cyberattacks, a pandemic, and other events in Japan and overseas.

In FY2023, in light of growing awareness of human capital as a source of corporate value improvement, changes in labor supply and demand (such as labor shortages), changes in expertise and skills required to implement Group strategies (such as DX promotion), and diversification of employee awareness and sense of values, we added "changes in the environment surrounding human assets" to the list of critical risks to be addressed by management (Group Material Risks) and strengthened relevant management and initiatives.

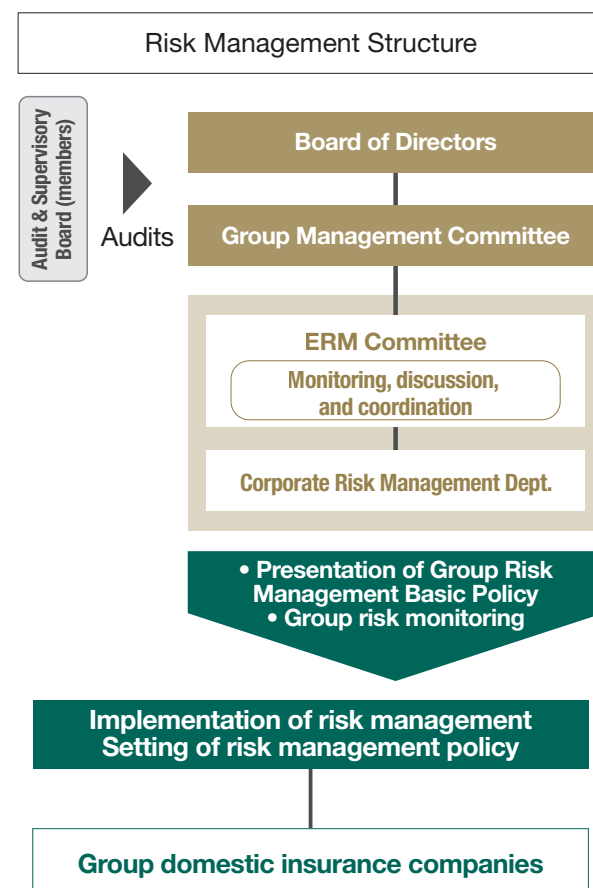
In addition, we will contribute to solving social issues while reducing risks in our Group by promoting sustainability initiatives such as addressing climate change, preserving natural capital, respecting human rights, and responding to new risks associated with technological innovations such as autonomous driving and AI, and conducting business operations that

emphasize quality.

The environment surrounding our Group is expected to change significantly in the future. Amid these changes in the environment, through our global insurance and financial services business, we will continue our business in a stable manner by implementing forward-looking risk management to grow with society as a corporate group that supports a resilient and sustainable society.

Implementation and promotion of risk management

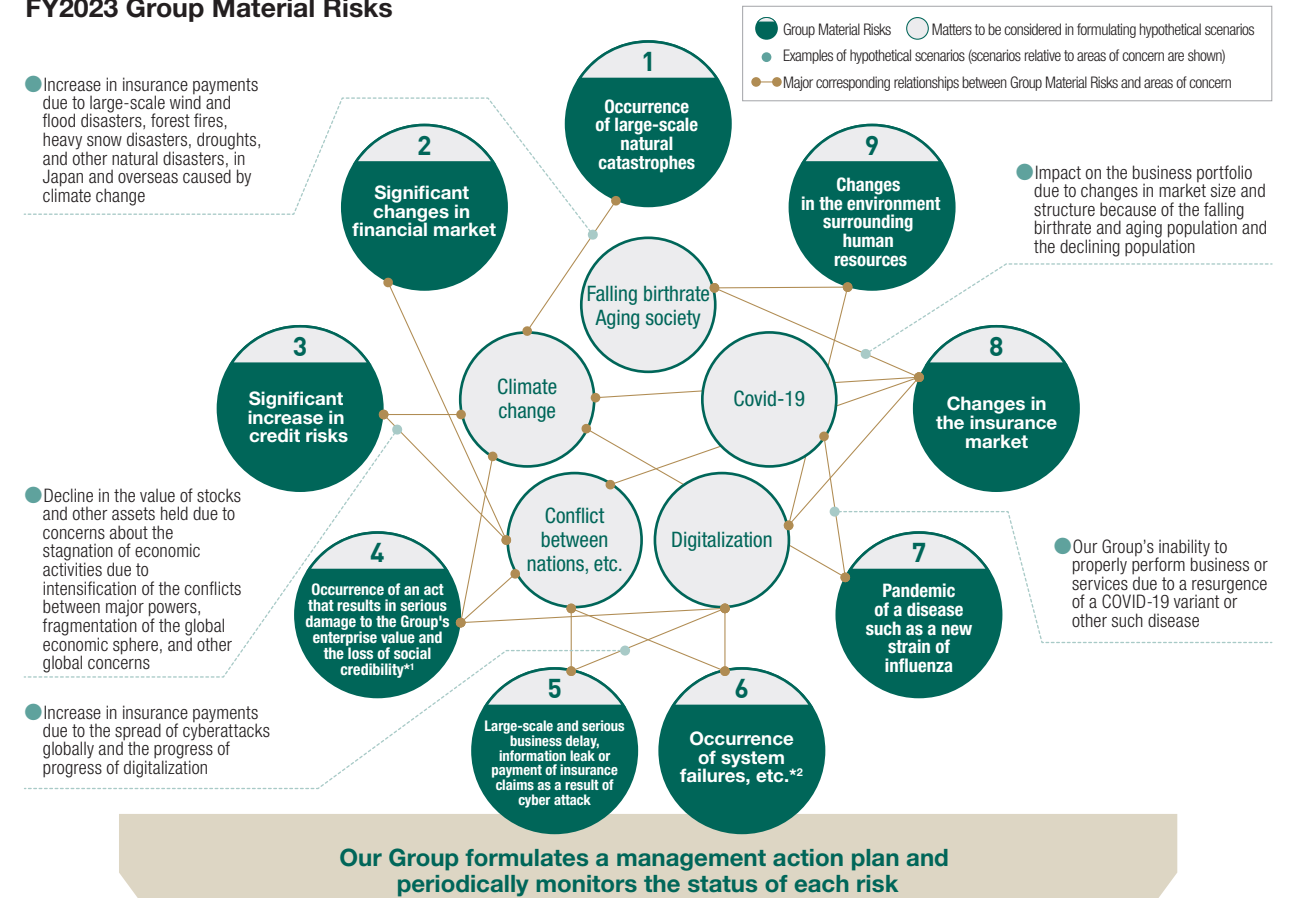
Our Group has established the MS&AD Insurance Group Risk Management Basic Policy and is implementing risk management based on the basic philosophy shared within the Group. Specifically, our Group promotes risk management by identifying major risk events affecting our business portfolio and evaluating their risk factors both quantitatively and qualitatively.



Identification and Management of Risks

Our Group designates important risk events that should be addressed by management as "Group Material Risks," formulates a management action plan that considers climate change and other risks, and periodically monitors the status of each risk.

FY2023 Group Material Risks



*1 Occurrence of behavior causing marked damage to the Group's corporate value or loss of social credibility" refers to violations of laws and regulations relating to Group business, serious labor issues (e.g., long work hours and harassment), human rights violations and elimination of diversity, and inadequate data governance, etc., as well as deviations from social norms, etc. (including those result from inaction), and actions arising from the lack of, or insufficient, customer-oriented perspective (conduct risk).

*2 "Occurrence of system failures, etc.," refers to a risk event related to the frequent occurrence of system failures, the occurrence of serious system failures, and the delayed progress, shortfalls, budget overruns, and unrealized expected effects of large-scale system development plans.

Listed below are events with the potential for medium- to long-term impacts on Group management and events for which the impact and timing are difficult to grasp at present but for which we need to maintain awareness. As Group Emerging Risks, our Group periodically monitors these events.

FY2023 Group Emerging Risks

1	Appearance of emergence of new systems or innovative technologies that will significantly change or transform the economy, consumer behavior and business models
2	Damage to natural capital (depletion of resources, degradation and crises of ecosystems, and man-made pollution and accidents that cause serious damage to the environment)
3	Establishment, revision or abolition of Japanese or foreign laws, regulations, systems, regimes, etc. which may significantly affect the Group
4	Significant stagnation or delay in the maintenance and renewal of social capital (e.g., bridges, tunnels, river facilities, port facilities, sewerage systems), and significant and ongoing shortfall in the supply of energy
5	Major disruption, failure and collapse of national governance and politics, or a national security crisis

Please refer to the Group's official website for more risk management information.

Official Website Content

- Risk management (https://www.ms-ad-hd.com/en/group/value/risk_management/erm.html)
- Risk Management Basic Policy
- Risk management structure
- Insurance business risks
- Risk management in the international business
- Crisis management system (including the business continuity management system)

Information security management

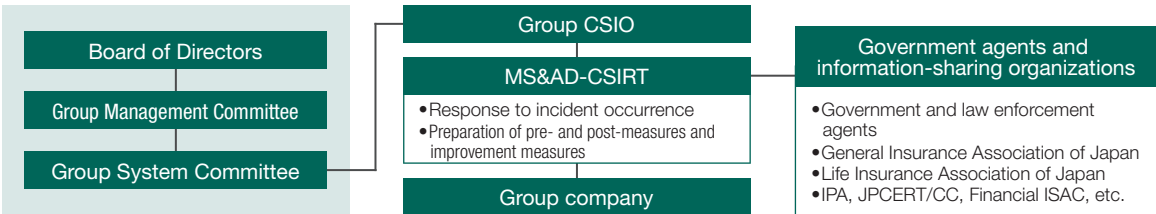
The MS&AD Insurance Group positions the implementation of information security management as one of the most important Group management issues to create a world-class insurance and financial group that continues to pursue sustainable growth and corporate value improvement.

We need to continuously strengthen our readiness against cyber risks, which are changing daily due to the rise of geopolitical risks and technological sophistication. Our Group is working to improve cyber resilience by conducting inspections and implementing countermeasures based on the assumption that 100% of incidents caused by cyberattacks cannot be prevented even if preventive measures are thoroughly implemented.

Takuya Tsuda Executive Officer Group CISO

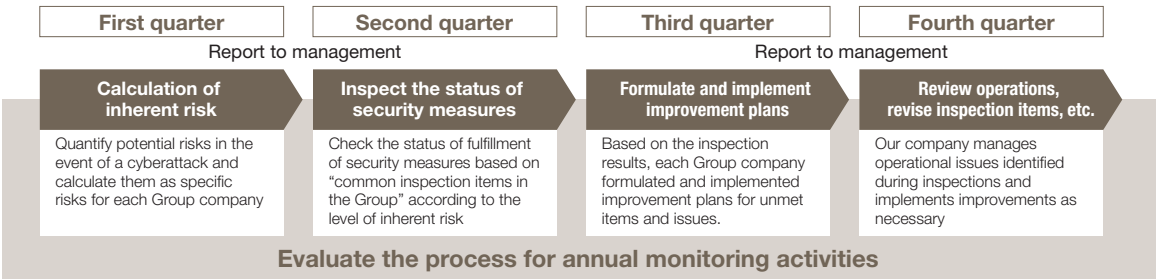
Information security management system of the Group

- The Group CISO is in charge of information security and regularly discusses reports on the information management system at the Board of Directors, the Group Management Committee, and the Group System Committee.
- The MS&AD Group is aware of threats related to information assets; is constantly aware of changes in the external environment, including cybersecurity; and is building a system to ensure information security and prompt responses to emergencies. In particular, we established MS&AD-CSIRT for cybersecurity. In addition to responding to incidents, we collect security threat information, share that information among Group companies, and strengthen the information linkage with government agents and information-sharing organizations.



Monitoring activities of our Group

We regularly check the status of security measures (monitoring activities) for Group companies, including overseas entities, using common Group indicators developed independently based on domestic and overseas standards, guidelines, and frameworks, to continuously improve security levels.



FY2022 initiatives

We are continuing to strengthen our cybersecurity preparedness through our existing security measures. In addition, we have established procedures and measures in case of an emergency assuming damage. We are also working to address ever-changing cybersecurity risks. As a result of these efforts, there were no serious incidents affecting business continuity or incidents involving information leakage in FY2022.

Examples of ongoing efforts	Examples of responses to changing cyber risks
<ul style="list-style-type: none">● Collection and analysis of vulnerability and threat information, security training, targeted attack e-mail training, and platform diagnostics for public servers● Threat-Led Penetration Testing (TLPT)● Reconfirmation of the system for incident occurrence (system, response flow, reporting party, response procedure) and incident response exercises	<ul style="list-style-type: none">● Based on the heightened geopolitical risk, we will analyze possible attacks from the perspective of cyberattackers, and consider and promote countermeasures● Share the concept and direction of Zero Trust with the Group, and plan and promote measures to be taken by the Group as a whole● Develop governance, rules, and guidance for appropriate use of advanced technologies such as generative AI

Promotion of compliance

The MS&AD Insurance Group regards compliance as one of the most important issues in the management of the Group and requires all officers and employees of the Group to comply with laws, internal regulations, etc., related to business activities.

Mechanism to ensure the effectiveness of rules and systems

We have established the Basic Policy on Compliance of the MS&AD Insurance Group, which is common to the entire Group, and have developed a compliance promotion system based on the Policy. The Compliance Program, a company-wide implementation plan for compliance, was resolved by the Boards of Directors of Group domestic insurance companies, and the status of implementation of the plan, issues to be addressed, etc., are reported to the compliance committees and Boards of Directors of Group domestic insurance companies. In addition, the Quality Improvement and Compliance Committee has been established to monitor the quality improvement and compliance of the entire Group and outline corporate ethics, etc. Important matters are reported to the Board of Directors.

Measures to prevent money laundering, terrorist financing, and corruption and bribery

Our Group has established the Policy on Countermeasures against Money Laundering and Terrorist Financing and is promoting initiatives to prevent the use of the products and services of Group companies for money laundering and terrorist financing. In addition, we have established the Policy on Fair Business Practices to ensure fair business practices (e.g., Prohibition of Corrupt Practices such as Bribery and Compliance with Laws and Regulations Concerning Political Activities and Political Funds).

In addition to stipulating the Guidelines for Handling of Money Laundering Regulations and Handling of Those Who Are Subject to Measures Such as Those Whose Assets Are Frozen and implementing measures against money laundering and the financing of terrorism at overseas entities, we have established a section on “Prevention of Bribery” in the Compliance Manual for overseas entities and implemented measures to prevent bribery at overseas entities through appropriate rule development and training.

For more information about compliance, visit our official website.

Our compliance
https://www.ms-ad-hd.com/en/group/value/risk_management/compliance/compliance_group.html

- Basic Policy on Compliance
- Compliance promotion system
- Specific activities: Compliance program, Compliance manual, Compliance education, Training, Compliance inspection, Monitoring activities, Speak-up system (whistleblowing system), Anti-money laundering and terrorist financing, Initiatives to prevent corruption and bribery
- Compliance promotion system for the international business
- Initiatives for tax compliance

Speak-up system (whistleblowing system)

In addition to the regular reporting lines, our Group has established the Speak-up system (whistleblowing system), which allows officers and employees, etc., of each Group company to report directly to us when an organization or individual violates laws or regulations, violates internal regulations, acts inappropriately, or conducts any other acts that might lead to any such violations. We have established reception desks inside and outside the Group to make access easy for whistleblowers. We also maintain the confidentiality of whistleblowers and consultants, secure the information provided, and protect whistleblowers and consultants so that they will not be treated unfavorably if they report or consult with us.

For officers and employees working at overseas entities, we have established a global reporting contact in addition to the reception desks at our domestic offices. We respond to reports in 15 languages, and it is possible to report to the Japanese head office from overseas.

Initiatives for tax compliance

Our Group believes that the origin and important value of its insurance business is as a company that can be trusted to support stability in people’s lives and dynamic business activities in the pursuit of a resilient and sustainable society. In recent years, as the importance of ensuring tax transparency has increased as a corporate social responsibility and as efforts to strengthen the international tax framework have progressed, the tax environment has changed significantly. Our Group believes that it is important to fully recognize the importance of ensuring tax transparency and to demonstrate the Group’s approach to tax compliance and its initiatives both internally and externally as responsible corporate actions.

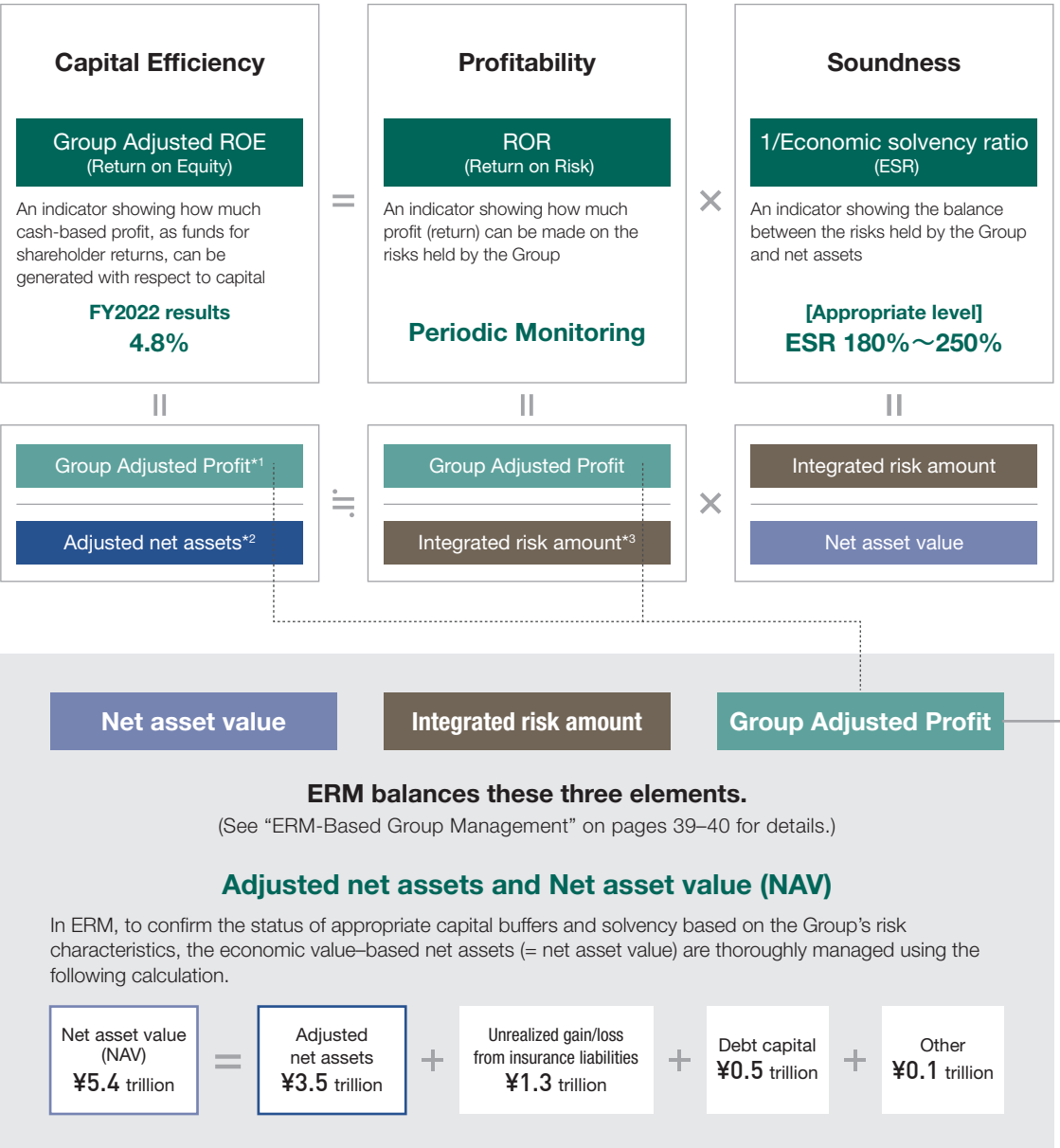
Amount of tax paid in major countries (FY2021, based on national reports)			
		(¥ billion)	
Country	Tax amount	Country	Tax amount
Japan	110.2	Malaysia	2.1
U.S.A.	2.9	U.K.	1.9
Singapore	2.1	Others	4.9
		Total	124.5

Enhancing Capital Efficiency and Achieving Sustainable Profit Growth

Group Adjusted ROE

The MS&AD Insurance Group regards Group Adjusted ROE as the most important indicator among the numerical management targets set out in the Medium-Term Management Plan (2022–25). Group Adjusted ROE can be broken down into return on risk (ROR), which shows the balance between the risk the Group faces and return (profit), and ESR, which shows the Group’s financial soundness. These indicators can be further broken down into three elements: Group Adjusted Profit, integrated risk amount, and net asset value. The Group manages to balance these three elements through its ERM. (See “ERM-Based Group Management” on pages 39–40 for details.)

Furthermore, in activities in each business domain, we are promoting various initiatives by setting performance indicators for business divisions to expand Group Adjusted Profit.



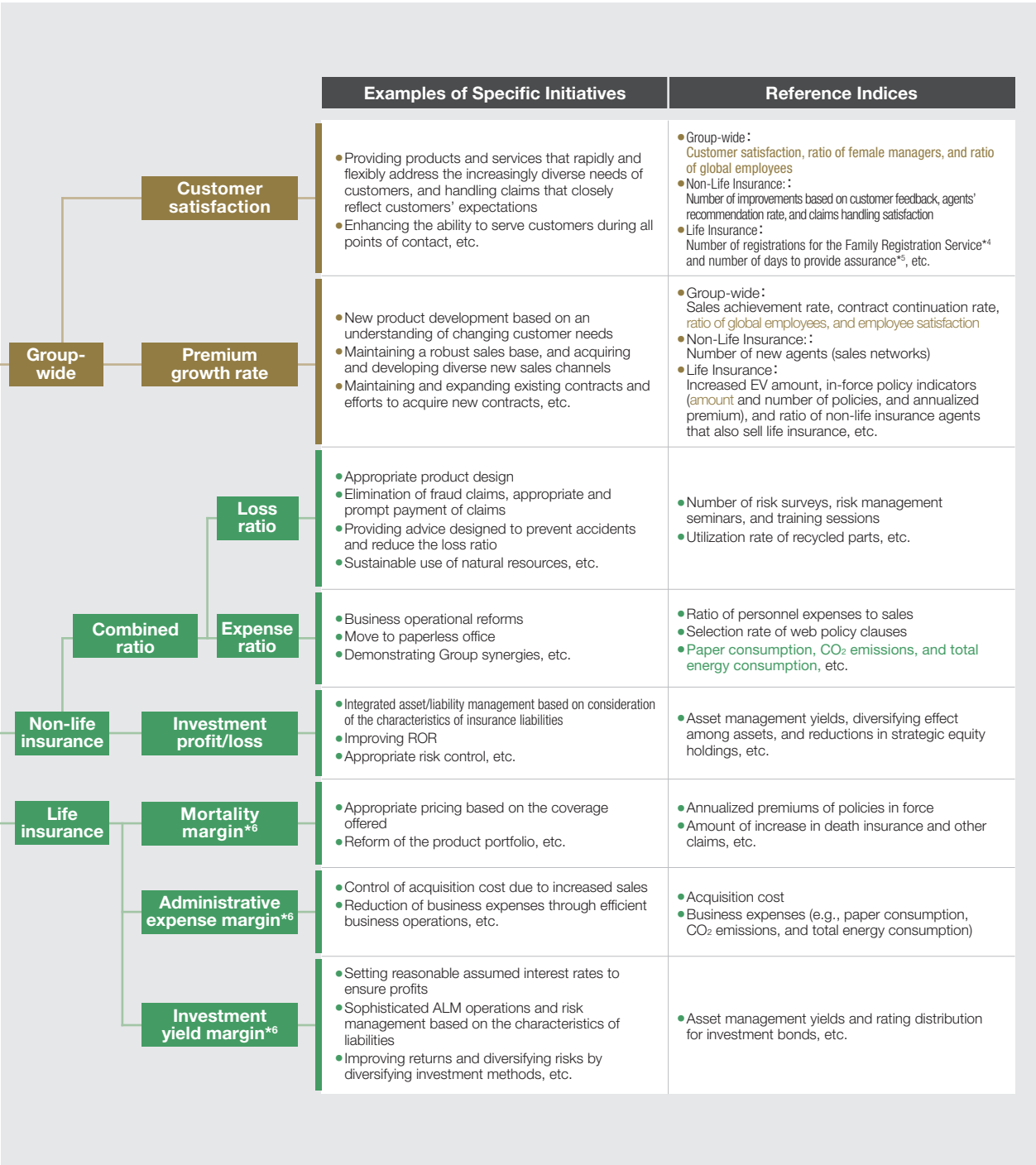
*1 Group Adjusted Profit = Consolidated net income + Provision for catastrophe loss reserve and others – Other incidental factors (amortization of goodwill and other intangible fixed assets and others) + Equity in earnings of non-consolidated Group companies

*2 Adjusted net assets = Consolidated net assets + Catastrophe loss reserves and others – Goodwill and other intangible fixed assets

*3 The integrated risk amount represents insurance underwriting risk, asset management risk, and operational risk, etc., quantified through stochastic methods.

Initiatives to Achieve the Group Adjusted Profit Target in Each Business Domain

See pages 47–48 for Financial and Nonfinancial Highlights



*4 The Family Registration Service allows pre-registered family members, in addition to the policyholder, to receive information about the insurance policy.

*5 Number of days to provide assurance is an indicator of how long it takes for the company to complete administrative tasks for customers, such as applications for new insurance contracts, applications to cancel policies, claims for insurance payments, and claims for other benefits. It is broken down into 1) the average number of days to conclude a new policy, 2) the average number of days required to pay an insurance claim, and 3) the average number of days required to pay a cancellation refund.

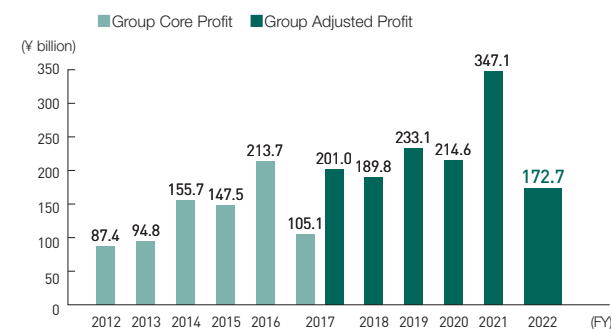
*6 Mortality margin, administrative expense margin, and investment yield margin are indicators for core profit, which represents the fundamental profitability of life insurance companies. Together, these terms are referred to as the “three surplus factors.” Mortality margin is the profit or loss on the difference between projected insurance benefits payments, based on assumed mortality rates, and actual insurance benefits payments. Administrative expense margin is the gain or loss on the difference between projected business expenditures, based on assumed expense ratios, and actual business expenditures. Investment yield margin is the gain or loss on the difference between projected investment income, based on assumed interest rates, and actual investment income.

Financial and Nonfinancial Highlights

✓ A checkmark indicates that FY2022 figures have been assured by KPMG AZSA Sustainability Co., Ltd.

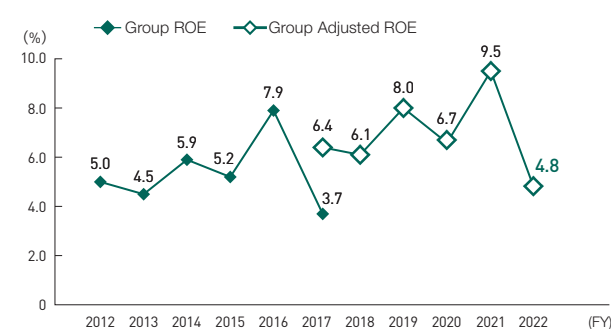
Numerical Management Targets

Group Core Profit/Group Adjusted Profit*1



This is profit that serves as a source of shareholder returns and is the numerical management target in the Medium-Term Management Plan. Given the transition to International Financial Reporting Standards (IFRS) from FY2024, the definition has been changed to "Group Adjusted Profit" in "Vision 2021" (starting in FY2018).

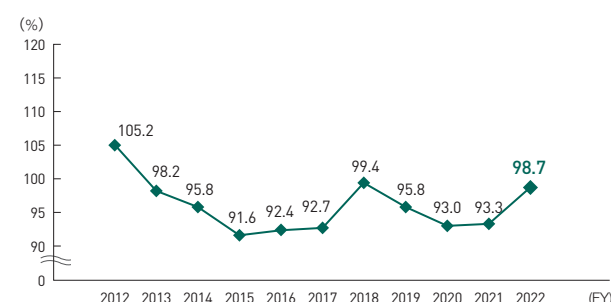
Group ROE/Group Adjusted ROE*1



This is one of the numerical management targets in the Medium-Term Management Plan and indicates the ratio of Group Core Profit/Group Adjusted Profit, as shown to the left, in respect to consolidated net assets.

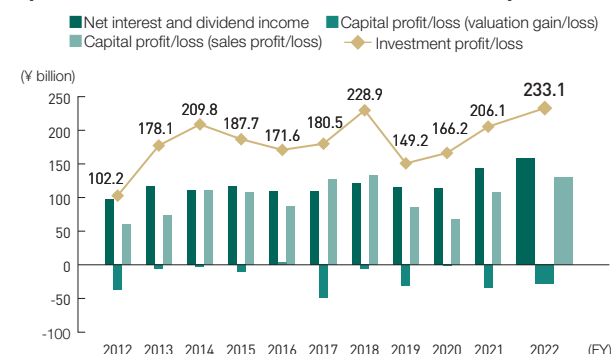
Profitability Indicators

Combined ratio*2 (domestic non-life insurance business)



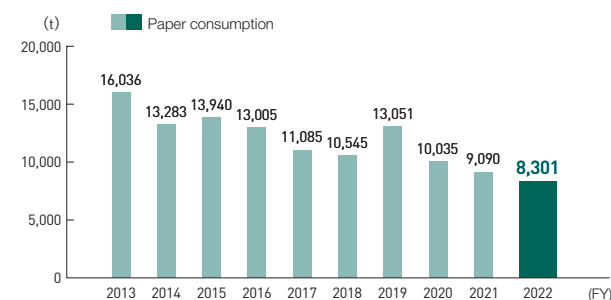
The combined ratio is a key indicator of profitability for underwriting in the non-life insurance business. Profitability is negative when this indicator exceeds 100% and positive when this indicator falls below 100%.

Investment profit/loss*2 (domestic non-life insurance business)



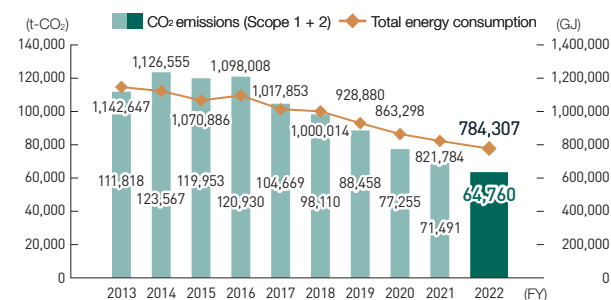
For non-life insurance companies, this is a major source of earnings, next to insurance underwriting profit, and consists of components such as interest and dividend income and gains/losses on sales of securities.

Paper consumption



Paperless meetings, PDF-format pamphlets, and portable device and tablet use are being actively incorporated to help reduce paper consumption through various measures including increased application of RPA. FY2019 saw a temporary increase in printed materials due to the change in Japan's era name and product revisions.

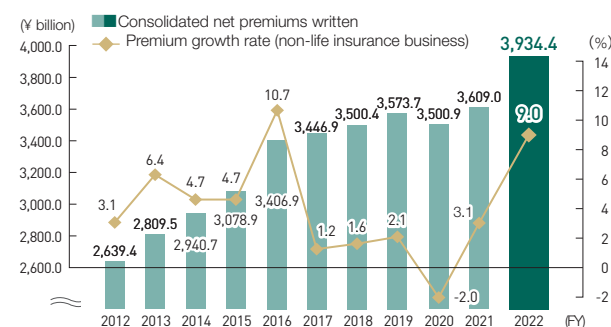
✓ Greenhouse gas emissions and total energy consumption*3



Reducing CO2 emissions helps mitigate climate change, a risk for the non-life insurance business. It also reduces energy-related business expenses.

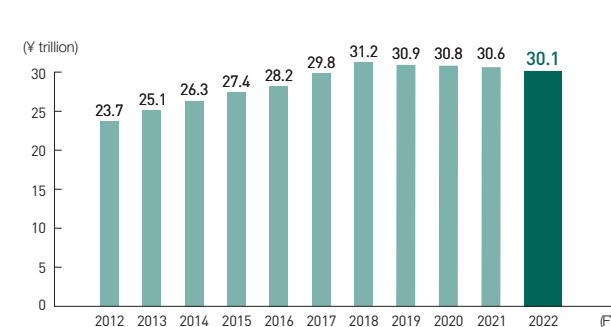
Growth Potential Indicators

Consolidated net premiums written*4 and premium growth rate (non-life insurance business)



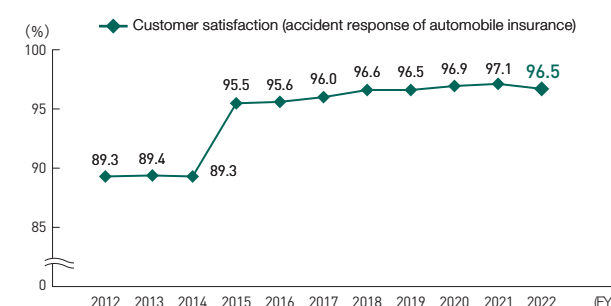
Consolidated net premiums written is one of the numerical management targets in the Medium-Term Management Plan. The premium growth rate indicates growth potential in premium income for the domestic non-life insurance business and international non-life insurance business.

Policies in force*7 (domestic life insurance business)



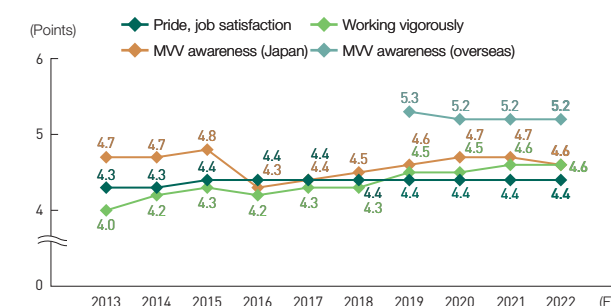
Policies in force is one of the basic indicators of the performance of life insurance companies. It represents the total amount of money guaranteed to policyholders of valid policies at the end of a fiscal year. (See "Basic Knowledge about the Insurance Industry" on page 104.)

Customer satisfaction*5



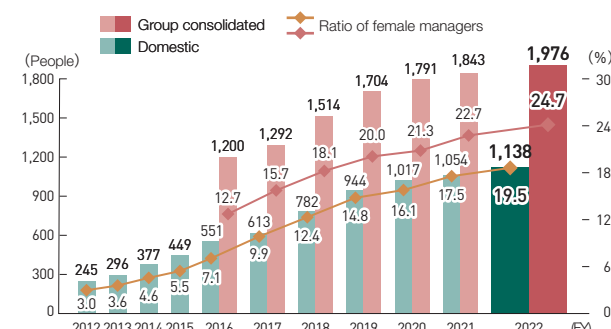
Our growth potential depends on improving customer satisfaction. Along with these indicators, customer opinions are helpful in improving quality.

Employee satisfaction



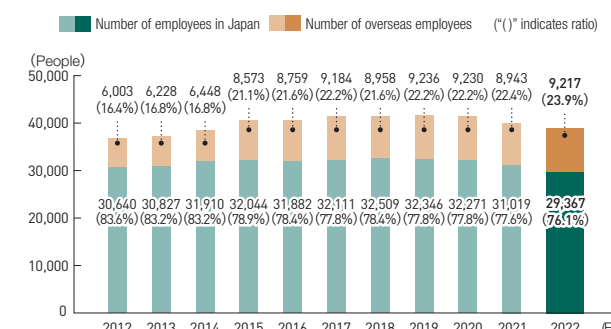
Scope: Domestic Group companies
Note: All-employee average on a six-point scale. We consider "mission/vision/value (MVV) awareness" and "pride, job satisfaction" on the part of Group employees to be important elements in achieving sustainable growth in corporate value and always aim to improve these areas.

✓ Number and ratio of female managers*6



By promoting diversity in the manager position (section managers and above), we believe that we will allow for strategies, product development, and organizational management that incorporate diverse perspectives and sense of values, leading to higher customer satisfaction and growth potential.

✓ Number and ratio of global employees



Increasing the number of employees from different cultures and with a diverse sense of values, and deepening mutual understanding among employees, leads to stronger organizational capacity for the Group and is a driving force especially in international business development.

*1 This calculation method was revised in FY2018. (See the "Glossary of Insurance Terminology" on page 108 for details.)

*2 Simple sum of non-consolidated figures for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

*3 For FY2013 to FY2016, CO2 emissions resulting from tenant use of rental properties were included in our own CO2 emissions. Moreover, emissions for FY2013 to FY2015 were calculated before the acquisition of MS Amlin, etc., and thus its emissions are not included in these figures. Total energy consumption is calculated based on the energy conversion coefficient from the Law Concerning the Promotion of Measures to Cope with Global Warming. Electric power energy use, however, is 3.6 GJ/MWh.

*4 Excludes the Good Results Return premiums of the "ModoRich" voluntary automobile insurance product

*5 Customer survey choices were streamlined from five options to four in FY2015 and unified within the Group. This figure indicates the ratio of customers who chose the top two options (Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance).

*6 As of April 1 of the subsequent fiscal year for domestic Group companies and as of December 31 for overseas Group companies

*7 Total amount of policies in force for individual insurance and individual annuity insurance at MSI Aioi Life and MSI Primary Life

11-Year Performance

Key Management Indicators

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019		FY2020	FY2021	FY2022
Consolidated financial data (¥ million)												
Ordinary income	4,315,787	4,362,754	4,689,658	5,013,038	5,335,239	5,217,835	5,500,438	5,168,361		4,892,244	5,132,042	5,251,271
Net premiums written	2,639,015	2,811,611	2,939,113	3,078,732	3,407,389	3,440,976	3,497,572	3,573,732		3,500,996	3,609,052	3,934,473
[Net premiums written]*1	[2,639,419]	[2,809,581]	[2,940,756]	[3,078,995]	[3,406,966]	[3,446,940]	[3,500,403]	[3,573,732]		[3,500,996]	[3,609,052]	[3,934,473]
Insurance claims paid (non-life + life)	1,961,399	2,025,545	1,996,675	2,023,599	2,162,773	2,311,295	2,528,145	2,403,833		2,307,722	2,418,385	2,772,451
Ordinary profit/(loss)	150,300	190,259	287,061	291,578	352,612	211,548	290,847	157,701		306,524	390,499	231,113
Net income attributable to owners of the parent*2	83,625	93,451	136,247	181,516	210,447	154,057	192,705	143,030		144,398	262,799	161,530
Comprehensive income/(loss)	543,938	322,865	807,972	-233,116	114,294	311,096	-79,701	-157,288		753,938	310,470	- 80,923
Net assets	2,021,625	2,285,832	3,036,663	2,725,274	2,734,432	2,968,387	2,778,047	2,494,038		3,126,657	3,302,749	3,056,273
Total assets	15,914,663	16,878,148	18,788,046	20,303,649	21,234,300	22,472,927	23,132,539	23,196,455		24,142,562	25,033,846	25,000,433
Consolidated solvency margin ratio*3	738.8%	772.5%	803.9%	743.3%	872.6%	819.3%	807.3%	781.3%		916.0%	857.9%	777.7%
Equity ratio	12.6%	13.4%	16.0%	13.3%	12.8%	13.1%	11.9%	10.6%		12.8%	13.0%	12.0%
Return on equity (ROE)	4.79%	4.42%	5.18%	6.36%	7.78%	5.45%	6.77%	5.50%		5.22%	8.3%	5.2%
Combined ratio*4 (domestic non-life insurance)	105.2%	98.2%	95.8%	91.6%	92.4%	92.7%	99.4%	95.8%		93.0%	93.3%	98.7%
Group Core Profit*5/Group Adjusted Profit*6	¥87.4 billion	¥94.8 billion	¥155.7 billion	¥147.5 billion	¥213.7 billion	¥105.1 billion	¥189.8 billion	¥233.1 billion		¥214.6 billion	¥347.1 billion	¥172.7 billion
Group ROE*7/Group Adjusted ROE*8	5.0%	4.5%	5.9%	5.2%	7.9%	3.7%	6.1%	8.0%		6.7%	9.5%	4.8%

Per share data (yen)

Net income per share (basic)*9	134.46	150.58	221.34	298.72	350.94	260.04	328.72	248.36		255.79	474.52	299.80
Net income per share (diluted)*10	—	—	—	—	350.90	259.98	328.60	248.22		255.65	474.32	299.70
Group Core Profit (Loss) per share/Group Adjusted Profit*11	140.56	152.79	252.99	242.83	356.39	177.47	323.87	404.92		380.21	626.90	320.58
Dividend per share (DPS)	54.00	56.00	65.00	90.00	120.00	130.00	140.00	150.00		155.00	180.00	200.00
Book-value per share (BPS)	3,215.33	3,646.22	4,911.40	4,469.58	4,572.82	4,964.64	4,712.11	4,308.37		5,525.42	5,955.21	5,633.94

Stock price-related data

Year-end market price (closing price) (yen)	2,066	2,364	3,370	3,136	3,540	3,355	3,370	3,025		3,249	3,978	4,106
Price-earnings ratio (PER)*12 (times)	15.36	15.70	15.23	10.50	10.09	12.90	10.25	12.18		12.70	8.38	13.70
Price-to-book ratio (PBR)*12 (times)	0.64	0.65	0.69	0.70	0.77	0.68	0.72	0.70		0.59	0.67	0.73
Dividend yield*12	2.6%	2.4%	1.9%	2.9%	3.4%	3.9%	4.2%	5.0%		4.8%	4.5%	4.9%
Annual total shareholder return (TSR)*13	24.8%	17.1%	45.3%	-4.9%	16.7%	-1.6%	4.6%	-5.8%		12.5%	28.0%	8.2%
Stock price volatility (annual rate)*14	35.8%	39.0%	25.3%	41.0%	36.9%	19.7%	16.2%	19.4%		23.2%	21.7%	23.7%

Capital management policy data (¥ million)

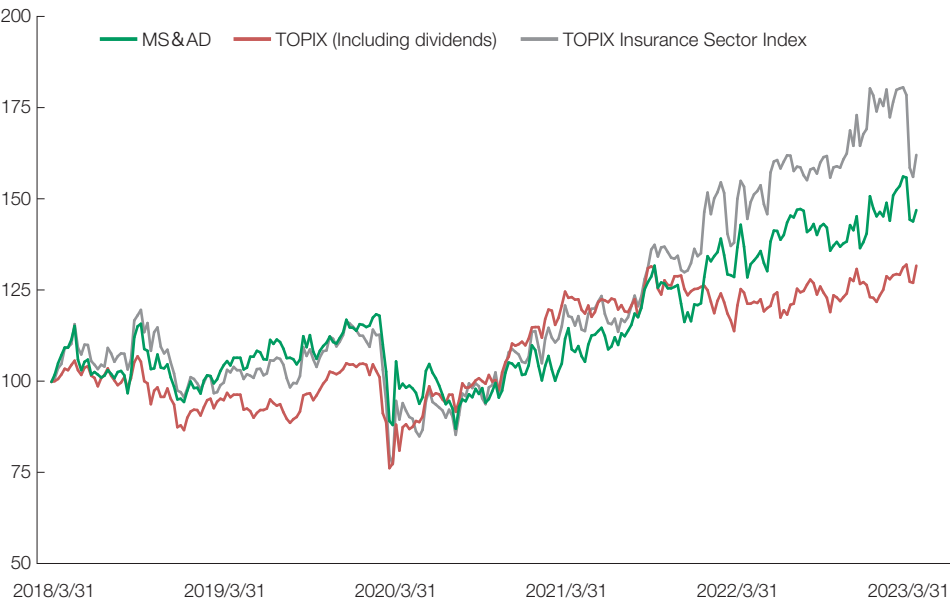
Total dividends	33,582	34,715	39,900	54,447	71,489	77,014	81,720	85,770		86,995	99,088	107,140
Dividend payout ratio (consolidated)	40.2%	37.2%	29.4%	30.1%	34.2%	50.0%	42.6%	60.4%		60.6%	37.9%	66.7%
Aggregate amount of repurchase*15	4,996	9,997	29,992	19,996	29,938	29,981	31,972	34,999		34,999	74,999	(Maximum) ¥20 billion
[Average repurchase price (yen)]*16	[2,565]	[2,523]	[3,373]	[3,044]	[3,738]	[3,440]	[3,482]	[3,407]		[3,286]	[4,040]	-
Shareholder return ratio*17	44.1%	47.2%	44.9%	50.4%	47.7%	101.8%	60.0%	52.0%		57.0%	50.0%	(Plan)74.0%

Nonfinancial data

Customer satisfaction (accident response for automobile insurance)*18	89.3%	89.4%	89.1%	95.5%	95.6%	96.0%	96.6%	96.5%		96.9%	97.1%	96.5%
Number of employees	36,643	37,055	38,358	40,617	40,641	41,295	41,467	41,582		41,501	39,962	38,584
(of which at consolidated overseas subsidiaries) <input checked="" type="checkbox"/>	6,003	6,228	6,448	8,573	8,759	9,184	8,958	9,236		9,230	8,943	9,217
Number of female managers*19 (domestic) <input checked="" type="checkbox"/>	245	296	377	449	551	613	782	944		1,017	1,054	1,138
Number of employees participating in social contribution activities (domestic)	16,142	11,373	15,124	16,507	19,861	20,022	23,601	27,673		26,519	23,024	22,553
Greenhouse gas emissions (Scope 1 + 2)*20 <input checked="" type="checkbox"/>	114,246t-CO ₂	111,818t-CO ₂	123,567t-CO ₂	119,953t-CO ₂	120,930t-CO ₂	104,669t-CO ₂	98,110t-CO ₂	88,458t-CO ₂ *20		77,255t-CO ₂ *20	71,491t-CO ₂	64,760t-CO ₂
Paper consumption (domestic)	14,445t	16,036t	13,283t	13,940t	13,005t	11,085t	10,545t	13,051t*20		10,035t	9,090t	8,301t

☒ A checkmark indicates that FY2022 figures have been assured by KPMG AZSA Sustainability Co., Ltd.

TSR for the Last Five Years



- The graph above shows the rate of return (investment performance) at each point with the investment amount at the end of March 2018 set at 100.
- The rate of return is calculated by adding dividends to the change in the stock price (up or down).
- A five-year investment of 100 in MS&AD stock as of the end of March 2018 would have resulted in 104.6 at the end of March 2019, 105.6 at the end of March 2020, and 114.7 at the end of March 2021, all of which exceeded the initial investment amount.
- The second half of the period was in an uptrend, with strong gains to 143.0 at the end of March 2022 and 147.0 at the end of March 2023.
- Both the Tokyo Stock Exchange Stock Price Index (TOPIX) and the Tokyo Stock Exchange's industry-specific index (insurance industry) use data incorporating dividends.
- In the last year, the return exceeded the investment income of TOPIX (including dividends).

Source: Calculated by MS&AD Holdings based on data from Bloomberg

- *1 Figures are presented exclusive of the Good Results Return premiums of Mitsui Sumitomo Insurance's proprietary automobile insurance product "ModoRich," which contains a special clause for premium adjustment and refund at maturity.
- *2 The net income or net loss attributable to parent company shareholders is disclosed.
- *3 Consolidated solvency margin ratios have been calculated from FY2011 reflecting the revision of the Insurance Business Act, etc.
- *4 Simple sum of non-consolidated figures of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance
- *5 Group Core Profit = Consolidated net income – Net capital gains/losses on stock (e.g., gains/losses on sales) – Net evaluation gains/losses on credit derivatives – Other incidental factors + Equity in earnings of the non-consolidated Group companies (before FY2017)
- *6 Group Adjusted Profit = Consolidated net income + Provision for catastrophe loss reserve and others – Other incidental factors (e.g., amortization of goodwill and other intangible fixed assets) + Equity in earnings of the non-consolidated Group companies (from FY2018)
- *7 Group ROE = Group Core Profit ÷ Consolidated net assets (average of beginning and ending amounts excluding stock acquisition rights and non-controlling interest) (before FY2017)
- *8 Group Adjusted ROE = Group Adjusted Profit ÷ Average of beginning and ending amounts on the B/S of adjusted net assets (Consolidated net assets + Catastrophe loss reserve and others – Goodwill and other intangible fixed assets) (from FY2018)
- *9 Net income/(loss) per share (EPS) disclosed
- *10 Net income per share (EPS) and diluted EPS disclosed. Diluted net income/(loss) per share data before FY2015 are not disclosed because there was no potential dilution during that period.
- *11 Group Core Profit/(Loss) per share (before FY2017) or Group Adjusted Profit/(Loss) per share (from FY2018)
- *12 Stock price-related indicators are based on the market price of the stock at the end of the fiscal year.
- *13 Total shareholders' return is calculated as follows: (Fiscal year-end stock price – Previous fiscal year-end stock price + Annual dividends) ÷ Previous fiscal year-end stock price
- *14 Stock price volatility is the annualized standard deviation of returns based on daily closing prices.
- *15 The aggregate amount of repurchase price in FY2022 was ¥20 billion (maximum). The period of repurchase is ¥20 billion (maximum) from May 22, 2023, to September 22, 2023 (resolved at the Board of Directors meeting held on May 19, 2023).
- *16 Average repurchase price for FY2022 has not been stated because the repurchase of own shares has not been completed.
- *17 Shareholder return ratio = (Dividends applicable to the fiscal year (paid in December of that year and June of the following year) + Value of share repurchases during the period through the time of the general shareholders' meeting in the following fiscal year) ÷ Group Core Profit for the fiscal year (from FY2018: Group Adjusted Profit)
- *18 Ratio of customers satisfied with accident response for automobile insurance (Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance). From FY2015, the client survey was modified from five stages to four stages.
- *19 Number of female employees in positions of manager or higher (as of April 1 of the subsequent fiscal year for domestic Group companies)
- *20 From FY2012 to FY2016, greenhouse gas emissions resulting from the tenant use of rental real estate are reported as in-house emissions. The figures from FY2012 to FY2015 were those before the acquisition of MS Amlin and others, and do not include emissions from that company.

Special Feature

Next Stage of MS&AD Realized by CSV × DX Platform provider of risk solutions

In any era, the mission of insurance companies is to support the sustainability of society. The challenges facing modern society are increasingly complex and diverse, such as the intensification of natural disasters due to climate change, the spread of infectious diseases, and the threat of cyber risks.

What role should the MS&AD Group play in these times of exceptional uncertainty?

By predicting possible changes,
we not only compensate for risks that might occur but also prevent the occurrence of risks. This in turn supports an environment in which customers can live and conduct their business activities with peace of mind. We aim to create a strong future that is not compromised by risk with solutions that combine the Group's diverse knowledge and advanced digital technology.

This is the role of a
“Platform Provider of Risk Solutions.”

Case
1

A safe, secure, and comfortable mobility society guided by telematics technology

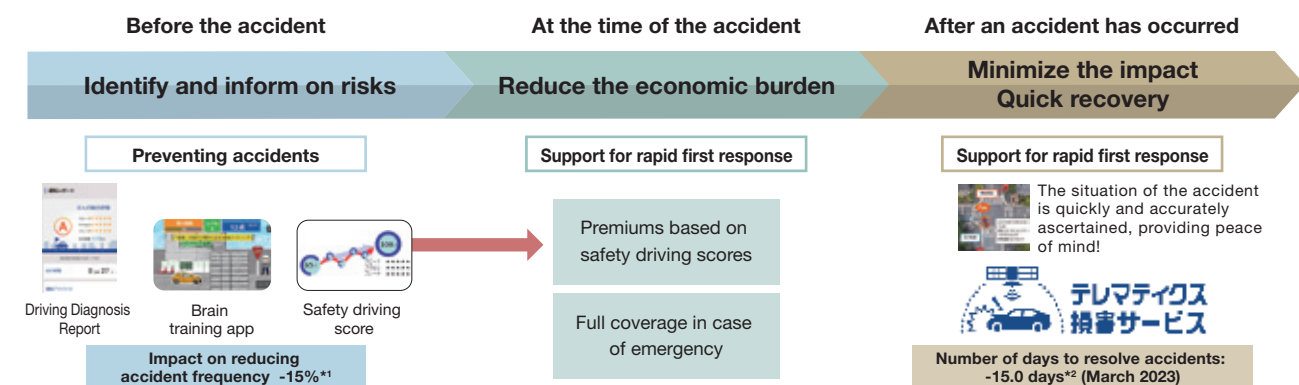
Aioi Nissay Dowa Insurance offers telematics automobile insurance utilizing data and digital technology. Telematics automobile insurance provides services that help prevent accidents, such as insurance premiums and safety driving advice based on customers' driving data obtained using communication technology, in accordance with their safety driving scores. In the event of an accident, our advanced claims handling services ensure the early resolution of accidents. Furthermore, based on the data and know-how obtained, we are taking on the challenge of creating new value by solving social and regional issues, such as the diffusion of eco-driving and extending the time the elderly can continue to drive.

Social issues

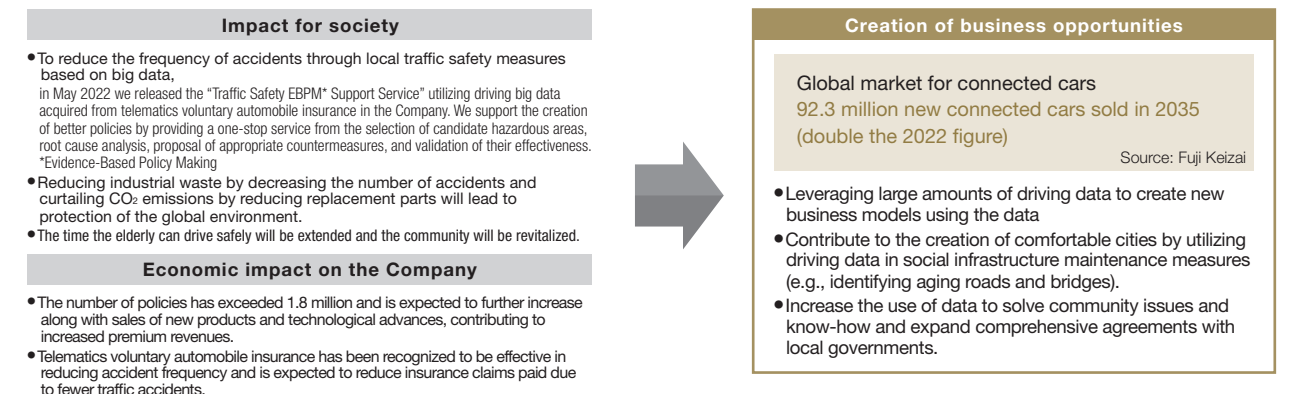
While the number of fatalities and injuries in traffic accidents has been declining in recent years, fatalities and injuries still occur. Technological advancements in mobility and communications have created demand for responses to new risks.

Solutions

In 2018, the Company launched the first telematics auto insurance policy in Japan to reflect the degree of safety driving in premiums. Based on the driving data obtained, the system provides a score of the driver's safety driving status and introduces a premium discount system according to the score.



*1 Comparison of the improvement rate from the previous policy between "TOUGH-Mimamoru-Plus" dashcam-based auto insurance and "TOUGH" auto insurance (March 2023, based on MS&AD research).
*2 Comparison with our other voluntary auto insurance policies, excluding "TOUGH-Mimamoru-Plus" dashcam-based auto insurance and telematics automobile insurance. The number of days required to resolve a property damage liability insurance accident in which both parties are liable (accidents occurring between January 2021 and March 2023). Note that "TOUGH-Mimamoru-Plus" dashcam-based auto insurance covers cases in which drive recorder footage is used in accident response (March 2023, based on MS&AD research).



Comments from the person in charge

The driving big data of the Company increases as the number of telematics auto insurance contracts increases. And the more data we have, the more comprehensiveness the scope of visualization and accuracy of data analysis of the Road Safety EBPM. In other words, telematics voluntary automobile insurance is a customer-participation type of insurance that can solve various social and regional issues by increasing data together with customers. By firmly communicating this to customers, we aim to further promote and expand telematics automobile insurance. We also consider our win at the Winter Digi-den Koshien as evidence that our concept of CSV × DX has been recognized by the government, and we consider it a victory won together with our customers.

Yasuhiro Koizumi
Aioi Nissay Dowa Insurance
Digital Business Design Dept.



Partner Comments

Fukui Prefecture is implementing new traffic safety measures using telematics in partnership with Aioi Nissay Dowa Insurance. Fukui Prefecture ranks first in Japan in the number of private cars owned and is one of the worst car-owning societies in Japan in terms of fatal accidents. To address these immediate life-threatening issues, we created the Fukui Prefecture Traffic Safety Map, which uses actual driving behavior data, such as emergency braking, to visualize hidden danger areas before accidents occur. We are also promoting the use of these data, for example, designating speed control areas by the Fukui Prefectural Police and using them for exploratory studies in which local elementary and junior high school students consider traffic safety measures on their own for their school commute. We will further promote EBPM in solving regional issues and government initiatives, such as horizontal development in other regions, using the Winter Digi-den Koshien victory as an opportunity to further promote EBPM.

Hiroyuki Yonekura
Fukui Prefecture Chief Digital Officer



“Mimamoru Cyber Insurance” that keeps companies safe

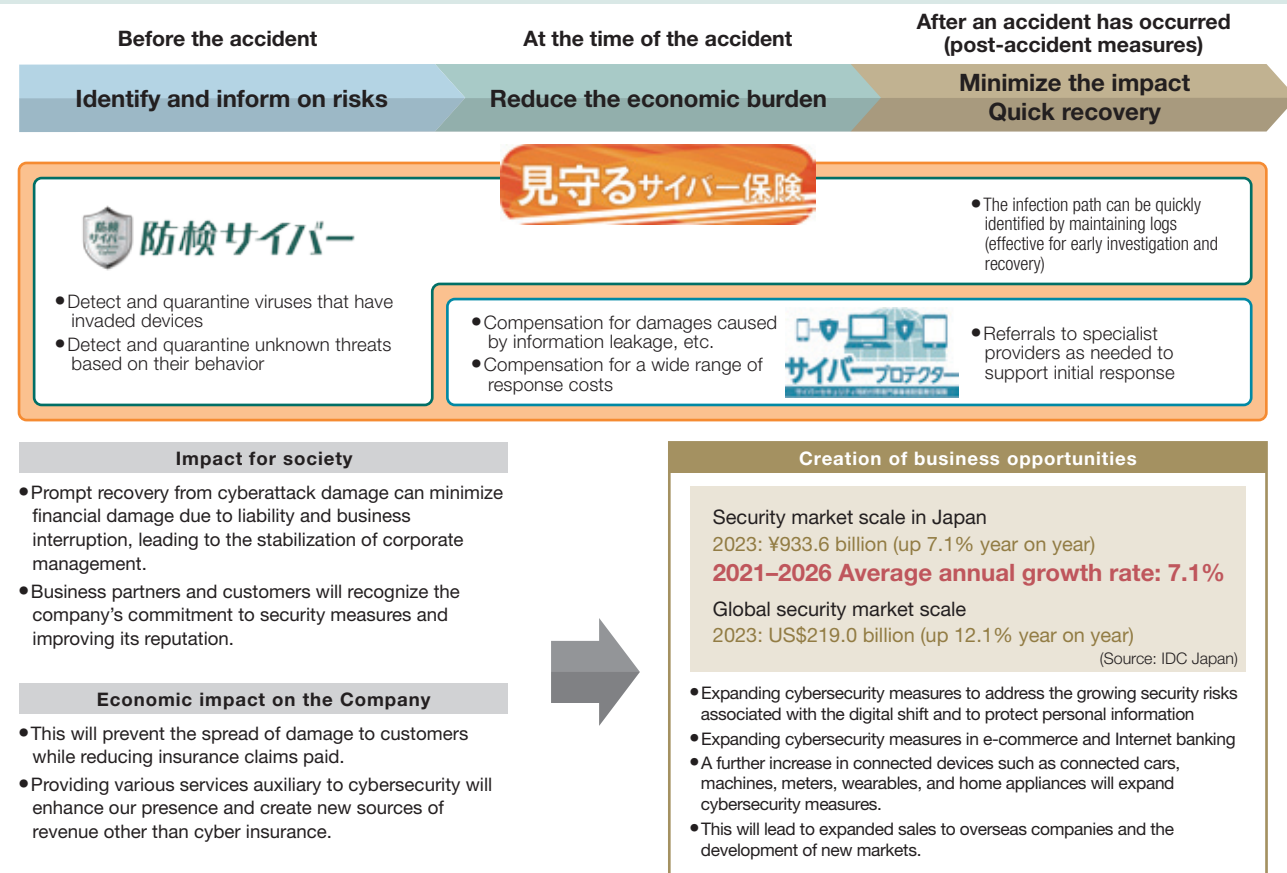
Mitsui Sumitomo Insurance sells “Mimamoru Cyber Insurance” to protect companies from such risks as cyberattacks, which have been drastically increasing in recent years. In addition to the existing cyber insurance coverage, “Mimamoru Cyber Insurance” provides a one-stop service that combines functions to prevent incidents before they occur and to support early recovery by reducing the impact of incidents. We will protect the safety of companies in the cyber field by promoting the adoption of this product.

! Social issues

While the digitalization of society, such as teleworking and web conferencing, is growing, changes in international affairs have led to increased damage from cyberattacks across national borders. Strengthening cybersecurity is an urgent social issue. It is difficult to completely prevent cyberattacks, and it is imperative to prepare for countermeasures in the event of an attack (post-attack measures) in addition to conventional countermeasures focusing on defense (preventive measures).

💡 Solutions

Providing “Mimamoru Cyber Insurance” which comprises Cyber Protector cyber insurance and Boken Cyber/Mimamoru Cyber Mode (EDR), a service handling both preventive and post-attack countermeasures.



Comments from the person in charge

In the cybersecurity field, we recognized that the conventional style of only providing cyber insurance was not providing sufficient value to our customers. We believe we can contribute to solving the social issue of improving cybersecurity by providing not only monetary compensation through insurance but also value in reducing cyber risk itself. We believe it has become an effective product, especially for small and mid-sized enterprises that cannot invest in human assets and costs to the same extent as large companies.

Takashi Suda
Mitsui Sumitomo Insurance
Casualty Underwriting Dept.,
Cyber and Business Risk Team



Comments from the person in charge

Cyberattackers also target business partners and suppliers. In many cases, inadequate countermeasures have resulted in damage not only to the targeted company itself but also to its business partners. It is no longer possible for a single company to take cyber risk countermeasures and eliminate risks. There is an urgent need for dialogue and information sharing among business partners and for raising the level of countermeasures, and the introduction of EDR is the first step in this direction.

Kensuke Maki
MS&AD InterRisk Research & Consulting
3rd Risk Management Dept., Cyber Risk Group
Manager/Senior Consultant



“MSA Care” provides total support for customers’ health

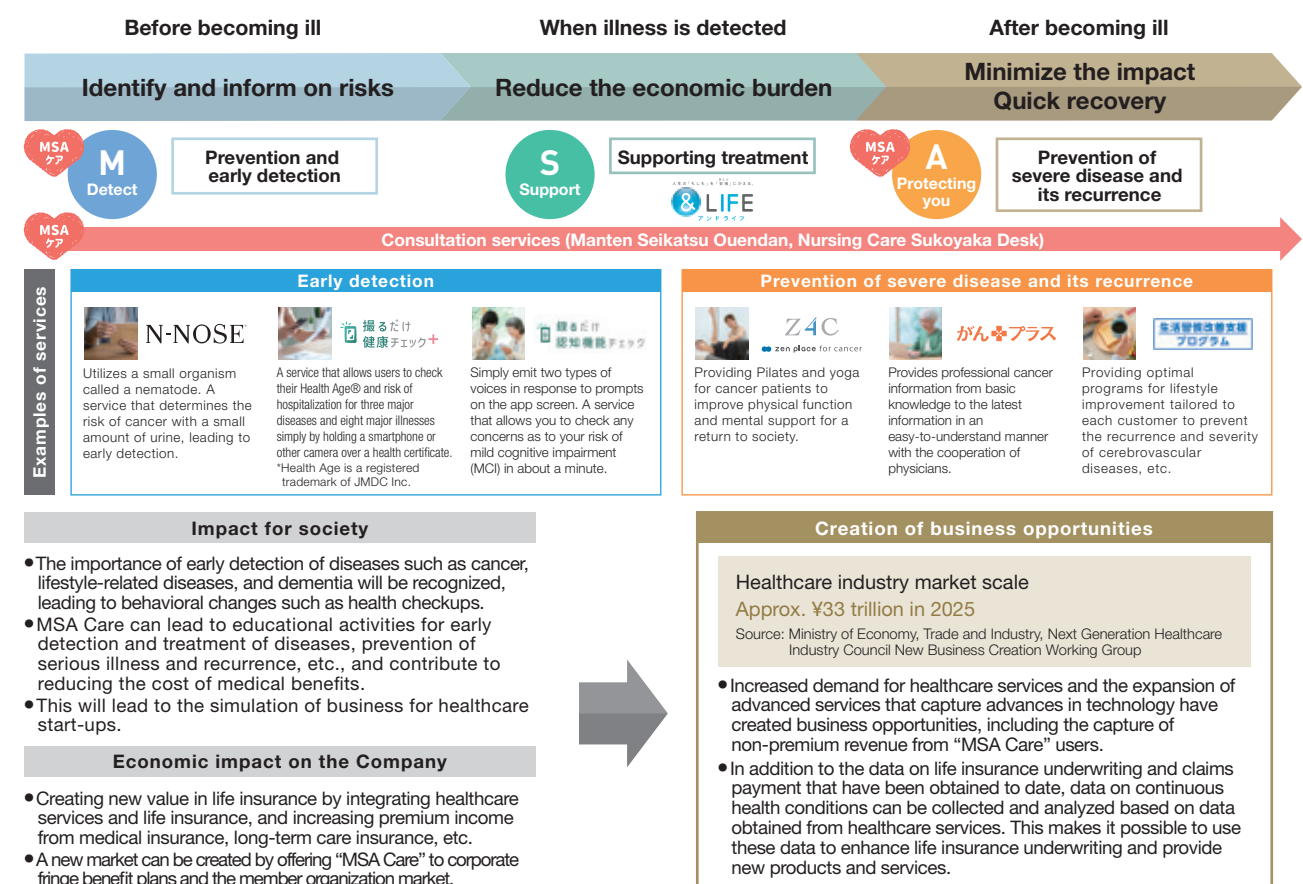
Mitsui Sumitomo Aioi Life Insurance has started to provide advanced healthcare services that lead to early detection of illness, early treatment, and prevention of serious illness and recurrence of illness as a new value provided by life insurance. By providing services tailored to the health status of each individual, we will support our customers to live longer with a smile and help them create a healthy future. At the same time, we will contribute to solving social issues such as extending healthy life expectancy, increasing the uptake of health and cancer screenings, and addressing the rising cost of medical benefits.

! Social issues

Medical and nursing care costs will increase if the gap between average life expectancy and healthy life expectancy widens as life expectancy increases. Moreover, the cancer screening uptake rate is approximately 50% for men and 40% for women, which tends to be low compared to other countries. As the population ages further, initiatives will be required for early detection of diseases, early treatment, and prevention of serious illnesses.

💡 Solutions

- “MSA Care” which offers a full range of healthcare services from early detection to prevention of serious illness and recurrence, has been offered from October 2022.
- In June 2023, the Company released “MSA Care Web Service” a system exclusive to MSA Care, and began offering it to a wide range of customers, including non-life insurance customers.



Comments from the person in charge

We believe customer satisfaction is the starting point of our activities. By receiving appreciation, inspiration, and trust from our many customers, we hope to create shared value with society and realize a virtuous cycle that will lead to sustainable growth. “MSA Care” will transform the life insurance sales style by expanding the value offered by life insurance companies from “only coverage” to “before and after coverage.” In addition, the company will provide new value by supporting customers’ health itself and contributing to solving social issues and responding to a society of healthy longevity.

Hiroki Kobayashi
Mitsui Sumitomo Aioi Life Insurance
Digital Innovation Dept.,
Healthcare Promotion Group



Partner Comments

There is no end to the social issues related to health, such as the increase in national healthcare costs, widening health gaps, and nursing care personnel attrition. The visualization of healthcare data will become indispensable as the public becomes increasingly aware of the need to improve their health. We hope that the health checks using only a camera function developed for and provided to Mitsui Sumitomo Aioi Life Insurance will help users to gain awareness of their lifestyle and health and help them to stay healthy with smiles on their faces. We look forward to continuing to collaborate on new challenges that will contribute to the promotion of health.

Ryo Noguchi
JMDC Inc.
President and CEO, Representative Director



Domestic Non-Life Insurance Business

Business Environment

To meet diversifying customer needs brought on by changes in social structure and lifestyles, our Group provides products and services through three non-life insurance companies with different business models (such as products and sales channels). Mitsui Sumitomo Insurance conducts businesses globally mainly based on the broad networks of the Mitsui Group and the Sumitomo Group. Aioi Nissay Dowa Insurance centers on foundations with the Toyota Group and the Nippon Life Insurance Group and conducts locally rooted businesses. Mitsui Direct General Insurance specializes in direct sales to individual customers. We leverage their respective strengths to maintain scale and superiority in Japan.

In the domestic non-life insurance market, the environment surrounding traditional insurance lines such as fire insurance and voluntary automobile insurance has become increasingly severe. In recent years, insurance payments have increased due to frequent and severe natural disasters, and the burden on business expenses has increased because of rising inflation and wage increases. There are also concerns about the future birthrate and aging population in Japan. Under such circumstances, our Group will continue to work toward sustainable growth by steadily incorporating insurance needs for new risks and taking as a business opportunity the solution of social issues that emerge in the wake of various changes in the environment, such as the advancement of digitalization.

Policies of the Medium-Term Management Plan (2022–25)

- ▶ In the domestic non-life insurance business, we will leverage our strengths in “three distinctive insurance companies,” the “largest sales network in Japan,” and a “strong network” to maintain profits in voluntary automobile insurance; enter the black earlier in fire insurance; and accelerate the expansion of casualty insurance to increase profits and continue to achieve strong growth.
- ▶ We will accelerate our Group-wide efforts to reduce business expenses from the previous Medium-Term Management Plan and further strengthen our earning power.
- ▶ We will boldly promote the “One Platform Strategy” to reduce business expenses and improve productivity.

Maintaining the profitability of automobile insurance

- Continue to expand the top line as a pillar of revenue and maintain profitability
- Develop initiatives that reflect changes in the automotive industry (e.g., spread of EVs and connected cars, advances in CASE and MaaS)
- Strengthen the sales capabilities of professional agents and other channels using digital technology

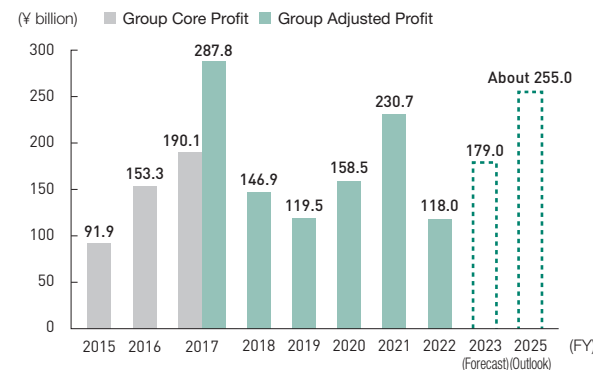
Improving the profitability of fire insurance

- Revise products and premium rates (October 2022) and strengthen measures to deal with unprofitable individual policies
- Develop initiatives to prevent and mitigate loss through risk consulting and the utilization of data and digital technologies
- Develop initiatives to improve profitability, such as strengthening responses to specific contractors and promoting the use of specialized disaster recovery companies

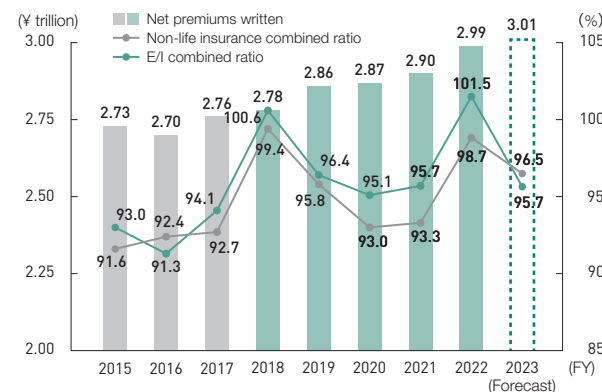
Group Management Figures

(Non-consolidated simple sum of Mitsui Sumitomo Insurance, Aioi Nissay Dowa Insurance, and Mitsui Direct General Insurance)

Group Core Profit/Group Adjusted Profit



Net premiums written and combined ratio*1



*1 Non-consolidated simple sum of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

Expanding profits from casualty insurance

- Strengthen sales of products for SMEs
- Expand earnings as a growth driver by improving the ability to deal with new risks
- Develop new markets through data services such as RisTech and develop new sales channels such as embedded insurance on e-commerce sites

Reducing expenses

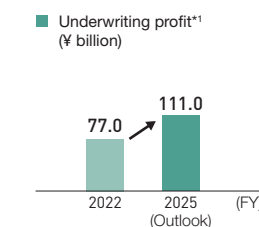
- In addition to incorporating the effects of large-scale system development projects, further integrate the middle- and back-office divisions under the “One Platform Strategy” to accelerate productivity improvement
- Use digital technologies and business-style transformations to reduce business expenses

Progress and future initiatives in the Medium-Term Management Plan (2022–25)

In FY2022, the first year of the Medium-Term Management Plan, net premiums written in the domestic non-life insurance business increased by ¥94.7 billion (3.3%) from the previous year to ¥2,965.3 billion, whereas insurance underwriting income declined by ¥15.2 billion. We will implement the following initiatives to achieve the targets in our Medium-Term Management Plan.

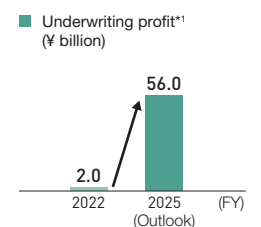
Maintaining the profitability of automobile insurance

- In FY2022, profits decreased due to an increase in the frequency of accidents caused by an increase in traffic volume after the COVID-19 pandemic and an increase in the average payout per claim due to inflation.
- We intend to reduce the loss ratio and achieve our target for FY2025 by implementing measures such as reducing the frequency of accidents through the expansion of telematics insurance and contributing to the spread of vehicles equipped with safety devices through insurance.



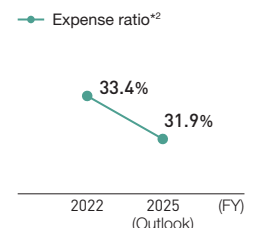
Expanding profits from casualty insurance

- Profits decreased in FY2022 due to large-lot losses in the United States, etc.
- In addition to responding to new risks, we aim to achieve the FY2025 target by strengthening sales of packaged products for SMEs that have excellent growth potential and profitability.



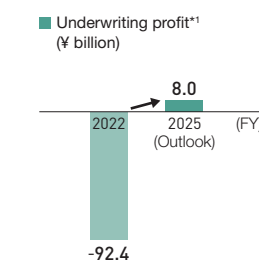
Reducing expenses

- Despite the impact of a wage increase, the business expense ratio decreased steadily with a reduction of ¥18 billion in FY2022, which is 39% toward the target of ¥46 billion for reducing business expenses in the Medium-Term Management Plan.
- We will continue to promote the “One Platform Strategy” to maximize efficiency and improve operational quality and aim to achieve the FY2025 target.



Improving the profitability of fire insurance

- Profits decreased in FY2022 due to natural disasters and an increase in large-lot losses, etc.
- We aim to achieve the FY2025 target by achieving profitability during the Medium-Term Management Plan by implementing measures such as those against large-lot losses, reinsurance scheme changes, product and rate revisions, etc.

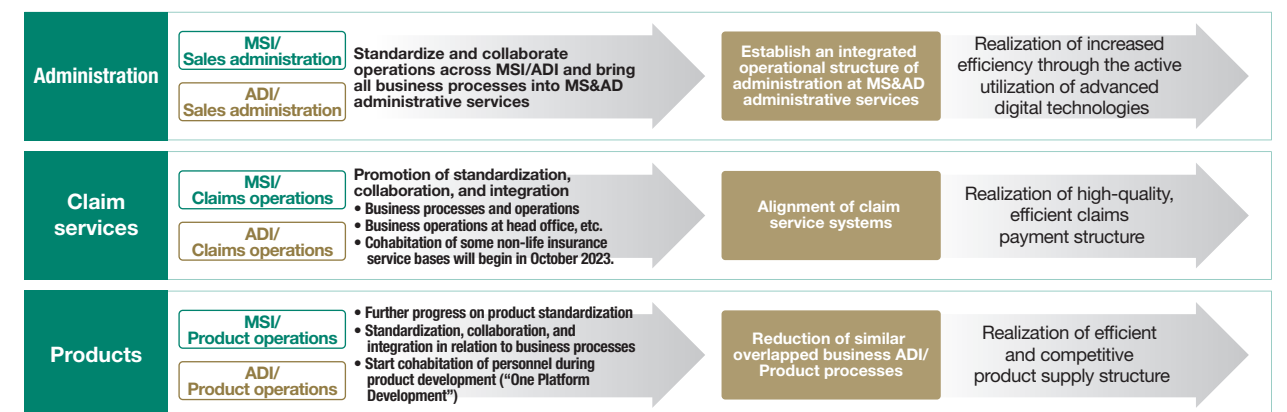


*1 Simple sum of non-consolidated figures for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

*2 Sum of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

“One Platform Strategy” (standardization, collaboration, and integration of middle- and back-office operations)

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



Note: Includes details of initiatives from FY2026

Domestic Life Insurance Business

Business Environment

Led by two unique life insurance companies—Mitsui Sumitomo Aioi Life Insurance providing protection-type products and Mitsui Sumitomo Primary Life Insurance offering asset-building products—our Group's domestic life insurance business is growing in response to the needs of customers in the age of a 100-year life span. Our domestic life insurance business ranks ninth in terms of premium revenue. Last year, COVID-19 became more severe, but life insurance companies in our Group worked closely with customers whose lives were affected by the virus to fulfill their social mission as a life insurance company by paying hospitalization benefits. In addition, given the emergence of social issues such as an increase in the burden of nursing care and medical expenses associated with the falling birthrate and aging population and the extension of assets and healthy life expectancy, and the advent of an era of considerable inheritance, we are expanding sales of protection-type products such as medical insurance and cancer insurance, as well as whole life insurance for smooth asset inheritance and pension insurance for asset formation. In addition, we are working to establish a new sales style that combines remote and face-to-face contact and develop new products, services, and schemes in line with advances in digital technologies as business activities to respond to these new lifestyles.

Policy in the Medium-Term Management Plan (2022–25)

Step up customer approaches utilizing distribution channels

Mitsui Sumitomo Aioi Life Insurance

Robust sales network, for example, the distribution channels of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance, the largest in Japan, and close ties with leading corporate groups in Japan

- Step up cross-selling of life insurance and non-life insurance by non-life insurance agencies
- Develop and cultivate the workplace insurance market

Mitsui Sumitomo Primary Life Insurance

Close relationships with financial institutions backed by product development capability and education and training capability

- Strengthen our leading position in over-the-counter sales by financial institutions

Improving profitability by expanding investment income, etc.

Mitsui Sumitomo Aioi Life Insurance

- Expand the scale of higher return assets from ¥500 billion to ¥800 billion

Mitsui Sumitomo Primary Life Insurance

- The large number of foreign currency-denominated contracts makes it possible to take advantage of the characteristics of stable foreign currency investment, accurately perceive changes in the market environment, diversify investment targets based on appropriate investment risk management, and strengthen profitability

Providing products and services that help solve social issues

Mitsui Sumitomo Aioi Life Insurance

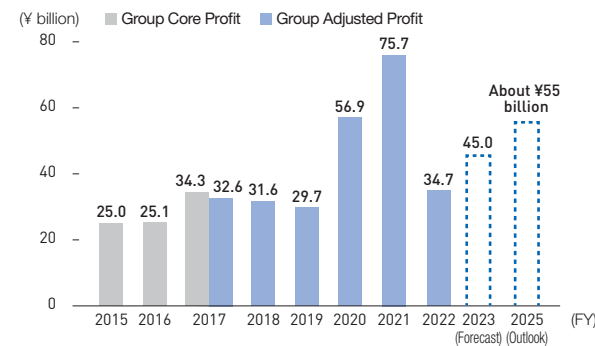
- Develop products and services that help solve social issues such as long-term nursing care and dementia
- Aim for more sophisticated underwriting based on cancer screening promotion activities and big data analysis

Mitsui Sumitomo Primary Life Insurance

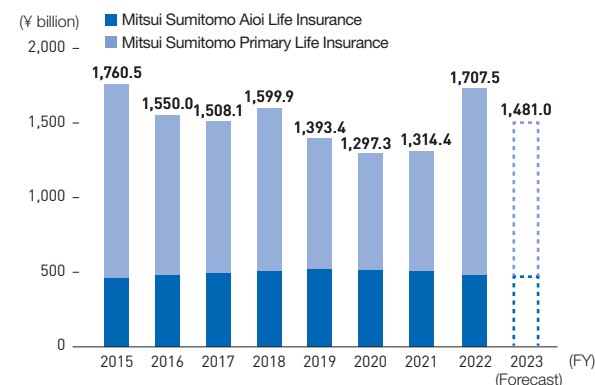
- Provision of products of level premium payments and other products aimed at developing new markets for asset builders that contribute to solving social issues such as extending asset life

Group Management Figures

Group Adjusted Profit



Gross premiums income



Progress and future initiatives in the Medium-Term Management Plan (2022–25)

In FY2022, the first year of the Medium-Term Management Plan, gross income premiums for the domestic life insurance business increased by ¥393.0 billion (29.9%) to ¥1,707.5 billion, whereas Group Adjusted Profit decreased by ¥41.0 billion to ¥34.7 billion. We will implement the following initiatives to achieve the targets in our Medium-Term Management Plan.

Strengthening of customer approach through channels

Mitsui Sumitomo Aioi Life Insurance took advantage of the Group non-life insurance companies' customer and agent base to "strengthen the agent sales force" and "cultivate and develop the Group and occupational markets." The company also proposed a new service, "MSA Care," and other products, as well as comprehensive proposals for life and non-life insurance. In addition, we released an online recruitment system for the business areas of our clients and worked to provide an environment where applications can be completed digitally (e.g., via a smartphone), without the need for interviews. Through a combination of remote and face-to-face sales activities, Mitsui Sumitomo Primary Life Insurance worked to strengthen sales support for solicitors and further expand its sales base. In addition, to enable agents to practice "customer-focused business operations," we held a seminar on the prevention of complaints about foreign currency-denominated insurance for financial institutions nationwide and developed a financial gerontology training program to facilitate conversations with elderly customers.

Improvement in profitability through expansion of investment income

Mitsui Sumitomo Aioi Life Insurance aims to increase its investment income by, for example, further increasing the size of its expected income-generating assets. In FY2022, we increased the amount of bonds, mainly yen bonds and open foreign bonds. Even in an environment of rapid depreciation of the yen and rising overseas interest rates, Mitsui Sumitomo Primary Life Insurance has secured investment income by strengthening ALM operations considering changes in the characteristics of its liabilities, and further strengthened its management system, including increasing the number of personnel in the investment department.

Provision of products and services that contribute to solving social issues

Mitsui Sumitomo Aioi Life Insurance began providing "MSA Care," a healthcare service, in October 2022. As a result, in addition to the provision of "financial security" through life insurance, it is now possible to provide support before and after illness with a "single connection." In November 2022, we launched "&LIFE Medical Insurance A (Ace) Select" and "&LIFE Cancer Insurance S (Smart) Select" to provide products based on the current medical environment and customer requests, such as shorter hospital stays, the evolution of early cancer detection technology, and the diversification of cancer treatments.

Mitsui Sumitomo Primary Life Insurance has created a new course that emphasizes security in its index-linked pension plan, "Minori 10," which protects pension resources while providing the enjoyment of increasing income. In addition, the company has lowered the minimum monthly premium for its individual annuity insurance, "Ashita Mo Jujitsu," to make it easier to start building assets. We have also developed "AHARA," a variable annuity insurance that allows all procedures to be completed by smartphone. In terms of customer service, we introduced a call support system that enables elderly customers to clearly hear the voice of the call center operator and completely revised the "Primary Life My Page" Web service for customers to enhance security and improve customer convenience.

In an alliance between Mitsui Sumitomo Aioi Life Insurance and Mitsui Sumitomo Primary Life Insurance, the two companies are working together to plan and develop the variable product (fixed-term type) "Shiawasetsumitate" and to expand the customer base by taking advantage of the strengths of the two companies, such as by developing new growth business areas, especially in the asset building market for young people.

Demonstration of Group synergies

Expanding the customer base and strengthening the sales network



International Business

Business Environment

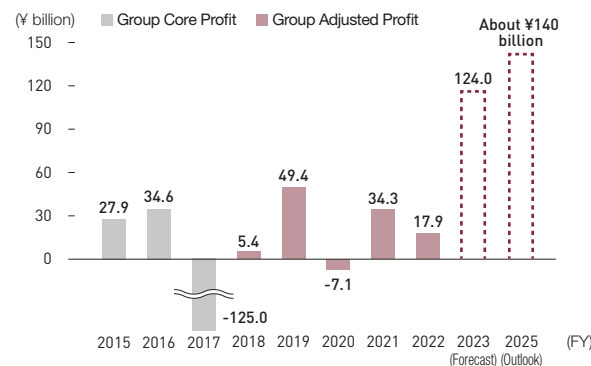
Growth in the domestic non-life insurance business is expected to slow over the medium to long term due to a falling birthrate and aging population, therefore increasing revenue in the growth area of the international business is increasingly important. On the other hand, due to various changes in the environment, including changes in lifestyle due to technological innovations (such as being remote and online), new risks and associated insurance needs are emerging globally. In this business environment, we are transforming our business portfolio to achieve sustainable growth. Specifically, we will build a more diversified and profitable portfolio globally by expanding the scale of our international business and enhancing our earning power. In addition, we will utilize digital technologies; share and mutually utilize the know-how, skills, and other strengths gained through the effort of each group company in and outside Japan, such as market channels and customer needs; and demonstrate global synergies and achieve growth.

Policy in the Medium-Term Management Plan (2022–25)

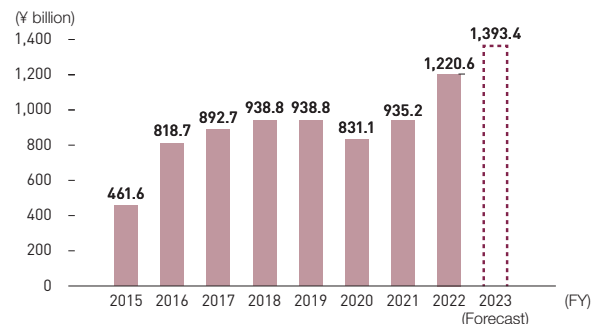
At MS Amlin, we will continue to underwrite with a focus on profitability and expand our top and bottom lines by taking advantage of market hardening. In Asia, where we have strengths, we will work with leading platformers and promote DX to capture growth in the retail market and achieve steady growth. In the United States, where we have changed to a new business structure, we will pursue flexible market development and synergies among Group companies.

Group Management Data

Group Core Profit/Group Adjusted Profit



Net premiums written



Growing the International life insurance business	<ul style="list-style-type: none"> • In addition to capturing growth in the Asian life insurance market, expand stable business in the Australian annuity market and the European closed book market • Search for potential investment opportunity with high investment efficiency
Improve profitability in overseas investments (asset management)	<ul style="list-style-type: none"> • In addition to private equity and foreign bond investments with MSR* in the United States as the hub, improve the Group's overall profitability using the Asian joint fund, the MS Amlin Fund, and other funds.

*Investment subsidiary established in New York in January 2022 by Mitsui Sumitomo Insurance with the joint investment of LGT, a Swiss investment company

Progress and future initiatives in the Medium-Term Management Plan (2022–25)

1) MS Amlin profit expansion, Asia business expansion, U.S. business restructuring

MS Amlin has made steady progress in its efforts to improve profitability. In 2022, despite major natural disasters such as Hurricane Ian and matters related to Russia and Ukraine and the impact of losses and other factors such as global inflation, insurance underwriting profits were in the black for all local insurance companies. MS Amlin Underwriting Limited, which operates the Lloyd's business, has steadily improved its earnings structure by reducing the increase in catastrophe risks, improving its portfolio through selective underwriting, and increasing rates. While continuing to maintain our underwriting discipline, we will continue to increase our underwriting, particularly in specialty lines where we have a high level of expertise, and expand our overall portfolio revenues. MS Amlin AG (brand name: MS Reinsurance), which runs the reinsurance business, is also making steady progress in reducing revenue volatility and portfolio reform by reducing catastrophe risks. We will continue to expand in a balanced manner the number of lines in which sales and profits are expected to increase by diversifying and strengthen our business foundation for future growth. In the Asia business, we have steadily achieved our targets in terms of both premiums written and profits, thereby firmly establishing ourselves as the No. 1 non-life insurance company in the ASEAN region. We will continue to steadily capture market growth and expand our business, including business investment. In the U.S. business, the acquisition of Transverse Insurance Group, LLC, was completed in January 2023. In addition, we strengthened our business base for local business by restructuring our U.S. business.

2) International life insurance business

With the completion of our investment in BoCommLife Insurance Company Limited in China and the reorganization of Max Life Insurance Co., Ltd., in India, we have laid a solid foundation for capturing the growth of those life insurance markets through major banks in countries with a third of the world's population. We will continue to focus on increasing our corporate value mainly in Asia, where we expect high growth, and to secure stable cash flow via Phoenix Group in Europe and Challenger in Australia. We will also continue to examine new business investment opportunities to expand corporate value and profits.

3) Pursuit of the Group's comprehensive strengths

We launched the "TENKAI Project," which aims to accelerate the improvement of our Group's corporate value and sustainable growth by realizing Group synergies via sharing and implementing the knowledge and know-how of each of our domestic and overseas bases throughout the Group in a quick and cross-sectoral manner. Each of our domestic and overseas bases has a head of Group synergy promotion, and we have strengthened our systems to achieve concrete results such as sharing advanced digital technologies, expanding reinsurance within the Group, and realizing joint procurement of IT infrastructure. To further expand the scope and deepen the content of the TENKAI Project, we will strengthen cooperation and initiatives at our domestic and overseas bases.

International Business Operating Performance and Outlook

(¥ billion)		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 (Forecast)
Net premiums written	Asia	173.1	215.7	237.1	257.7	240.6	268.1	296.1	298.8	278.9	302.3	382.3	416.2
	Europe	64.4	85.4	99.6	121.1	499.6	498.7	514.9	513.7	444.9	520.0	695.6	813.7
	Americas	41.4	56.4	66.2	69.4	66.4	71.1	67.7	58.4	56.1	62.2	89.5	109.3
	Reinsurance Business	15.6	16.7	19.1	18.6	16.8	57.9	62.9	69.5	52.8	52.8	56.3	56.8
	International Business Total	287.8	369.0	415.9	461.6	818.7	892.7	938.8	938.8	831.1	935.2	1,220.6	1,393.4
Net income	Asia	28.8	16.3	26.0	12.7	16.7	11.1	30.9	23.2	32.8	33.5	33.5	38.1
	Europe	-11.9	1.8	5.7	-3.1	2.2	-116.2	-3.8	9.4	-43.5	-14.2	-36.0	49.0
	Americas	-7.7	-3.3	-7.9	8.1	0.8	4.7	1.1	0.6	4.2	-3.4	1.1	9.5
	Reinsurance Business	5.1	8.5	11.0	10.7	12.4	-26.0	-6.7	9.1	-0.4	-3.6	2.7	4.7
	International Life Insurance Business	1.3	-1.2	5.4	5.7	8.4	6.4	8.9	11.8	2.8	24.8	18.4	29.2
International Business Total		13.5	18.0	38.2	27.9	34.6	-125.0	5.4	49.4	-7.1	34.3	17.9	124.0

Notes:
1. International business figures are aggregates of the results for overseas consolidated subsidiaries and equity-method affiliates, together with non-life insurance companies' overseas branches, overseas-based non-consolidated affiliates, and the overseas inward reinsurance business of non-life insurance companies' headquarters, etc.
2. Figures in the "Total" rows include head office adjustments and others and are not equal to the sum of figures for each segment and each region.
3. Net income is on a Group Core Profit basis (Group Adjusted Profit basis since FY2018). The international life insurance business shows equity income.
4. From FY2017, the international life insurance business includes Challenger, ReAssure, and Phoenix in addition to the former Asian life insurance business.

Initiatives by major international business

European business

- In Europe, each company in the MS Amlin Group, consisting of three insurance companies ; a major Lloyd's syndicate (MS Amlin Underwriting Limited, hereinafter "AUL"), a reinsurance company based in Bermuda and Switzerland (MS Amlin AG ,brand name : MS Reinsurance, hereinafter "MS Re"), and a European primary insurance company headquartered in Belgium (MS Amlin Insurance SE, hereinafter "AISE") and a service company (MS Amlin Corporate Services Limited), is developing growth strategies that take advantage of the unique characteristics of each company. (See the "Data Section" for key indicators.) In addition to the MS Amlin Group companies, Group companies such as MSIG Insurance Europe AG in Germany and Mitsui Sumitomo Insurance Company (Europe), Limited, in the United Kingdom are leveraging their strengths to provide insurance services to customers.

1. AUL

- Lloyd's, where AUL conducts business, is an insurance market with licenses that can be underwritten from about 200 countries and regions, attracts highly specialized underwriting risks from all over the world and has become a center of expertise in insurance underwriting and human assets.
- AUL will pursue growth by utilizing MS Amlin's brand name recognition, network, expertise, and know-how, and will increase its underwriting and revenue by focusing on specialty lines with high expertise.

2. MS Re

- We have bases in major reinsurance markets around the world and will utilize our global business base to develop markets with a different approach from the direct insurance business, such as building medium- to long-term relationships of trust with our customers, namely direct insurance companies.
- We aim to stabilize and expand earnings by building a portfolio with a balanced expansion of general lines that can be expected to provide diversification benefits.

3. AISE

- In the European market, mainly in Belgium, the Netherlands, and France, we have strengths in mid-sized and small companies and the marine sector.



AUL



MS Re Zurich

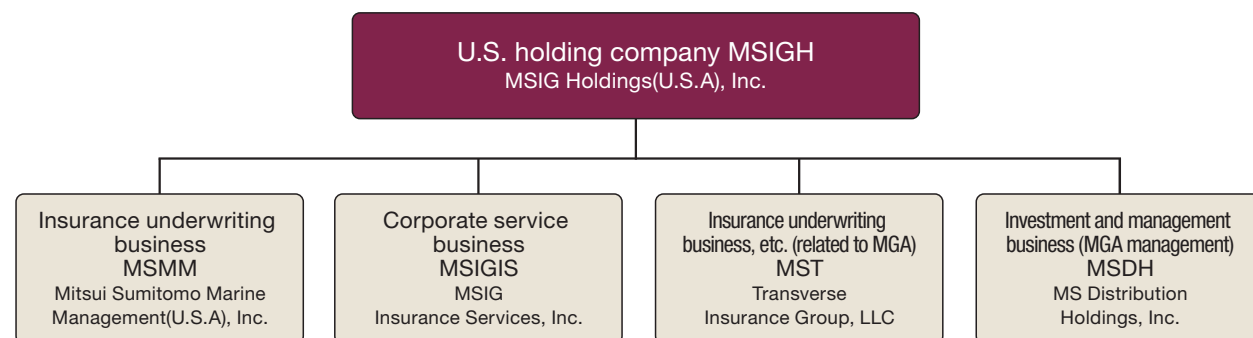


MS Re Bermuda

Americas business

- We have bases in eight countries in North America and Latin America and engage in the non-life insurance business.
- In the United States, the world's largest non-life insurance market, we acquired Transverse Insurance Group, LLC, a leading fronting company in the U.S. MGA* market, in January 2023 and reorganized our business structure into four operating companies under the umbrella of holding company MSIG Holdings (U.S.A.), Inc., with the intent of expanding our local business.
- Under the new structure, we will focus on strengthening transactions with MGA, improving operational efficiency, and expanding profit opportunities through Group synergies, and considering capital allocation and investment opportunities for businesses with high growth prospects.

*MGA: Managing General Agent (total insurance agent). A company entrusted with authority by insurance companies and is responsible for a wide range of operations including underwriting, policy administration, reinsurance arrangements, and claims appraisal.



Asia business

- It operates as the world's only non-life insurance group with offices in all parts of ASEAN (with the highest total revenue premiums in the region).
- While maintaining a diversified, high-quality portfolio and stable combined ratio, we will promote growth initiatives in the retail sector with high profitability throughout Asia, and further promote growth strategies including inorganic investments to achieve significant growth.

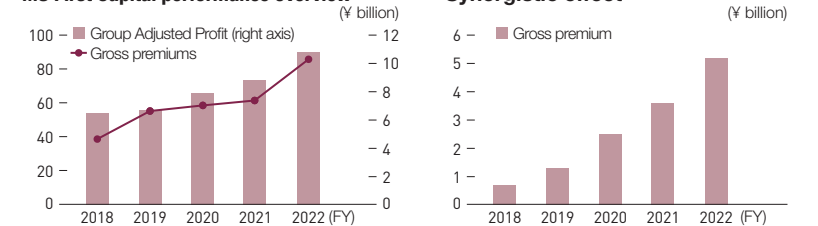
Alliances with leading partners and financial institutions



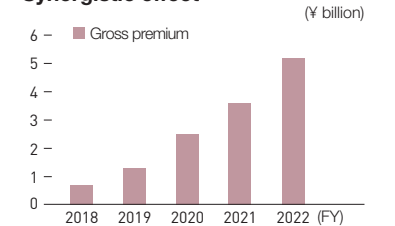
MS First Capital

- As a synergistic effort utilizing MS First Capital's capacity, the Group has switched its Group ceded insurance to MS First Capital to increase revenue.
- Since 2021, we have used MSFC's excellent underwriting know-how and capacity to enhance the development of new projects through collaboration with each base. We will continue to pursue synergistic effects.

MS First Capital performance overview



Synergistic effect



Collaboration with leading platformers

- We will continue to strengthen sales channels using digital technologies, such as collaboration with major e-commerce companies, small financial institutions, and major electronic money operators.

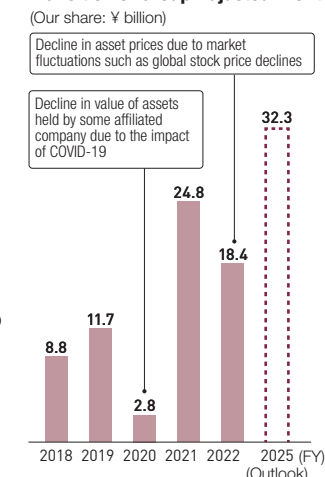
Further growth strategy

- We will promote further growth in both life and non-life insurance by strengthening synergies in cooperation with life and non-life insurance companies.
- Based on our Group's position in Asian countries and market potential, we will consider inorganic business investments to capture further Asian growth.

International life insurance business

- We will capture growth in the Asian life insurance market and increase corporate value through cooperation with partners that have strong sales channels, such as leading banks, mainly in China and India, both of which have sizable populations.
- In Australia and the United Kingdom, we will leverage our advantage as a market leader to secure stable corporate value expansion and cash flow acquisition. We will continue to explore the investment opportunities with high growth and profitability, including those in areas we have not yet penetrated.

Transition of Group Adjusted Profit

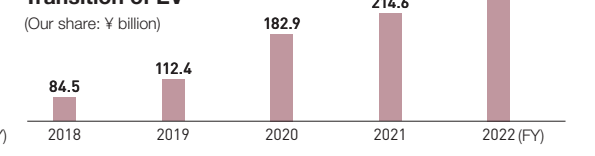


Growth of the life insurance market

Life insurance market	Partners
China, India, Malaysia, Indonesia ...Expected to grow at an annual average rate of 10.7% through 2031*1	
Australia (annuity insurance business) ...Expected to grow at an annual average rate of 5.1% through 2041*2	
UK (closed book business) ...Potential market of GBP470 billion*3	

*1 Allianz Insurance Report 2021
*2 Australian annuity system (Superannuation) market scale (calculated from Deloitte Dynamics of the Australian Superannuation System: The Next 20 Years to 2041)
*3 From Phoenix IR data

Transition of EV*4

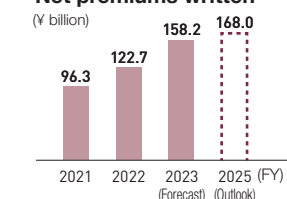


*4 Total number of associates that calculate EV (four Asian life insurance companies)

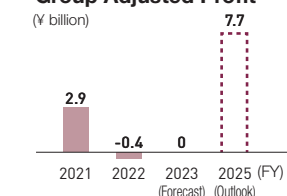
Toyota retail business and international telematics business

- As new car sales of Toyota recover, net premiums written of the Toyota retail business are increasing.
- Group Adjusted Profit is expected to recover in the future through rate increases and measures against losses such as strengthening Lexus anti-theft measures.

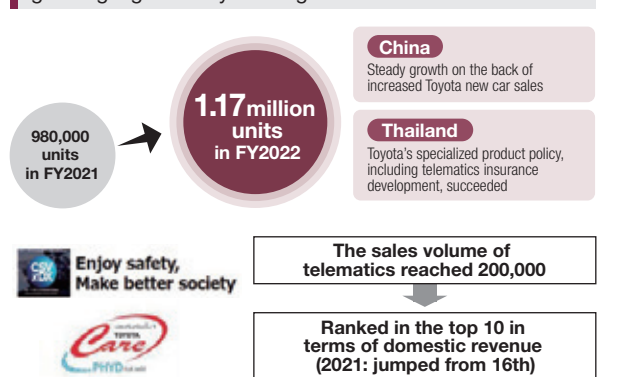
Net premiums written



Group Adjusted Profit



Voluntary automobile insurance led by telematics is growing significantly in the global business

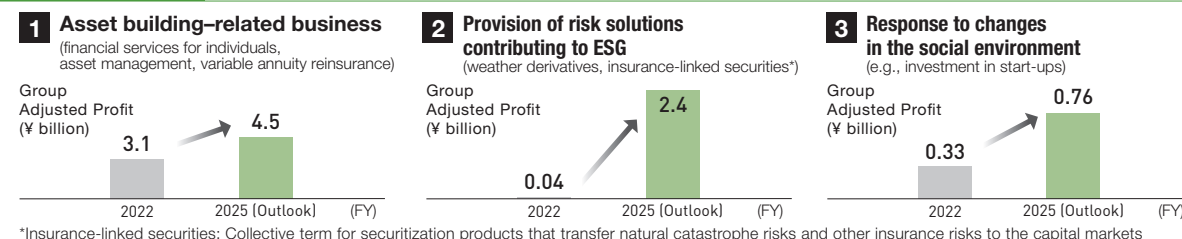


Financial Services Business

Policy in the Medium-Term Management Plan (2022–25)

Based on social issues, changes in the environment, and customer needs, we aim to provide a variety of products and services that are independent of insurance and contribute to profits in a stable manner by utilizing the Group's comprehensive capabilities, including domestic sales and overseas entities.

Areas to focus on We focus on the following three areas where we can expect market growth and improvements in our corporate brand value

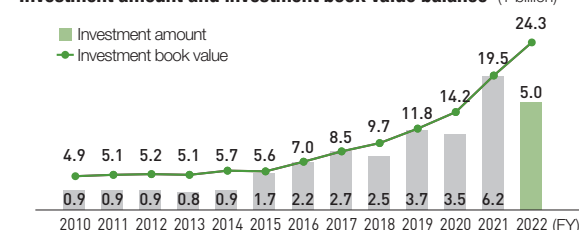


Examples of initiatives

Venture capital

Through MITSUI SUMITOMO INSURANCE Venture Capital, we invest in start-ups in Japan and overseas, including AI, healthcare, and IT businesses that are expected to grow rapidly from the perspective of innovation, uniqueness, and forward-looking policy. In addition, we are actively promoting initiatives such as sales expansion support for investee companies and business matching between investee companies utilizing the Mitsui Sumitomo Insurance network. We are also strengthening synergies with Group companies such as Mitsui Sumitomo Aioi Life Insurance and MS&AD InterRisk Research & Consulting. In FY2022, we invested approximately ¥5 billion, mainly in IT services, food tech, and healthcare companies in Japan and overseas.

Investment amount and investment book value balance (¥ billion)



ART*

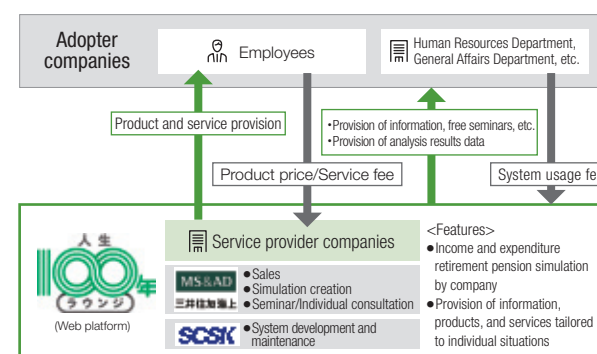
Mitsui Sumitomo Insurance is expanding its product lineup and strengthening its proposition capabilities, focusing on the sale of weather derivatives to reduce economic losses caused by natural disasters and extreme weather events, thereby meeting the diverse needs of customers. We are focusing on the development and sales of new products such as "Typhoon Yojin," a weather derivative to hedge business losses caused by typhoons. We are also working to provide weather risk solutions overseas through our U.S. subsidiary, MSI GuaranteedWeather, LLC. Moreover, we recently began selling weather index insurance in Australia. Mitsui Sumitomo Insurance provides investment advisory services for the CAT bond funds managed by Sumitomo Mitsui DS Asset Management Company, an equity-method affiliate, and solicits domestic institutional investors for the funds managed by Leadenhall Capital Partners LLP, a U.K. subsidiary. We have worked

*ART: Alternative Risk Transfer. Among risk-handling methods, a method that uses financial technologies other than insurance.

to strengthen our insurance-linked securities business by improving our proposal capabilities and expanding our product lineup.

Financial services for individuals

In FY2022, Mitsui Sumitomo Insurance began selling a new service called "100-year Life Lounge," which simulates the lifetime earnings and expenditures of employees and supports asset building to supplement corporate pensions and social security. We are constantly adding options within these services, including asset building robot advisors and family trusts, with an eye on the 100-year life span era. We also developed an app for smartphones to improve customer convenience, which we released in FY2023. (Reference: https://www.ms-ins.com/news/fy2021/pdf/0224_1.pdf)



Defined Contribution Pension

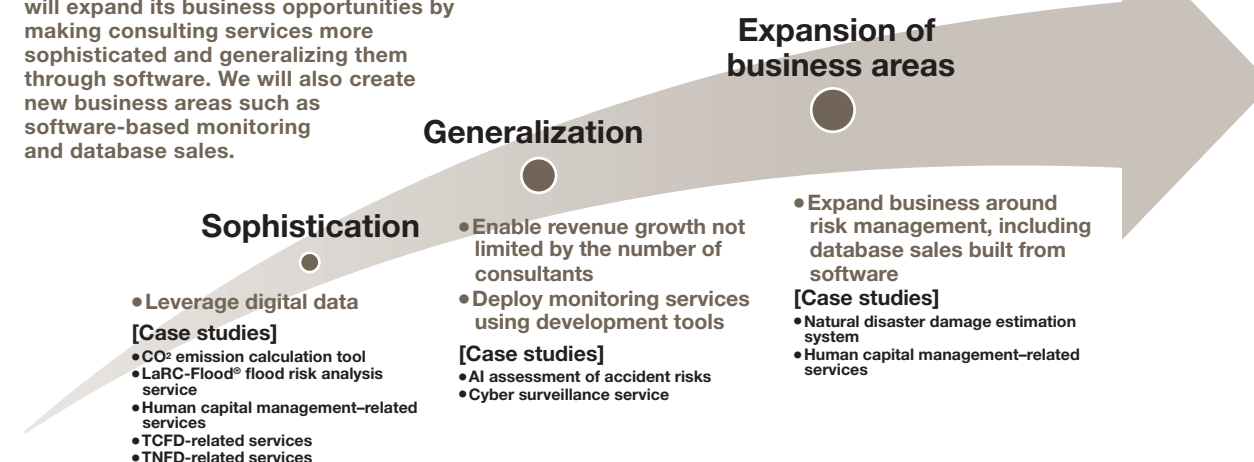
Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance are strengthening services related to the system introduction of corporate defined contribution pension plans for which the market is growing and are working to popularize individual-type defined contribution pension plans (iDeCo), which are facing increasing social demands due to the falling birthrate and aging population. For corporate defined contribution pension plans, we strengthened our ability to offer proposals to SMEs. For individual-type defined contribution pension plans, we expanded our sales channels and improved operational efficiency such as cost reductions.

Digital/risk-related services business

Policy in the Medium-Term Management Plan (2022–25)

Create new services and business opportunities using digital technologies and data before and after coverage and protection, with MS&AD Inter Risk Research & Consulting (hereinafter "MS&AD Inter Risk Research") leading the Group, as a "Platform Provider of Risk Solutions."

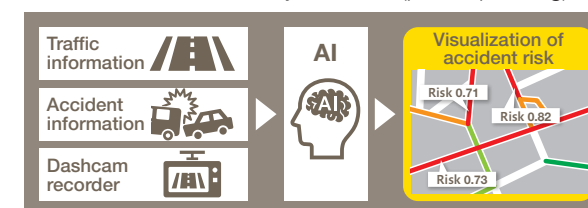
MS&AD InterRisk Research & Consulting will expand its business opportunities by making consulting services more sophisticated and generalizing them through software. We will also create new business areas such as software-based monitoring and database sales.



Case studies

Services using digital data

(Development example) Accident occurrence risk AI assessment MS&AD InterRisk Research & Consulting has developed a service to prevent traffic accidents by visualizing the potential risk of traffic accidents that might occur in the future and implementing measures that address locations where accidents occurred in the past. In addition to the locations of past traffic accidents, the service combines data on factors highly correlated with accidents, such as road structure, people flow, and drive recorder event data such as rapid acceleration and deceleration. Such big data are used by AI to evaluate and visualize the risk of traffic accidents using a unique risk assessment and analysis model (patent pending).



Risk management

As the largest non-life insurance group in Japan by scale, MS&AD InterRisk Research & Consulting further has deepened its strong services such as risk consulting and risk surveys, and supports corporate decarbonization initiatives such as preservation of biodiversity, the SDGs, and social and environmental issues such as "business and human rights," addressing climate change risks, and calculating and setting targets for greenhouse gas emissions.

Other businesses

Nursing care business (day service)

To continue fulfilling our social mission of supporting the lives of the elderly and their families who need assistance, Fureai Do-Life Services Co., Ltd., has been working to provide high-quality services that satisfy the needs of the elderly, while paying close attention to the prevention and spread of infection even during the coronavirus pandemic. We focus on functional training by specialized staff, such as physical therapists and occupational therapists, and work to maintain and improve the physical functions of users through rehabilitation programs based on individual programs.

Assistance services

MS&AD GRAND ASSISTANCE Co., Ltd., provides high-quality services in a wide range of areas, including road assistance, house support, international travel assistance, and emergency alarm response.

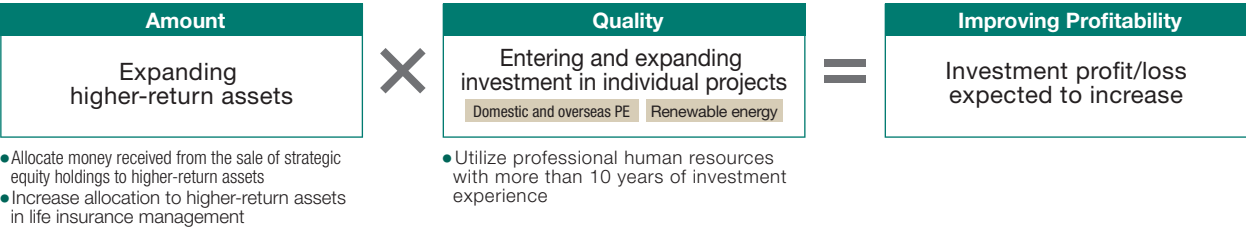


Investment (asset management)

Asset Management Strategy

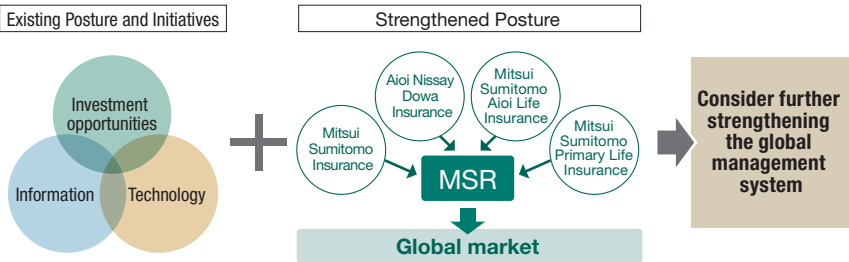
Improving Profitability

In addition to increasing the amount allocated to higher-return assets*1 and diversifying investments through private equity (PE) funds, we will expand into individual investment projects in the areas of domestic and overseas PE and renewable energy investment and financing.



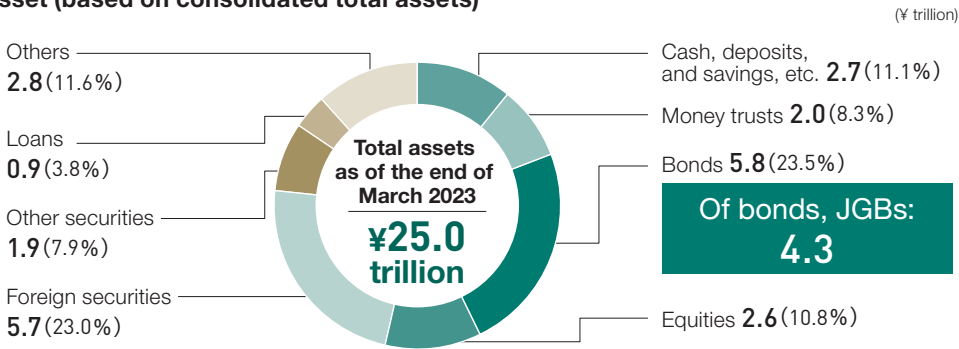
Strengthening the Foundation for Improving Profitability

To further strengthen our efforts to share investment opportunities, information, and technology and demonstrate Group synergies, we will utilize MSR*2 as a common platform for the expansion of higher-return assets and Group investment (asset management), and will nurture professional human resources with discerning abilities in foreign asset management.



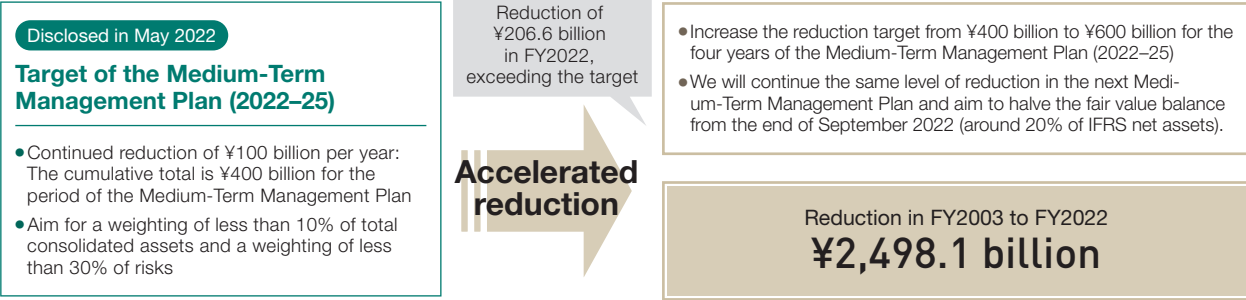
*1 Assets held in anticipation of relatively high returns, such as foreign bonds, foreign stocks, and alternatives
*2 Management subsidiary established in New York in January 2022 by Mitsui Sumitomo Insurance with the joint investment of LGT, a Swiss management company

Composition by asset (based on consolidated total assets)



Reduction initiatives of strategic equity holdings

Accelerated reduction of strategic equity holdings



Stewardship code support

In 2014, Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance announced their acceptance of Japan's Stewardship Code. Through constructive dialogue with investee companies and the exercise of voting rights based on an ESG perspective, Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance are promoting the enhancement of corporate value and sustainable growth of investee companies from a medium- to long-term perspective. In dialogue with investee companies, we also check the status of our initiatives focusing on the following themes:

Results of dialogue (July 2021 to June 2022)

	MS	AD	Total (simple sum)
Number of companies engaged in dialogue	173 companies	146 companies	319 companies

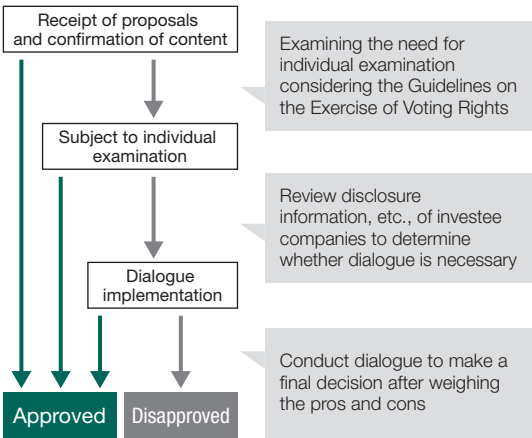
Results of exercising voting rights (July 2021 to June 2022)

	MS	AD	Total (simple sum)
Proposals for which voting rights were exercised (management proposals)	2,757	1,961	4,718

Number of disapproved proposals (July 2021 to June 2022)

	MS	AD	Total (simple sum)
Number of disapproved proposals (management proposals)	7	9	16

Process for exercising voting rights



Theme of the dialogue

Theme of the dialogue	Specific content
ESG	Impact of climate change on business and countermeasures, relationship between social issues and business, appointment status and expected roles of outside officers, attendance of outside officers at Board of Directors meetings, etc., and compliance with the Corporate Governance Code
Closing status	Results for the current fiscal year, outlook for the next fiscal year and beyond, measures to improve profitability and growth, and short-term risk factors
Management strategy	Expectations and progress of management plans, medium- and long-term investment policies, and sustainability considerations in business strategies
Capital management	Shareholder return and internal reserve policies, views on dividends, and indicators
Business risk	Response to risk factors in business and establishment of a BCP (business continuity plan)

Interactive case

	Examples of dialogues focusing on management and capital strategies, etc.
Case 1 (Management strategy)	Held dialogues with companies for which issues included dealing with automotive CASE (electrification and automatic operation) and exchanged opinions on medium- to long-term management strategies. We confirmed that they were developing new products and making capital investments and shared the view that accelerating these R&D and capital investments was necessary to improve corporate value in the medium to long term.
Case 2 (Shareholder return)	In the previous year, the dividend payout ratio was below our standard, but we were able to confirm their shareholder return policy through dialogue, so we agreed to the proposal. Despite a decline in profits this year, the dividend payout ratio exceeded our standard thanks to a dividend increase.

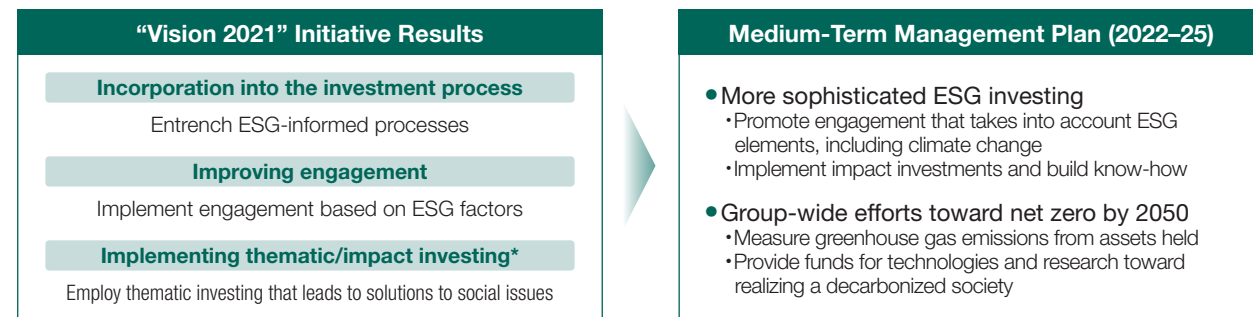
Cases of disapproval

	Cases of disapproval in exercising voting rights
Case 3 (Revision of remuneration for officers and payment of bonuses)	Though the results were in the black, no dividend was provided as internal reserves were prioritized. The capital management policy was approved, but officers' bonuses, seen as substantially an outflow from the company, were disapproved.
Case 4 (Outside directors)	The company does not have an outside director who has been reported to the financial instruments exchange as an independent officer, which violates our standards. Through dialogue, it was confirmed that there are outside directors, but they have not submitted the notification due to compensation issues. We have been urging the company to implement the notification for some time, but there has been no improvement, and we have decided that the role of outside directors might have become a mere formality and rejected the proposal to elect directors.

ESG Investing

Investments and loans considering ESG issues

As a signatory of the Principles for Responsible Investment (PRI), our Group invests and lends considering ESG issues. Specifically, we collect and evaluate ESG information in accordance with asset characteristics and investment methods and make investment and loan decisions in conjunction with conventional analysis such as financial analysis. We are working on investments and loans with themes that lead to solutions to sustainability-related issues on the premise of securing profits. In addition, we will engage in constructive “purposeful dialogue” with investee companies based on ESG factors to raise awareness of ESG among investee companies and to enhance corporate value over the medium term.



*Social impact investing is investment intended to have a desired impact on society and the environment while also generating financial returns

Our Group’s ESG investment and loan initiatives

ESG investment and loan initiatives	Content	Target assets	Investment and loan balance
Integration			
Reflection of the response to the Group’s “business activities considering sustainability”	Screening specific uses of funds and industries without investments and loans, and making prudent decisions on whether to engage in transactions from the perspectives of responding to climate change, improving the sustainability of natural capital, and respecting human rights	All assets under management	—
Incorporation of the Group’s priority issues into the research	Focusing on “CO ₂ emissions,” “deforestation,” “water risk,” and “human rights violations,” evaluations by ESG evaluation companies and international initiatives (such as CDP) are used for investment decisions and monitoring.	Corporate bonds, stocks, and loans	¥7.5 trillion
Constructive Engagement			
Engagement	Conduct dialogue centered on stewardship activities	Shares	¥1.8 trillion
Positive Impact			
Sustainable/thematic investing	ESG issues, investments, and loans in themes such as renewable energy (e.g., solar, wind, hydrogen), green transition finance (greenhouse gas reduction), and regional revitalization	Bonds, stocks, loans, and private equity	¥374 billion
Impact investing	Investment in themes such as healthcare and education, focusing on climate change	Private equity	

Implement constructive measures as a responsible institutional investor

Our Group encourages the reduction of greenhouse gas emissions and the disclosure of information based on the TCFD recommendations to realize a decarbonized society through constructive dialogue (engagement) with investee companies.

Specific items to be confirmed include the organizational structure to respond to climate change, efforts to achieve the greenhouse gas emission reduction target, technological innovation plans, and grasping of issues.

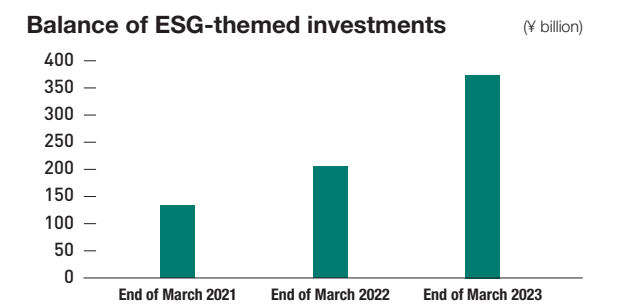


Examples of efforts for constructive dialogue (engagement) on climate change

Case study (1)	Case study (2)
Engaged in dialogue with chemical companies that face technical challenges in reducing CO ₂ emissions and exchanged opinions on the feasibility of the transition plan for the companies’ reduction targets for 2030. At the same time, we are conducting frank dialogues on issues related to fuel supply and costs, while confirming specific schedules for the conversion of the company’s in-house power generation equipment to biomass fuel, co-combustion, and the use of ammonia. We plan to continue our dialogue with these companies.	We held dialogues and exchanged opinions with logistics companies dealing with issues related to climate change. As the company had just expressed its support for the TCFD recommendations and was planning to conduct scenario analysis in the future, the company conveyed the importance of scenario analysis and the fact that some of the preceding companies had discovered strengths and weaknesses in their own business strategies, thereby contributing to the company’s deeper understanding of the significance of analysis.

ESG-themed investments, including responses to climate change

The transition to decarbonization will require technological innovation and capital investment to significantly reduce greenhouse gas emissions. Expanding financing needs in related industries and the increased need for new financial products and services can be opportunities for financial institutions. Our Group engages in ESG-themed investments based on the premise of ensuring profitability, including themes that lead to solutions to social issues, including climate change.



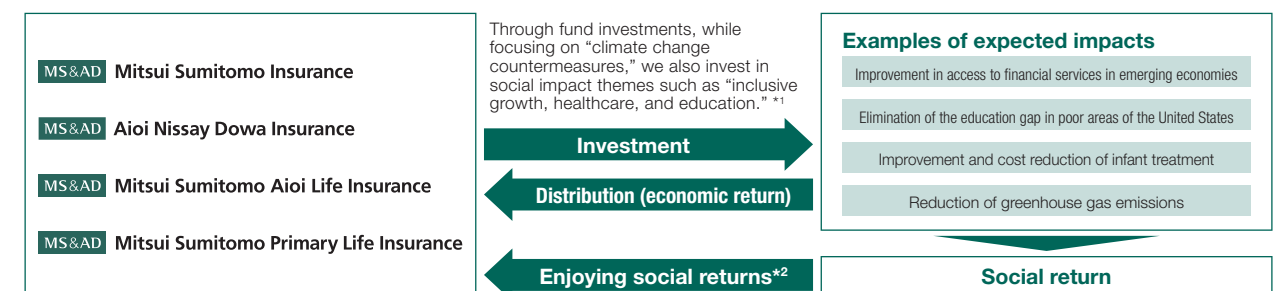
Breakdown of ESG-themed investments (end of March 2023)

By theme	Investment and loan balance
Investment in ESG-themed funds	81.2
Support for efforts to reduce greenhouse gases	
Renewable energy (e.g., solar, wind, hydrogen)	60.0
Transition/Sustainability-linked finance	15.1
Green finance	87.8
Support for sustainable global development	
Social sustainability (including supranational bonds)	118.5
Regional revitalization, healthcare, impact investment*, etc.	11.4
Total	374.0

*Of the investment amount commitment to the fund, only the invested amount is included

Started Group joint impact investments

The MS&AD Insurance Group’s management philosophy is “Provision of security and security through global insurance and financial services businesses to support the development of a vibrant society and a healthy future for the planet.” Through this investment, we aim to generate a positive and measurable impact on the environment and society while also achieving economic returns. In addition, we will use this investment as an opportunity to build a network related to impact investments and to contribute to the achievement of the SDGs and the creation of a sustainable society by accumulating knowledge on environmental and social impact assessment and management.



*1 Investment through a Group-specific investment vehicle. Managed by MSR (investment ratio: MS 85%, LGT 15%), an investment (asset management) JV in New York. LGT, a management company in Switzerland, is one of the global leaders in the ESG field.

**2 Achievement of SDGs and realization of a sustainable society

Planetary Health

Symbiosis with the global environment

(Main initiatives)

- ▶ Action on climate change
Aiming for net zero carbon emissions by 2050
- ▶ Improvement of the sustainability of natural capital

Resilience

Safe and secure society

(Main initiatives)

- ▶ Measures to address new risks that emerge with the transformation of society
- ▶ Loss prevention/mitigation through the utilization of data and AI
- ▶ Regional revitalization
Creation of a resilient and inclusive society

Well-being

Happiness of diverse people

(Main initiatives)

- ▶ Adaptation to a society of healthy longevity
- ▶ Respect for human rights
- ▶ Improvement of employee engagement

Increasingly diverse and complex social issues

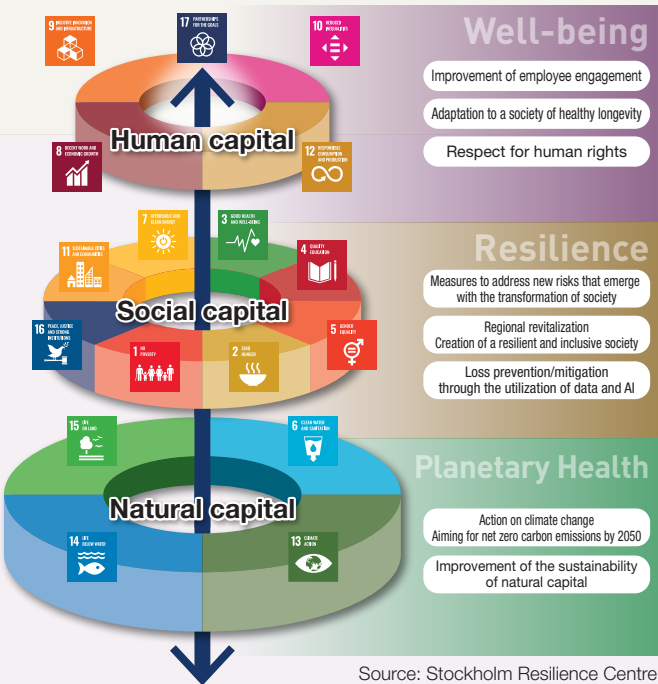
In recent years, various risks have clearly emerged to disrupt society's safety and security, such as the spread of infectious diseases, geopolitical risks, intensifying natural disasters, and advances in digital technology. In addition, the COVID-19 pandemic triggered changes in people's sense of values and lifestyles, and the expectations and needs of customers and other stakeholders have become more diverse. Furthermore, global issues such as climate change and political and geopolitical factors are involved, whereas social issues are becoming increasingly complex.

MS&AD provides products and services to solve social issues through three approaches, starting with identifying such risks before anyone else and informing customers and society and adding functions to prevent risks and to reduce the impact of risks.

MS&AD's important social issues and partnerships

MS&AD has identified three social issues that are important to both our stakeholders and the Company: symbiosis with the global environment (Planetary Health), a safe and secure society (Resilience), and happiness of diverse people (Well-Being).

Although the three might appear to be separate



CSuO Message

Naomi Motojima

Managing Executive Officer
Group Chief Sustainability Officer (CSuO)

issues, they are deeply interconnected and need to be approached holistically.

The SDGs Wedding Cake Model proposed by the Stockholm Resilience Center is a model that illustrates how the 17 SDGs are made up of three layers, which are closely related to each other. At the top of cake sits "Let's achieve our goals through partnerships," which indicates that partnerships are essential to solving increasingly complex social issues.

Translated into key social issues for MS&AD, the happiness of diverse people is made possible by a safe and secure society, which in turn has as its base symbiosis with the global environment, or the natural environment necessary for people to live in.

For example, MS&AD is working with local governments, researchers, and local NPOs on the MS&AD Green Earth Project to restore and preserve the natural environment, in which employees and their families participate. By restoring natural capital and increasing biodiversity, the project aims to reduce damage from floods, which are becoming more frequent and severe, and to contribute to regional development by creating a safe and secure society. It is a nature-based solution put into practice, which solves problems by utilizing the blessings of nature.

Achieving CSV in employees' daily work

MS&AD has continually made sustainability and CSV (Creating Shared Value with society) the pillars of its strategy since fiscal 2018, incorporating CSV into the

organization's annual plans, promoting initiatives, and reviewing the results. The cycle has been shared throughout the Group and is now deeply woven into the sense of values of all Group employees. In the annual Sustainability Contest held as a part of the review process, approximately 2,000 initiatives have been reported to date, making tangible contributions to solving social issues.

We believe steadily running this cycle and advancing it through partnerships with stakeholders is the only path to the resilient and sustainable society that the Group aims for and will bring about the well-being of every employee.



Activities in the Kuma River basin, Kumamoto Prefecture. Learning from the damage caused by the torrential rains in 2020, this project will work to reduce flood damage by conserving wetlands upstream to improve biodiversity while enhancing rainwater storage.

Report on Coexistence with the Global Environment

(Climate-related and Nature-related Information Disclosure)

In 2015, countries around the world agreed to halt the acceleration of global warming by adopting the Paris Agreement. National governments, local governments, and companies are tackling to make progress toward a net-zero society. Meanwhile, the Kunming-Montreal Global Biodiversity Framework set targets for biodiversity at the 15th meeting of the Conference of the Parties to the Convention on Biological Diversity held in December 2022. This framework sets out a so-called “nature-positive” direction to “halt and reverse biodiversity loss and put nature and ecosystems on a path to recovery by 2030” and a vision of “a world in harmony with nature” as the goal for 2050. National and local governments, as well corporations, are expected to play an important role in biodiversity.

The MS&AD Insurance Group has set “Symbiosis with the Global Environment —Planetary Health” as one of its key sustainability issues and is undertaking various initiatives to address climate change and natural capital.

The Task Force on Climate-related Financial Disclosure (TCFD) recommends that responses to climate change issues be disclosed according to the four pillars of “Governance,” “Strategy,” “Risk Management,” and “Metrics and Targets.” The Group endorses this concept and is promoting the disclosure of climate-related financial information. The Taskforce on Nature-related Financial Disclosure (TNFD) is examining disclosure methods for issues related to sustainability of natural capital and biodiversity, which are also issues that have a significant impact on society and the economy. The recommendations of these two task forces have been used as a basis for this report on our initiatives toward achieving “Symbiosis with the Global Environment.” Further details will be published in the “Climate and Nature-related Financial Disclosures -TCFD and TNFD Reports-”

Governance

The MS&AD Insurance Group’s sustainability governance structure, including climate- and nature-related issues, consists of the Board of Directors, the Group Management Committee, and the Task-Specific Committees. The Board of Directors discusses and makes decisions on important matters such as management strategies and capital policies including climate-related matters and supervises the execution of duties by Directors and Executive Officers. The Group Management Committee discusses important matters such as management policies and strategies, including climate- and nature-related matters and initiatives, and monitors the specific execution.

Climate- and nature-related issues and initiatives

are reported to both the Board of Directors and the Group Management Committee and decisions rendered after discussions by the Sustainability Committee and the ERM Committee.

For example, the Sustainability Committee reported on the progress of “Initiatives to Achieve Net Zero by 2050 and initiatives for nature positive,” whereas the ERM Committee discussed the advancement of catastrophe risk management, including climate change.

In addition, the MS&AD Group has appointed a new Group Chief Sustainability Officer (CSuO) in charge of sustainability, including climate- and nature-related issues, starting this fiscal year. The Sustainability Committee is headed by the Group CSuO.



Strategies

STRATEGY

One of the key sustainability issues (materiality) in the Medium-Term Management Plan is “Symbiosis with the Global Environment —Planetary Health.” As the acceleration of global warming and the erosion of natural capital are interconnected, we have positioned addressing climate change and improving the sustainability of natural capital as issues to tackle in a holistic manner and promote CSV initiatives to create shared value with society.

Natural capital such as the water resources, terrestrial and aquatic life, and climate system are the basis of our society and economy. Global warming causes damage from severe natural disasters and physical changes such as deforestation and desertification, while harming the natural capital that provides various blessings to society. If forests are lost, the amount of CO₂ absorption will decrease, which will further accelerate global warming. Forests also have disaster prevention and mitigation functions, such as storing rainwater in the soil and mitigating flood damage. As such, degradation of these natural functions can lead to increased losses from natural disasters. Thus, the acceleration of global warming and the erosion of natural capital are interrelated and impact society and the economy. Meanwhile, transitioning to a net zero society in harmony with nature is expected to bring about radical changes in society and the economy.

The Group is committed to improving its financial soundness to promptly pay insurance claims for damages caused by natural disasters. With the goal of net zero in 2050, the Group is pursuing initiatives to support the development of new technologies to reduce the risks of climate change and the transition to a net zero society, as well as those to reduce the environmental impact from the Group’s business processes. For transition to a society that coexists in harmony with nature, we provide services to analyze and evaluate the relationship between customers’ businesses and nature. We are also promoting initiatives to mitigate nature-related risks and support the development of new technologies that are nature-positive, such as the creation of green spaces.

Specific examples of the Group’s initiatives will be presented after explaining climate-related risks and opportunities in the Group and its dependence on and impact on nature and nature-related risks and opportunities.

Climate-related risks

We view the impact of physical changes in weather conditions and the transition to a net zero society as risks in our business. We are thus taking steps to ensure stable earnings and financial soundness. We are promoting disaster prevention and reduction initiatives to reduce risks, as well as maintaining and strengthening a system that enables smooth payment of insurance claims even in the event of large-scale natural disasters.

Classification of risks in climate change based on the TCFD		Example	Risk Examples in Our Business Activities
Physical Risks	Acute	Typhoons, floods, storm surges, heavy rains, and wildfires	Deterioration in income and expenditures due to the intensification of natural catastrophes, etc., and an increase in capital costs due to an increase in profit volatility
	Chronic	Rising sea levels and temperatures Changes in weather such as low rainfall and drought Decrease in the supply of water and other resources Changes in the habitat of infectious disease vectors Increase in heat stroke	
Transition Risks	Policy and Legal	Rise in carbon prices Strengthening environmental regulations and standards Change in energy composition Rising number of climate-related litigation cases	Decline in investment returns caused by deterioration in the performance of investee companies due to an increase in carbon costs
	Technology	Progress in decarbonization technology Changes in industrial structure due to a decrease in demand for low-carbon-efficient products	Reduced earnings due to the inability to capture changing markets due to decarbonization
	Market	Changes in supply and demand for goods and services	
	Reputation	Criticism of a delayed response to climate change	Decreased reputation due to inadequate information disclosure and/or delayed response to climate change

Climate-related opportunities

We believe the rapid social and economic changes resulting from the transition to net zero society will bring opportunities for the Group’s growth, including demand for new insurance products and services, and improved corporate earnings due to technological change and the emergence of new industries.

Climate-related scenario analysis

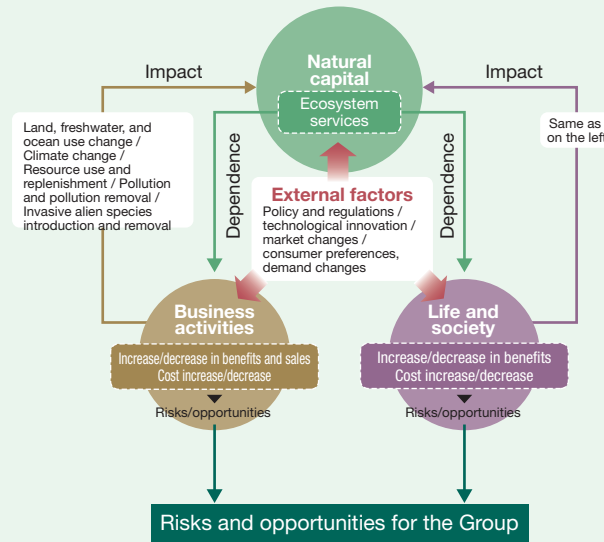
The Group conducts scenario analysis for the impact on insurance underwriting of natural disaster damage (physical risk) and the impact on investment due to the introduction of global warming countermeasures (transition risk). In the analysis of physical risk, for example, we analyzed fluctuation in insured losses due to typhoons, for which the force and other factors have changed as a result of global warming, and confirmed the potential of increase in insured losses to rise. In the analysis of transition risk, we analyze the additional costs that might be borne by portfolio companies in response to the progress of global warming countermeasures and confirm that the portfolio companies might be able to contain the additional costs by advancing such countermeasures.

Scenario analysis results (excerpt)

	Area	Analysis	Examples of results	Scenario used
Physical Risk	Insurance underwriting	Estimated fluctuation of insured losses due to typhoons and storm surges	Examples of typhoons in 2050 Changes in intensity Approximately +5% to approximately +50% Changes in frequency Approximately -30% to approximately +28%	RCP4.5 RCP8.5
Transition Risk	Investment	Impact on the management of investees for our Group by carbon cost	Example of stocks: 2030 Low scenario: 4.2% Medium scenario: 8.9% High scenario: 18.2%	Trucost’s high, medium, and low scenarios referencing the nationally determined contributions (NDCs), OECD, and IEA scenarios

Nature-related dependence and impact

Our daily lives and business activities depend on nature in a myriad of ways and place a burden on nature. This changes the state of natural capital, which in turn affects business activities, livelihoods, and society. If natural capital is deteriorated, the benefits to people’s livelihoods and business activities will be reduced, and the costs borne by companies and society could increase. Conversely, if natural capital is restored, benefits might improve and costs could be saved. These are nature-related risks and opportunities for business activities, and in turn, risks and opportunities for the financial institutions that support business activities and society. The TNFD recommends analyzing nature-related dependencies and impacts in identifying nature-related risks and opportunities. The Group analyzed dependencies and impacts related to insurance products and policyholders and investees as a means of identifying nature-related risks and opportunities.



Analysis of dependence and impact on nature related to insurance products (excerpt)

Insurance item	Individual and corporate activities	Dependence on nature in activities ◆ Environmental assets ◆ Ecosystem services	Negative impact on nature	The Group’s insurance products and services that mitigate negative impacts on nature
Automobile insurance	Automobile driving	◆ Land ◆ Mineral and energy resources ◇ Soil formation ◇ Mitigation of natural disasters	(1) Normal times (no accidents) ● Greenhouse gas (GHG) emissions ● Air pollution ● Land alteration (ecological fragmentation by roads) (2) In the event of an accident ● None in particular (3) After an accident ● Use of resources for repairs ● Pollution due to waste emissions resulting from damage	(1) Normal times (no accidents) ● Reduction of GHG emissions through promotion of safety driving using telematics technology such as dashcam recorders ● Prevention of roadkill via an animal alert function (2) In the event of an accident ● None in particular (3) After an accident ● Resource conservation using recycled parts for repairs

Dependence and impact on nature by industry of policyholders and investees

We evaluate and heat-map analyze the dependence and impact on nature for each industry of the Group’s underwriters and investees, and identify risks and opportunities, considering the transaction situation.

Nature-related risks

We believe that the decline in the disaster prevention and mitigation functions of nature could lead to greater damage from natural disasters, and this is a phenomenon that should be taken into consideration. We carefully assess the advisability of transactions based on the environmental considerations of our underwriters and investees in industries that have a significant impact on nature through development on land or water (e.g., hydroelectric power generation, development associated with large-scale agriculture, forestry, and fisheries), or projects in areas rich in biodiversity (e.g., UNESCO World Natural Heritage sites, Ramsar Convention-listed wetlands).



Nature-related opportunities

In the transition to a nature-positive society, the burden on companies to reduce or avoid negative impacts on nature could be significant. Companies can reduce this burden by understanding the nature-related risks associated with their business activities and taking proactive measures. We believe the Group’s business model of “identify and inform on risks” will lead to the solution for these new risks and provide opportunities for the Group’s growth.

The Group’s approach to climate- and nature-related risks and opportunities

We have set a net zero target in 2050 in line with the Paris Agreement’s 1.5°C target and declared that we will work with our stakeholders to contribute for its transition. To encourage the transition, we support the establishment and social implementation of next-generation energy, such as renewable energy, hydrogen and innovative technologies for net zero society. Meanwhile, we are accelerating the provision of services to mitigate damage and loss in response to increasingly severe natural disasters. Furthermore, we are working on disaster prevention and mitigation through environmental restoration and conservation and adapting to climate change.

Toward a nature-positive society, we are providing new products and services that contribute to the preservation and restoration of nature and biodiversity. The “Marine Pollution Response Additional Expense Compensation Clause” covers the cost of preservation and restoration activities for damage to the natural environment in the event of a ship accident. In addition, the “Extended Pollution Damage Compensation Clause” provides broad coverage for liability for damages and pollution cleanup costs arising from unforeseen and sudden pollution from factories and other facilities. These products will mitigate negative impacts on nature, such as oceans, forests, soil, and wildlife, which will also be important in addressing climate change.

In addition, as it is important for society overall to make progress toward the realization of nature positivity, the Group has been involved through the establishment and operation of the TNFD Japan Council and activities of the Japan Business Initiative for Biodiversity (JBIB*) in promoting awareness and research as well as encouraging companies to take action. In February 2023, the Finance Alliance for Nature Positive Solutions (FANPS*) was established to promote the development of solutions and other activities for nature positivity needed by companies through collaboration among financial institutions.

*1 Established in 2008 with the aim of learning from each other and taking action to promote the preservation of biodiversity conservation in business, the JBIB had 59 member companies as of June 30, 2023.
*2 A financial alliance launched in February 2023 by a group of four financial institutions (MS&AD Group, SMFG, Norinchukin Bank, and Development Bank of Japan) to support companies’ shift to nature positivity in their business activities.

Response to natural disasters

The frequency and magnitude of floods are expected to increase due to global warming. Although disaster prevention measures using flood hazard maps have been promoted mainly in developed countries, to prepare for unprecedented disasters, highly accurate hazard maps that consider the effects of future climate change had been necessary. In the LaRC-Flood® Project launched jointly with the University of Tokyo and the Shibaura Institute of Technology, the Group developed and released free of charge “Future Flood Hazard Maps” in April 2023. The maps are highly accurate, reliable, and high-resolution, aligned with future flood risk changes, and help companies respond to climate change risks.
Prompt recovery from any natural disaster that occurs is also critical. In August 2022, we began selling Disaster Countermeasure Support Insurance, which covers expenses incurred by businesses that conclude disaster support agreements with local governments in the event of typhoons, floods, or earthquakes. This includes the provision of supplies and the dispatch of personnel, thereby contributing to the realization of sustainable community development that is resilient to climate change and disasters.

GHG reduction initiatives to achieve net zero

Achieving net zero requires a shift to energy sources that do not emit GHGs. The Group supports the transition to net zero society by providing a variety of products and services that promote the spread of renewable energy. In August 2022, we began offering the industry's first automobile insurance clause specifically for hydrogen vehicles, the "Endorsement for rental car costs at times of suspended operation of hydrogen stations, under Automobile insurance" and premium discounts for policyholders of this clause.

In September 2022, MSI Primary Life invested approximately ¥5.6 billion in projects related to major renewable energy sources, including offshore and onshore wind and solar. We aim to expand renewable energy and reduce GHG emissions.

In addition, from October 2023, Aioi Nissay Dowa Insurance will launch a new service for policyholders of telematics automobile insurance that visualizes the CO₂ emission reduction effect of safe driving based on the correlation between the safe driving score and fuel consumption. By visualizing the reduction of CO₂ emissions through safe driving, we promote safe and eco-friendly driving in addition to raising awareness of the environmental contribution of our customers and society as a whole.

We will contribute to solving various issues in the transition to net zero through the provision of products and services.

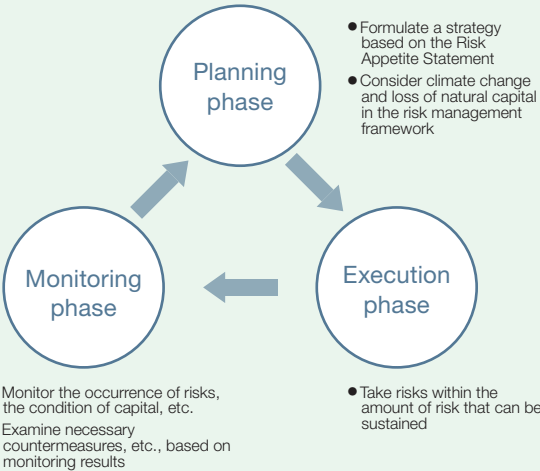
Natural capital/TNFD-related consulting

To realize a nature-positive society, companies must broadly and accurately recognize their dependence and impact on nature through their business activities, and develop strategies based on their risks and opportunities. Group company MS&AD InterRisk Research Institute provides corporate clients with services such as nature-related dependence and impact, risk, and opportunity assessment in line with the TNFD recommendations.

To develop and provide services that contribute to nature positivity and enhance them, we are participating in biodiversity-related initiatives and promoting joint research through industry-government-academia collaboration. In FY2022, we signed a co-creation agreement with Think Nature Inc., a start-up that originated at the University of the Ryukyus. The Group will provide comprehensive nature-related consulting services ranging from individual themes such as corporate procurement, products, land use, and social contribution to overall business operations.

Risk Management

Based on the "MS&AD Insurance Group Risk Appetite Statement," we have clarified the amount of risk that can be held under normal conditions and will take risks based on our capital policy. The Group's Medium-Term Management Plan has been developed in line with our Risk Appetite Statement. Also, we aim to ensure soundness, enhance capital efficiency, and improve ROR based on the ERM cycle.



Management of natural catastrophe risks

We manage natural catastrophe risks by measuring and grasping risk amounts, using modeling that incorporates engineering knowledge.

In addition to conducting stress tests for large-scale natural catastrophes, regarding the risks of storm and flood in Japan and the United States, both of which involve a large amount of risk, we set maximum levels of risk amounts (risk limits) for the Group and for each company, using the amount of damage that occurs once every 200 years as a basis, to maintain financial soundness. We are also working on actions such as incorporating climate change impacts into stress tests and reflecting climate change uncertainty in the risk amounts of the entire Group.

Control of the retained risk amount of natural catastrophes

Based on the amounts of risk by region and category, we strive to conduct appropriate underwriting, acquire reinsurance, issue catastrophe bonds, and accumulate catastrophe reserves. Through these measures, we are improving the financial soundness of the entire Group and reduce the risk of fluctuations in periodic profit or loss.

Responsible investment

The Group has a policy of engaging its investees in "constructive discussions" that place priority on ascertaining management challenges, shareholder return policies, and nonfinancial information, including ESG, from the standpoint of helping the investee to grow sustainably and increase corporate value over the medium to long term. During such engagement, the Group checks the investees' ESG policies. Its main environmental points of inquiry include climate change and decarbonization initiatives.

Metrics and Targets

The MS&AD Group is setting metrics and targets to reduce GHG emissions through the Group and its supply chain, and transitioning to a circular economy that leads to net zero society and environmental pollution measures.

Metrics and Targets for Reduction of Our Environmental Burden

The Group is committed to reducing GHG emissions from its business activities. Based on the achievement of the FY2020 GHG emission reduction target (30% reduction from the FY2009 baseline), we reviewed our medium- and long-term targets and set new targets in May 2021.



GHG emission reduction results

Targets	FY2022 Results	FY2030	FY2050
Scope 1*1 + Scope 2*2	26.8% reduction	50% reduction from the base year (FY2019)	Net zero
Scope 3*3	26.9% reduction	50% reduction from the base year (FY2019) (Category 1, 3, 5, 6, 7, and 13)	Net zero (all categories)

*1 Direct emissions from our Group such as gasoline for company-owned vehicles

*2 Indirect emissions from the use of purchased electricity and heat, etc.

*3 Indirect emissions through our Group's operations other than those in Scope 1 and 2

Renewable energy consumption rate

Metrics and targets	State of progress
FY2030: 60%; FY2050: 100%	FY2022: 21.1%

Products that contribute to net zero society and the circular economy

Metrics and targets	State of progress
Premium growth rate: 18% per year on average in FY2025	FY2022: 17.9%

GHG emissions of the investees

GHG emissions of the investee companies

As of March-end 2022	Stocks	Corporate bonds	Corporate loans
Scope 1 + Scope 2 of the investee companies	2,302,000	2,400,000	286,000

(t-CO₂e)

Weighted average carbon intensity (WACI) of the investee companies

As of March-end 2022	Stocks	Corporate bonds	Corporate loans
Scope 1 + Scope 2 of the investee companies	114.5	221.5	273.2

(t-CO₂e/US\$1 million)

Pilot implementation of the LEAP approach

The TNFD has proposed an integrated assessment process (LEAP approach) for the management of nature-related risks and opportunities, focusing on the location and biome where the business takes place. The United Nations Environment Programme Finance Initiative (UNEP FI) hosted a pilot program for this LEAP approach, and the Group conducted the pilot on the "Natural Rubber Industry in Indochina" in collaboration with MS&AD InterRisk Research Institute and Think Nature Inc., a start-up originated at University of the Ryukyus.



© Think Nature Inc.
Biodiversity high-risk areas of rubber plantations in Indonesia

World Map of Natural Catastrophes in 2022*1

Climate change in recent years has led to frequent natural catastrophes worldwide caused by powerful typhoons and hurricanes, torrential rain, droughts, heatwaves, and other abnormal weather patterns. The scale of such catastrophes is increasing, causing damage in countries around the world that far exceeds previous expectations. The MS&AD Insurance Group has helped its customers mitigate economic losses caused by major catastrophes through the payment of claims, supporting the restoration of business activities and the livelihoods of people around the world.



EMEA 1 Europe
February » Windstorm “Eunice”
Insured loss*2 Approx. ¥454.0 billion
MS&AD’s net incurred loss*3 ¥3.35 billion
MS&AD’s share*4 0.7%

EMEA 2 Europe
Year-round » Drought
Insured loss*2 Approx. ¥400.6 billion
MS&AD’s net incurred loss*3 ¥0.0 billion
MS&AD’s share*4 0.0%

EMEA 3 South Africa
April » Flood
Insured loss*2 Approx. ¥240.4 billion
MS&AD’s net incurred loss*3 ¥34.6 billion
MS&AD’s share*4 14.4%

APAC 1 Australia
February » Flood
Insured loss*2 Approx. ¥534.1 billion
MS&AD’s net incurred loss*3 ¥11.15 billion
MS&AD’s share*4 2.1%

APAC 2 Japan
March » Earthquake
Insured loss*2 Approx. ¥387.2 billion
MS&AD’s net incurred loss*3 ¥4.27 billion
MS&AD’s share*4 1.1%

APAC 3 China
June–September » Flood
Insured loss*2 Approx. ¥53.4 billion
MS&AD’s net incurred loss*3 ¥0.01 billion
MS&AD’s share*4 0.02%

Americas 1 United States of America
September–October » Hurricane “Ian”
Insured loss*2 Approx. ¥7,010.3 billion
MS&AD’s net incurred loss*3 ¥29.7 billion
MS&AD’s share*4 0.4%

Americas 2 United States of America
Year-round » Drought
Insured loss*2 Approx. ¥1,068.2 billion
MS&AD’s net incurred loss*3 ¥0.0 billion
MS&AD’s share*4 0.0%

Americas 3 United States of America
June » Rainstorm
Insured loss*2 Approx. ¥360.5 billion
MS&AD’s net incurred loss*3 ¥0.91 billion
MS&AD’s share*4 0.3%

*1 The top three natural disasters with the highest insured loss in AMERICAS, EMEA (Europe, Middle East, and Africa), and APAC in 2022 listed in the “Weather, Climate and Catastrophe Insight–2022 Annual Report” of Aon
*2 Insured Loss: Estimated amount of insured loss of non-life insurance companies worldwide (Source: “Weather, Climate and Catastrophe Insight–2022 Annual Report” of Aon). As of March 2023, the internal exchange rate (\$1 = ¥133.53) was used.
*3 As of the end of March 2023. Total net incurred loss (claims paid + outstanding claims, reflecting recoverable and anticipated recoverable amounts from outward reinsurance contracts) of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance and their overseas subsidiaries. Excludes claims less than ¥50 million at entities outside the affected countries.
*4 Ratio of the total net insurance loss of Mitsui Sumitomo Insurance, Aioi Nissay Dowa Insurance, and their overseas subsidiaries to the insured loss.

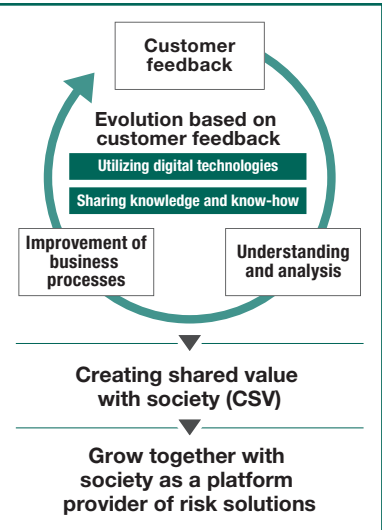
Foundations Quality

Corporate group that continues to evolve based on customer feedback

Toward realizing a “corporate group that supports a resilient and sustainable society,” we engage in communications with customers and other stakeholders. We are committed to providing quality that meets the expectations of stakeholders by improving operations on a customer-feedback basis and practicing highly transparent and effective corporate governance.

Communication with Stakeholders

Customers	Customer surveys MS&AD website Communication with agents and employees (e.g., inquiries, consultations, requests, complaints)	Contact center
Shareholders	IR meetings Individual meetings Survey at the Annual Shareholders' Meeting	Briefings for investors
Agents	Meetings with agencies Posting system Agent meetings	
Business Partners	Communication with outside vendors	
Employees	Employee surveys Communication with management Speak-up system	Posting system
Local Communities International Society	Collaboration agreements with local governments Communication with NPOs/NGOs Communication/exchanges with local communities Holding of seminars/symposiums	
Environment	Communication with experts and NPOs/NGOs Research on the global environment and natural disasters Participation in initiatives and international conferences	



A corporate group that supports a resilient and sustainable society

Practice highly transparent and effective corporate governance (see page 89)

- Continuous enhancement of the oversight function of the Board of Directors and the audit function of the Audit & Supervisory Board Members
- Implementation of fair, accurate, and prompt information disclosure

Topics
Provision of quality that meets customer expectations

Each Group company is evaluated for its quality improvement based on the opinions of stakeholders.

Recognized by the Secretary-General of the Consumer Affairs Agency with the “2022 Consumer-oriented Management Best Practice Award”
Mitsui Sumitomo Insurance won the “2022 Consumer-oriented Management Best Practice Award” presented by the Secretary-General of the Consumer Affairs Agency. Overall efforts to resolve social issues were evaluated, including “Support for Rebuilding the Lives of Disaster Victims,” a service that supports procedures for issuing disaster damage certificates during flooding disasters.

Won the highest rating in a customer center external organization evaluation (HDI-Japan)
Aioi Nissay Dowa Insurance has been awarded the Seven-Star Certification (International Accreditation Standard), the highest rating for center operations by HDI-Japan (managed by Think Service Corporation). In 2022, Mitsui Direct General Insurance was awarded five-star certification in two categories: “Contact” and “Web Support.” In addition, our customer center concierge received the highest quality rating (individual rating) of “three stars.”

Foundations Human Resource Strategy

The Group’s greatest asset is its human resources, and every employee of the Group is the driving force behind the improvement of corporate value. We will expand opportunities for employees to grow in a self-directed manner by clarifying the skills needed to achieve the basic strategies of the Medium-Term Management Plan. We will also improve engagement and productivity by creating an environment that maximizes the abilities, skills, and ambitions of our diverse human assets, thereby realizing a corporate group supporting a resilient and sustainable society.

Creation of innovation

By implementing our human assets strategy, we will continuously seek talent that acts autonomously, takes on the challenges of change, and creates new value and innovation by instilling an open and flat organization where diverse human assets can maximize their strengths and individualities.

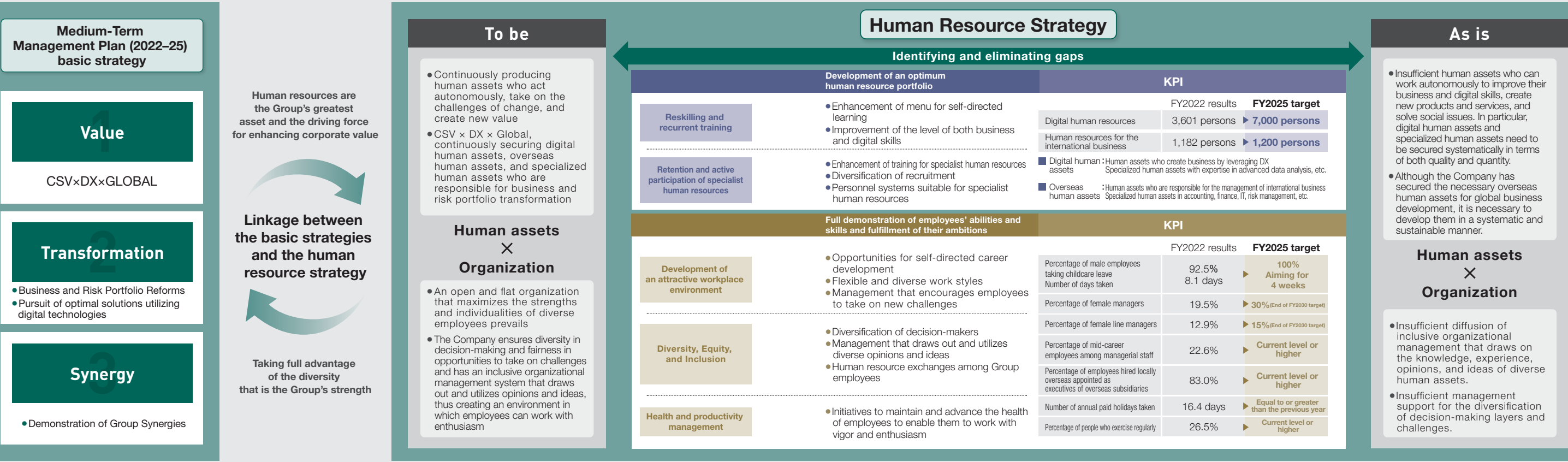
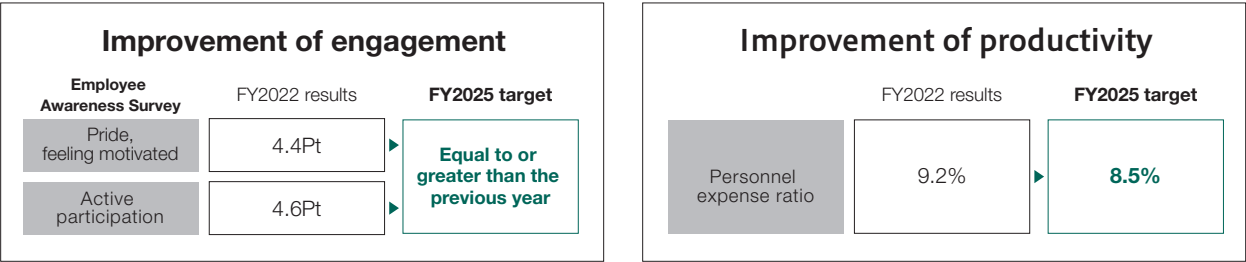
A corporate group that supports a resilient and sustainable society

Creation of innovation

Fostering and penetration of a corporate culture

Fostering and penetration of a corporate culture

To increase corporate value through the implementation of a human asset strategy, we must foster and establish a corporate culture that leads to higher employee engagement and productivity. We will develop a fairness of opportunity to take on challenges and an environment in which employees feel motivated and can work independently and enthusiastically.



Human resource strategy linked to the basic strategies

- Quantitative understanding of the “As is–To be” gap
We quantitatively identify the gap between the “As is” and the “To be” of human assets and the organization necessary to implement the basic strategies and human asset strategy to serve as a road map for eliminating the gap.
- Building an optimal human assets portfolio that can respond quickly and flexibly to changes in the business environment
We will build an optimal human assets portfolio through human asset development by expanding investment in self-directed learning menus such as reskilling and recurrent learning, as well as by securing and promoting the activities of specialized human assets, including recruiting external talent.
- Full demonstration of employees’ abilities and skills and fulfillment of their ambitions
In addition to expanding opportunities for employees to develop their careers autonomously, such as the post-challenge and free agent programs, we are promoting the introduction of job-type employment and the expansion of opportunities to improve and utilize skills through side or dual employment, etc. We are also promoting the use of flexible work styles and DE&I to create an environment that maximizes the strengths and individualities of our diverse workforce.

Setting KPIs

KPIs are set for particularly important elements of the human assets strategy to reinforce efforts and confirm progress.

Digital human resources	Human resources for the international business	Diversity, Equity, and Inclusion (DE&I)
In addition to ensuring that all employees acquire basic digital skills, we are promoting the development of digital human assets from both the business and data analysis sides by utilizing training programs.	In order to secure sufficient human resources, both in terms of quality and number, for overseas operations, we are working to continuously develop and secure human resources while promoting a generational shift.	In addition to diversifying the decision-making layer by increasing the ratio of female managers and female line managers, we have established a KPI for male childcare leave, thereby creating a working environment that embraces diverse values and promotes the success of diverse human assets.

Development of an optimum human resource portfolio

Reskilling and recurrent training

Development of digital human resources

In addition to ensuring that all employees acquire basic digital skills, we are promoting the development of digital human assets from both the business and data analysis sides by utilizing training programs in collaboration with universities and other institutions.

Digital human resources	Image of human assets
Business side	Human assets capable of creating and expanding business by leveraging DX
Data analysis side	Human assets who possess and can demonstrate high skills and expertise in realizing business, such as advanced data analysis.

- **Business-side initiatives:** We are working to ensure that as many employees as possible acquire and improve their skills by systematically promoting the expansion of online educational tools related to digital skills, the digital human assets certification system at each Group company, and lectures offered in collaboration with universities*1 and other institutions.
- **Initiatives on the data analysis side:** We are working on training through collaborative courses with universities*2 and a certification system for advanced skills in data science.

*1 MS&AD Digital Academy (INIAD: Toyo University Faculty of Information Networking for Innovation and Design)
Cumulative number of participants: 788 (FY2018–FY2022)
*2 MS&AD Digital College from Kyoto (KUAS: Kyoto University of Advanced Sciences)
Cumulative number of participants: 431 (FY2020–FY2022)

Development of overseas human assets

We must secure sufficient human assets, both in terms of quality and number, for our posts who will be responsible for international business. Currently, we have the necessary number of employees and are working on a program to sustainably develop and secure human assets while promoting generational change. Specifically, we are implementing the following initiatives to ensure the managerial human assets and specialist human assets (e.g., accounting and finance, IT, risk management) necessary for our international business and are developing human assets in a multifaceted and systematic manner.

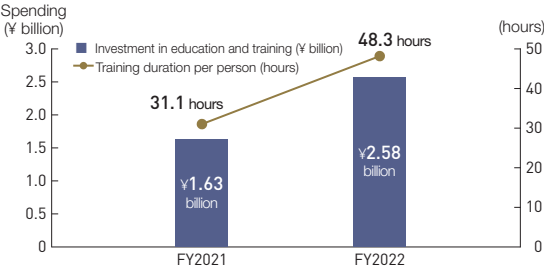
Implementation of by-nomination training programs

	Training program	Cumulative participants
Development of managerial human assets	Global Leader Development Program	74 persons (FY2013–FY2022)
Development of specialized human resources	Global Expert Development Program	88 persons (FY2014–FY2022)
Managerial human asset development for employees hired overseas	Global Management Training	54 persons (FY2021–FY2022)

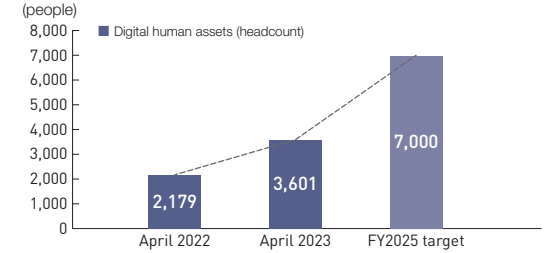
- **Overseas Dispatch Training System:** 337 cumulative participants (FY2013–FY2022)
A training program for overseas dispatch through open recruitment. In principle, the dispatch period is one year or longer, and the program is designed to develop human assets who can support international business development from a medium- to long-term perspective.
- **Global Trainee Program:** 1,085 participants (FY2013–FY2022)
This initiative aims to acquire the skills and elements required of overseas human assets through a simulated experience of global business through a one-week program of collaboration with overseas staff.

In addition, we will promote human asset development through the global mutual exchange of human assets, such as giving headquarters departments and management experience to those who have been stationed overseas, assigning younger employees to overseas posts, and having employees hired overseas to work in Japan.

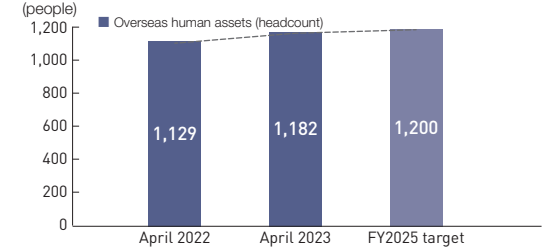
Investment in human asset development



Digital human resources



Human resources for the international business



Retention and active participation of specialized human resources

We have established a job-type employment system for specialized human assets and are promoting an environment that encourages their active participation. To secure specialized human assets, in addition to strengthening mid-career recruitment of external talent, it is necessary to develop internal human assets who fully understand the Group's business. We are working to hone their skills not only through in-house training but also through personnel changes among Group companies.

Group-wide commonization of recruitment, assignment, and education related to specialized human assets

Given intensifying competition for hiring digital human resources and other specialized human assets, we will introduce a job-type system suitable for specialized personnel at each Group company. At the same time, we aim to raise the level of hiring competitiveness and invest human resources in growth areas by hiring, allocating, and reskilling training related to specialized personnel.

Human asset development linked to personnel transfers

We will conduct human asset development in coordination with personnel transfers considering the systematic development of human assets who will be responsible for the management of overseas entities, as well as the development and expansion of digital human assets.

Frameworks to encourage specialized development and new skill development

We will develop and expand human asset systems and operations that encourage employees' self-development and reskilling, such as compensation incentives, encouragement to acquire qualifications, and leave programs for self-development, to improve their expertise and acquire new skills.

Group-wide initiatives to standardize human assets

Common system infrastructure

By standardizing the infrastructure of the human asset system across the Group and building a Group-based human capital database, we will introduce a system that can be used to visualize employee abilities and skills and dynamically assign human capital. This will be used to standardize system operations, exchange human capital across the Group, and enhance disclosure of human capital.

Group-wide commonization and sharing of human asset development

The human asset development operations of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance have been consolidated into the holding company. With this, advances have been made in the integrated operations of training programs and commonization of learning menus to enhance the sophistication and efficiency of human asset development. In addition, joint training for managerial human asset candidates is conducted as a Group-wide initiative.

Topics

Examples of digital human asset development
MS&AD Digital College from Kyoto (KUAS: Kyoto University of Advanced Science)

This is an original online training program of the MS&AD Group developed by the Faculty of Engineering at Kyoto University of Advanced Science (KUAS), which was established in April 2020. In this program, lecturers specializing in such areas as IoT and data science will provide practical training that will help them become immediately competitive. Trainees will experience technologies such as drones and IoT sensors through online training, and acquire knowledge from data acquisition to data utilization, which will lead to the creation of business models suited to the times and the development of innovative products and services.



Saeko Kawai
Mitsui Sumitomo Insurance Co., Ltd.
Casualty Underwriting Department

Interview

I did not have any special knowledge about DX, and I feel that I have learned the basic concepts through this training. In Society 5.0, where digital technology and everyday life are integrated, we learned that information asymmetry is eliminated and all kinds of accidents are prevented, and we were able to gain a realistic understanding of the importance of data utilization for the Company. I also felt that the fully online training was more effective than the group training, as I was able to freely express my opinions and questions without hesitation, and the VR and drone experience was not much different from the group training in terms of a realistic format. Following the training, I now examine the business operations and technologies of the corporations I hear about, both at work and in my daily life, and make it a habit to think about how we can solve the world's problems by combining them with our company data.

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

Development of an attractive workplace environment

To improve employee engagement, it is important to create a working environment that provides opportunities for autonomous career development; flexible, efficient, and effective work styles; and a corporate culture that encourages taking challenges. Each of the following initiatives is under way.

Development of an attractive workplace environment

We will expand the use of the post-challenge system, which allows employees to transfer to a post or a department of their choice and expand the scope of their activities. We will also stimulate personnel transfers, human asset development, and career development initiatives among Group companies. We are expanding opportunities for self-directed career development, such as the use of a framework (free agent) that allows employees to promote the abilities and skills they have developed so far to a department of their choice as an immediate asset. We also provide a framework that allows employees to participate in Company programs beyond the boundaries of existing organizations.

•Post-challenge applications: 376 persons in FY2022

Promoting diverse and flexible work styles

We are promoting business operations that utilize work from home by effectively combining working remotely and coming to work. In addition, opportunities to improve and utilize skills will be expanded through the introduction of job-type employment and the relaxation of side and dual employment. We will flexibly allow employees to choose whether to relocate in accordance with their career vision and life events.

Diversity, Equity, and Inclusion

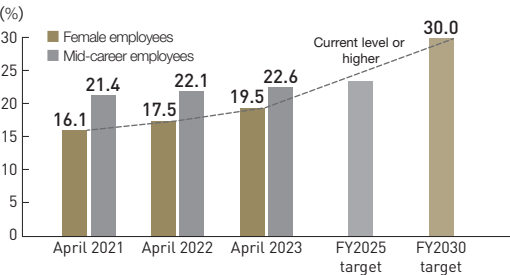
Diversification of decision-making layers

Regarding the promotion of women, we are strengthening efforts to develop a pipeline for the promotion of women to executive and managerial positions. In addition, as a KPI by the end of FY2030, we have set the ratio of female managers at 30% and the ratio of female line managers, who are the heads of the organization, at half of that number to promote diversity among decision-makers. The following are examples of pipeline development efforts at each Group company.

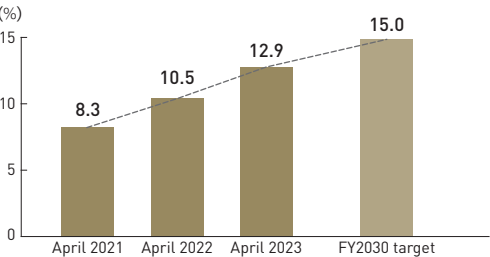
Examples of pipeline improvement initiatives	As of April 2023
Appointment of women as non-executive directors of directly held affiliated operating companies	Cumulative total from FY2019 onward: 28 persons
Assignment of women to deputy general manager and assistant branch manager posts	44 persons

Furthermore, we are promoting the use of diverse experience in decision-making by, for example, increasing the ratio of external hires in managerial positions and of those with experience in the culture of other companies.

Percentage of female and mid-career employees among managerial staff



Percentage of female line managers



Various major awards from government and public agencies (Diversity, Equity, and Inclusion)

Second stage of the Act on the Promotion of Female Participation and Career Advancement in the Workplace "Eruboshi" certification in Professional Life by the Ministry of Health, Labour, and Welfare



"Platinum Kurumin" certification by the Ministry of Health, Labour, and Welfare

*1 *2 *3



*1 Mitsui Sumitomo Insurance
*2 Aioi Nissay Dowa Insurance
*3 Mitsui Direct General Insurance
*4 Mitsui Sumitomo Aioi Life Insurance

Male childcare leave

Promoting the use of male parental leave is not only a corporate social responsibility and contribution to society but also an opportunity for men to deepen their understanding of childcare and parental leave. The Company is promoting initiatives to create a working environment that embraces a sense of values. The latest acquisition rate is close to 100%. The number of days taken off was 8.1 days compared to the target of 4 weeks (20 business days), so we will continue to promote the expansion of the number of days taken off.

Development of management know-how that actively draws out opinions and ideas

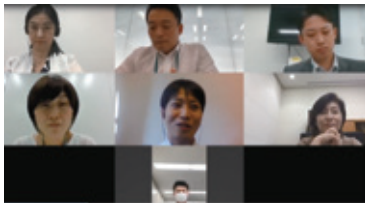
To take advantage of the diversity that is the hallmark of the Group, it is essential to operate an inclusive organization that draws on the knowledge, experience, and values of various human assets and brings them into organizational decision-making. We are working to practice and spread inclusive leadership, a form of management know-how for this purpose.

Providing opportunities for Group employees to interact and exchange opinions

We offer opportunities for diversity and inclusive experiences by holding exchanges and opinion sharing meetings in which Group-wide employees participate to provide opportunities for diverse human assets to gather, share knowledge and experience, and create new insights and values.

Workplace management that draws out and utilizes diverse opinions and ideas

The "e-Business Seminar," a forum for practicing inclusive leadership and for diverse employees of the Group to exchange opinions with executives, was launched in FY2021 with five officers and 31 participating employees of the Company. This expanded to 13 officers and 108 participating employees of the Group's five domestic insurance companies in FY2022. In addition, we are rolling out inclusive leadership training to all Group companies.



"e-Business Seminar" with participation of executives and employees

Health and productivity management

Maintaining and improving the health of employees is essential for them to work energetically and maximize their abilities. We will promote well-being by creating healthy and safe workplaces where employees can maintain and improve their physical and mental health through thorough management of working hours, taking leave, and other time management. We are also strengthening measures against mental illness and supporting employees' return to work after leaves of absence.

•Certified as "White 500" companies under the 2023 Certified Health & Productivity Management Outstanding Organization Recognition Program, administered by the Ministry of Economy, Trade, and Industry.

White 500: MS&AD Insurance Group Holdings, Mitsui Sumitomo Insurance, Aioi Nissay Dowa Insurance, Mitsui Sumitomo Aioi Life Insurance

Corporations with outstanding health and productivity management: Mitsui Direct General Insurance, Mitsui Sumitomo Primary Life Insurance



Fostering a sense of Group unity

With the sharing of the Group's Mission, Vision, and Values (MVV) at the core, we are working to foster a sense of Group unity by commonizing human asset development and expanding opportunities for Group employees to interact with each other. Furthermore, we will accelerate our initiatives across the Group by utilizing concurrent positions within the Group and side jobs. In addition, to ensure that our MVV permeates and resonates with employees, we will strengthen our communications and improve the communication skills of managerial staff.

Topics

MS&AD Group Sustainability Contest held to promote CSV across the Group

Since 2018, we have held a Sustainability Contest for all Group employees in Japan and overseas to foster a sense of Group unity and to recognize outstanding CSV initiatives, such as proposals that lead to solutions to social issues. In FY2022, we received 276 applications, including from abroad. The four criteria (value creation, communication, commitment, and development potential) were used as the basis for selection. After online screening and voting by the top management of each Group company, one Grand Prize winner, three thematic winners, two Excellence Award winners, and 10 prize winners were selected.

Examples of Group-wide initiatives

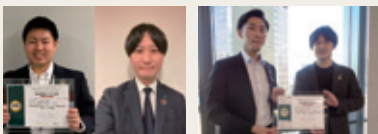
★Grand Prize

Support for insurance - related inclusion of low - income households, and women's social advancement through microinsurance for home contents
Cholamandalam MS General Insurance Company (local subsidiary in India of Mitsui Sumitomo Insurance)



★Symbiosis with the Global Environment Award

Development of products and services to support the spread of electric vehicles and carbon-neutral initiatives
Mitsui Sumitomo Insurance (Automobile Underwriting Department, Marketing & Sales Promotion Department), Aioi Nissay Dowa Insurance (Automobile Underwriting Department, Market Development Department), MS&AD InterRisk Research & Consulting (Risk Management Departments 1 and 3, Product Development Department)



Engagement with shareholders and investors

The MS&AD Insurance Group is actively engaged in transparent information disclosure and constructive dialogue with shareholders and investors to achieve sustainable growth and improve corporate value. Specifically, we reduce information asymmetry with shareholders and investors by providing highly transparent information disclosure, and we share feedback obtained from constructive dialogue with shareholders and investors with management and related departments and utilize that in our management strategies.

Results of FY2022 activities

We held “information meetings” for shareholders and investors at which the President explained management strategies and business results, an “IR DAY” for constructive dialogue between top management and investors, and “ESG briefings” to introduce the Group’s ESG initiatives. We also held company briefings for individual investors and provided opportunities for the President and Group CFO to individually engage in dialogue with shareholders and investors in Japan and overseas.

Event	Contents	Frequency
Conference call to explain financial results	Quarterly and full-year results	4 times
Information meeting	Group’s overall management strategy and performance	Twice
MS&AD IR DAY 2022	Strategies and performance of business domains of high interest to investors and analysts	Once
MS&AD thematic meetings	Specific topics of interest to investors and analysts	Twice
MS&AD ESG briefing 2022	Group’s ESG initiatives	Once
Briefing session for individual investors	Group’s overall management strategy and performance	6 times
Individual meetings with domestic and overseas shareholders and investors	Group’s overall management strategy and performance	237 times

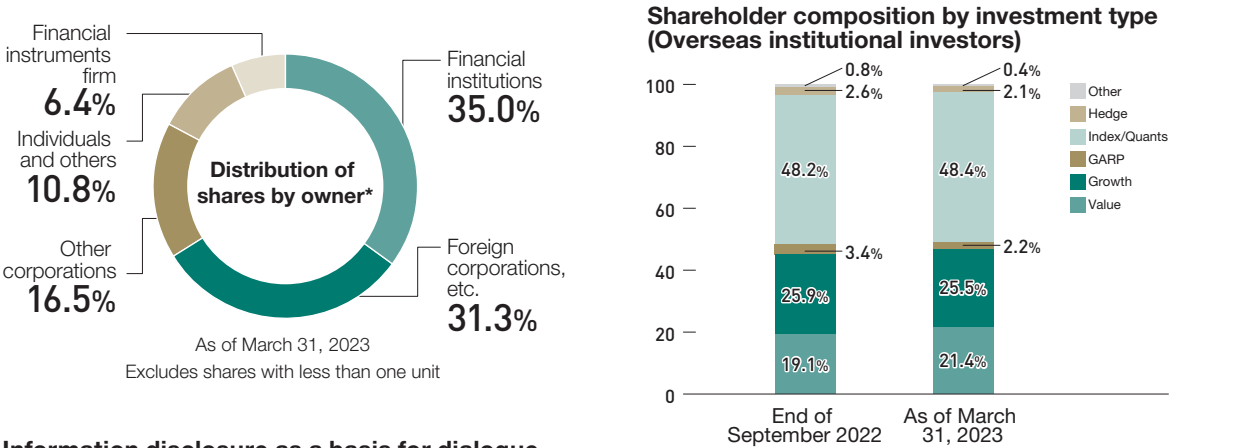
Key dialogue themes and concerns

Through regular reports to the Group Management Committee and the Board of Directors, we share information with top management and related departments on the opinions of shareholders and investors, their views on us, and stock market evaluation and utilize this information to formulate and implement management strategies, thereby enhancing corporate value. In addition, based on dialogue with shareholders and investors, we are accelerating efforts to improve capital efficiency, such as improving ROE and reducing strategic equity holdings.

Theme	Concerns
Business Environment	●The impact of changes in the business environment, such as a rise in global inflation, a rise in personnel expenses, the frequent and severe occurrence of natural disasters, and the hardening of the reinsurance market, and countermeasures against them
Shareholder returns policy	●Concept on basic and additional returns ●Stable shareholder returns
Capital management	●Future M&A policies and targets ●Progress and future policy of sales of strategic equity holdings ●Specific initiatives to increase ROE and reduce the capital cost ratio
Domestic non-life insurance	●Improvement in profitability and revision in the premium rate of fire insurance ●Outlook of post-coronavirus voluntary automobile insurance earnings ●Details and progress of business cost reduction initiatives
Domestic life insurance	●Outlook of future occurrence of COVID-19–related insurance proceeds and benefits
International business	●MS Amlin’s earnings outlook given the hardening of the reinsurance market

Overview of shareholders and IR activities for investors

Shareholder composition: 35.0% financial institutions; 31.3% foreign corporations, etc.; 16.5% other corporations; and 10.8% individuals and others. We hold regular meetings with shareholders and investors in Japan and overseas and actively engage in “constructive dialogue.” In addition, from the viewpoint of immediate and fair information disclosure, the information meeting was broadcast live in Japanese and English, and we are working to distribute information through English disclosure on our website.



Information disclosure as a basis for dialogue

Website (Japanese/English)

- To ensure fair information disclosure, we promptly disclose IR event disclosure materials in both Japan and the United Kingdom.
- It won the top prize at the “Daiwa IR 2022 Internet IR Awards” for two consecutive years (2021, 2022).

Consolidated reports (Japanese/English)

- In FY2022, we explained the basic strategy of the Medium-Term Management Plan (2022–25) and the foundation to support that. To realize our targets, we introduced new priority issues through materiality analysis and CSV initiatives with stakeholders to resolve these issues.
- Received Gold at the WICI Japan Integrated Report Awards 2022, Gold at the 8th Asian Integrated Report Awards 2022 (Large Enterprise Category), and the Award of Excellence at the Nikkei Integrated Report Awards

Shareholders’ Meeting

	FY2020	FY2021	FY2022
Date (fixed time)	June 28, 2021 (Monday)	June 27, 2022 (Monday)	June 26, 2023 (Monday)
Number of shareholders in attendance including shareholders exercising voting rights (including via the Internet)	19,314 persons	19,305 persons	21,995 persons
Ratio of the exercise of voting rights	86.6%	86.9%	84.1%

For more “investor information,” visit our official website.

<https://www.ms-ad-hd.com/en/ir.html>

Website Content	●Policy on constructive dialogue with shareholders ●Financial and nonfinancial information (timely disclosure materials, securities reports, earnings conference call materials, corporate governance reports, information meeting materials*, sustainability reports) ●Video of the President’s presentation (including Q&A summary) ●Notice of ordinary general meeting of shareholders *Including capital costs and initiatives to improve stock prices.
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