

Report on an Overview of MS&AD Group's Stewardship (July 2023 to June 2024)

- Mitsui Sumitomo Insurance Co., Ltd. ("Mitsui Sumitomo") and Aioi Nissay Dowa Insurance Co., Ltd. ("Aioi Nissay Dowa"), subsidiaries of MS&AD Insurance Group Holdings, Inc., engage in stewardship based on their policies in line with the Principles for Responsible Institutional Investors "Japan's Stewardship Code" (the "Code").
- Mitsui Sumitomo and Aioi Nissay Dowa (the "Companies") will deepen their understanding of investee companies and their business environments, work to enhance the corporate value of investee companies, prevent damage to it, and encourage sustainable growth from a medium- to long-term perspective through constructive, purposeful dialogue with investee companies in consideration of sustainability (medium- to long-term sustainability involving ESG factors), and thereby fulfill their stewardship responsibilities.
- The Companies' stewardship policies and guidelines on the exercise of voting rights, etc. are unified. They have a unified attitude in the promotion of stewardship.
 - Please visit the relevant page on Mitsui Sumitomo's website and Aioi Nissay Dowa's website.

The following is a report on the Companies' engagement with investee companies and the results of the Companies' exercise of their voting rights from July 2023 to June 2024.

1. Engagement with investee companies

(1) Basic policy on dialogue

- The Companies will work to enhance the corporate value of investee companies and prevent damage to the investee companies from a medium- to long-term perspective. At the same time, they will participate in constructive engagement with investee companies about management issues, shareholder return policies, sustainability (medium- to long-term sustainability including ESG factors), and other topics to promote sustainable growth and share perspectives. If the Companies need to request that investee companies improve, they will convey their thoughts as shareholders to investee companies to address issues.
- The following is a description of engagement that the Companies have engaged in. The Companies described their policies related to the Code and participated in engagement primarily with investee companies that rank highly in terms of the market value of the shares held by the Companies and the investee companies with which the Companies believe they can engage in particularly important engagement about climate change. When an investee violated the guidelines regarding the exercise of voting rights, the Companies engaged in dialogue with them. The Companies communicated their awareness of the issues to them, exchanged opinions and shared their views with them about the status of and outlook for improvements.

	Number of companies
Mitsui Sumitomo Insurance	127
Aioi Nissay Dowa Insurance	215

(2) Dialog topics

- In its engagement with investees, the Companies particularly discuss the topics below and check the state of the investee companies. In light of the emphasis that has been placed on the importance of ESG issues in recent years, the Companies participated in engagement to actively encourage investees to increase their corporate value through the discussion and addressing of ESG issues, financial results, medium- to long-term growth strategies and capital management, including shareholder return policies.
- Regarding climate change, the finance division proactively analyzes and monitors investee companies and communicates with them and actively works to contribute to creating a decarbonized society.

Dialog topics	Details
ESG (Environment, Society, Governance)	<ul style="list-style-type: none"> - Status of addressing climate change and decarbonization - Effects of climate change on businesses and countermeasures - Formulation and publication of human rights policies and implementation of due diligence - Efforts on human capital - Relationships between social issues and businesses - Status of appointment of independent outside officers and their expected roles - Outside officers' attendance at Board of Directors meetings, etc. - Compliance with Japan's Corporate Governance Code
Financial results	<ul style="list-style-type: none"> - Results in the current fiscal year and the outlook for results from the next fiscal year - Short-term risk factors
Management strategy	<ul style="list-style-type: none"> - Medium-to-Long-Term Growth Strategy - Perceptions of the business environment and issues related to it - Consideration of sustainability in business strategies
Capital policy	<ul style="list-style-type: none"> - Policy on shareholder return and internal reserves - Policy on dividends, and indicators
Business risks	<ul style="list-style-type: none"> - Handling of risk factors - Formulation of a business continuity plan (BCP)

(3) Dialogue examples (related to ESG)

(i) Mitsui Sumitomo Insurance

Case 1
<ul style="list-style-type: none"> - Mitsui Sumitomo chose a paper industry company that emitted a large amount of greenhouse gases (GHGs) and checked its formulation of long-term and medium-term carbon neutrality targets, the specific measures, and the challenges that need to be overcome to achieve the targets. - While efforts to offset GHG emissions through fuel conversion, renewable energy utilization, and forest absorption are making steady progress, it was confirmed that the refining the calculation of GHG emissions in the supply chain is an issue.
Case 2
<ul style="list-style-type: none"> - For wholesalers with large GHG emissions, Mitsui Sumitomo confirmed the progress and issues regarding plans to exit the coal business, new businesses that contribute to reducing GHG emissions, and initiatives in the value chain. - Mitsui Sumitomo confirmed the steady progress toward achieving the targets as planned and new businesses as new profit opportunities.

Case 3
- In addition to confirming the latest initiatives and challenges from companies leading in natural capital and biodiversity, Mitsui Sumitomo requested that they consider disclosing information according to TNFD to enhance understanding among investors.
Case 4
-Mitsui Sumitomo confirmed initiatives and issues regarding human rights and human capital management for public transportation companies. -Since 1997, when the ban on women working late-night was lifted, the number of female employees has been increased, and it is expected to expand the field of candidates for female directors by promoting them within the company. It was confirmed that although late-night work is essential in their business, they have improved the workplace environment by improving facilities (such as accommodations for late-night work), increased the number of female employees at the front line, and that the current staffing situation is almost equal by male/female. -Mitsui Sumitomo has confirmed that although they are conducting human rights due diligence on their business partners, it is difficult to stop transactions based solely on the results of this due diligence and the challenge lies in supervising and guiding through due diligence beforehand.

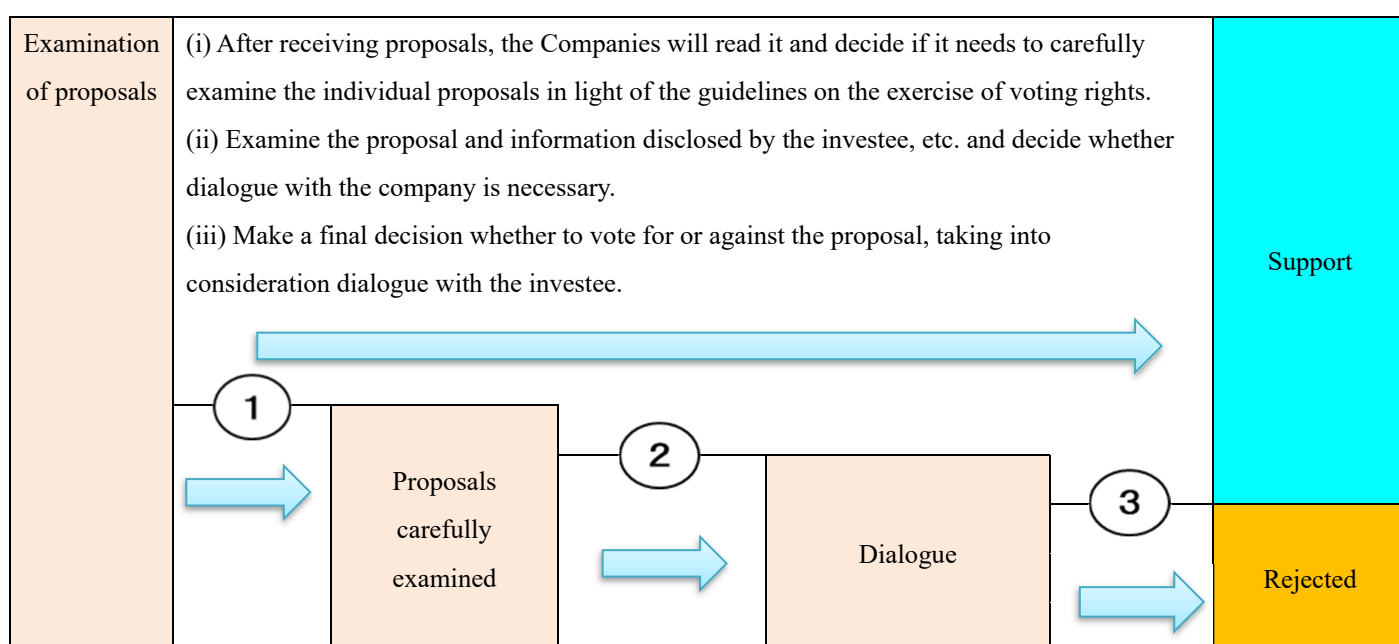
(ii) Aioi Nissay Dowa

Case 1
- Aioi Nissay Dowa checked the status of initiatives and issues regarding climate change measures for companies engaged in used car sales. It was confirmed that they had neither disclosed their interim targets on climate change nor declared net zero emissions, and that they had issues with the calculation method of Scope 3. -By introducing examples of companies that support emissions tracking and information disclosure, Aioi Nissay Dowa encouraged them to continue their efforts in addressing challenges and enhancing transparency
Case 2
- Aioi Nissay Dowa confirmed the status of construction-related products company's efforts to address climate change and their challenges. - It was also confirmed that they were making steady progress toward their sales targets for climate-change-related products that contribute to reducing customers' GHG emissions. Aioi Nissay Dowa also asked them to consider disclosing the ratio of climate-change-related products to sales and quantitatively disclosing the impact of GHG reductions in the future.
Case 3
- Aioi Nissay Dowa confirmed the current status of initiatives for companies in the information and communications industry that have issues with information disclosure related to the medium-term management plan and ESG. -It was also confirmed that the medium-term management plan is not disclosed due to significant changes in the environment, but Aioi Nissay Dowa requested to consider disclosing the medium-term business direction so that investors can deepen their understanding. With regard to ESG and related matters, it was confirmed that efforts will be advanced through the disclosure of sustainability reports and other similar documents to enhance information transparency.
Case 4
-Aioi Nissay Dowa confirmed the status of initiatives and issues regarding human rights and human capital for medium-sized general contractors, and found that they have a high turnover rate within three years of new employees. -As a specific measure to lower the turnover rate, Aioi Nissay Dowa introduced the effectiveness of research and analysis on "employee engagement" and encouraged them to take measures to solve the issues.

2. Exercise of voting rights

(1) Our thoughts about exercise of voting rights

- The Companies believe that exercising their voting rights affects the management of their investees and it is an important method of enhancing enterprise value. The Companies thus exercise their voting rights based on dialogue with the investee, considering whether their votes will contribute to enhancing enterprise value and increasing shareholder returns over the medium- to long- term instead of deciding whether they will vote for or against a proposal using formulaic and short-term criteria.
- The following is the Companies' process for exercising voting rights. If the investee is considered not to have worked to improve or not to have improved adequately despite the Companies' encouragement regarding the solving of issues through dialogue, the Companies will vote against the proposal.



(2) Guidelines on the exercise of voting rights (criteria for deciding whether to vote for or against the proposal)

- The Companies have guidelines on the exercise of voting rights. They closely examine proposals that violate the guidelines and engage in dialogue with the investee.
- The Companies regularly review proposals so that they are able to contribute to the sustainable growth of the investee, the enhancement of enterprise value and the increase of shareholder return as stipulated in Japan's Corporate Governance Code.
- The Companies revised the guidelines on the exercise of voting rights in January 2023. They strengthened the guidelines as companies are required to strengthen governance, chiefly reflecting the revision of Japan's Corporate Governance Code. The Companies will continue to review the guidelines, considering social conditions, social issues, etc. and engage in dialogue that contributes to the sustainable growth of investees.

Guidelines on the exercise of voting rights (revised in January 2023)

Category of proposals	Matters to be confirmed	Major criteria for deciding whether to vote for or against proposals
Appropriation of	- State of shareholder return	- The dividend payout ratio has been lower

Retained Earnings		than 20% for the past three consecutive fiscal years.
Appointment of Directors	- State of the enhancement of enterprise value	- Operating profit, ordinary profit or profit has been in negative territory for the past three consecutive fiscal years, and ROE has been less than 5% for the past three consecutive fiscal years. - No appropriation of retained earnings is proposed and shareholder return has been low (the dividend payout ratio has been less than 20% for the past three consecutive fiscal years).
	- Situation regarding scandals, etc.	- State of formulation of recurrence prevention measures
	- Appointment of Independent Outside Directors	- The number of Independent Outside Directors who are reported (or to be reported) to the financial instruments exchanges as independent officers is as stated below. Prime Market: less than a third of board members Standard Market: less than two Other markets: no Independent Outside Directors
	- Attendance at Board of Directors meetings, etc.	- The attendance rate (the latest fiscal year) is less than 75%.
	- Handling of issues related to sustainability (medium- to long-term sustainability involving ESG factors)	- If no GHG emissions reduction targets (including CO ₂ emissions reduction targets) are set at companies in the Prime Market that operate in industries that produce large amounts of GHG emissions, reasons for this and the presence or absence of GHG emissions reduction policies.
Appointment of Audit & Supervisory Board Member	- Situation regarding scandals, etc.	- State of formulation of recurrence prevention measures
	- Appointment of independent outside Audit & Supervisory Board Members	- No outside Audit & Supervisory Board Members who are reported (or to be reported) to the financial instruments exchanges as independent officers
	- Attendance at the Board of Directors meetings and the Audit & Supervisory Board meetings	- The attendance rate (the latest fiscal year) is less than 75%.
Appointment of Accounting Auditor	- Accounting Auditors have not caused any accounting fraud.	- If Accounting Auditors have been involved in serious problems (scandals, errors in audits, etc.), have appropriate actions been taken, such as disciplinary actions against the people who are responsible for the problems and formulation of recurrence prevention measures?
Remuneration and Bonuses for Directors	- State of the enhancement of enterprise value	- Operating profit, ordinary profit or profit has been in negative territory for the past three consecutive fiscal years, and ROE has been less than 5% for the past three consecutive fiscal years. - No appropriation of retained earnings is proposed and shareholder return has been low (the dividend payout ratio has been less than 20% for the past three consecutive fiscal years).
	- Attendance at Board of Directors meetings, etc.	- The attendance rate (the latest fiscal year) is less than 75%.
Retirement benefits and condolence money for officers	- Situation regarding scandals, etc.	- State of formulation of recurrence prevention measures
Issuance of Share	- Presence or absence of	- Rationality of performance-linked

Acquisition Rights and Stock Compensation	performance-linked remuneration, eligible people	remuneration - Whether outside people are included in the people eligible for share acquisition rights and stock compensation
	- Whether the proportion of shares held by existing shareholders has declined or not	- A decline of 5% or more (in a single year)
Change in the Articles of Incorporation	- Careful examination of individual cases	- Possibility of damage to the rights of existing shareholders
Takeover Defense Measures	- Careful examination of individual cases	- Whether the proposal contributes to ensuring and enhancing enterprise value and common interests of shareholders
Matters Proposed by the Shareholders	- Careful examination of individual cases	- Whether the proposal contributes to enhancement of enterprise value and sustainable growth over the medium- to long- term.

-The guidelines was reviewed in July 2024 in response to rapidly increasing social demands such as the appointment of female directors, the appointment of outside directors with extended tenure, and the disapproval in principle of the directors' retirement benefit system.

Proposal type	Confirmation Items	Criteria and Viewpoints for Judging	
		Current Guidelines (After Jan. 2023)	After July 2024
Election of Directors	Progress in Corporate Value	Loss for the last 3 consecutive years (Operating income, ordinary income, or net income) and ROE of less than 5% for the last 3 consecutive years	<ul style="list-style-type: none"> • Loss for the last 3 consecutive years (Operating income, ordinary income, or net income) • <u>ROE of less than 5% for the last 5 consecutive years (Prime Market)</u>
	Appointment of female directors	(New)	<ul style="list-style-type: none"> • <u>Absence of female directors (including candidates) at companies listed on the Prime Market</u>
	Term of office of independent outside directors	(New)	<ul style="list-style-type: none"> • <u>Term of office of independent outside directors or corporate auditors at companies listed on the Prime Market is 12 years or more</u>
Election of auditors	Term of office of independent auditors	(New)	
Retirement benefits for directors	<ul style="list-style-type: none"> • Progress of corporate value 	<ul style="list-style-type: none"> • Loss (Operating income, ordinary income, or net income) for the last 3 consecutive fiscal years and ROE of less than 5% for the last 3 consecutive fiscal years • Dividend payout ratio of less than 20% for the last 3 consecutive fiscal years • Excess of liabilities 	<ul style="list-style-type: none"> • <u>Disapproval in principle</u>
	<ul style="list-style-type: none"> • Attendance at Board of Directors meetings 	<ul style="list-style-type: none"> • Attendance rate (most recent fiscal year) of less than 75 	

- At the Companies, the finance division, which is independent of the sales division, alone decides

whether to vote for or against proposals on which the Companies exercise their voting rights under the basic policy on the exercise of voting rights (Principle 5).

- Processes for the exercise of voting rights and the results of exercise of voting rights are regularly reported at meetings of the Board of Directors attended by the Outside Directors and to other bodies.

(3) Results of the exercise of voting rights

(i) Mitsui Sumitomo Insurance

Type of proposal	Number of proposals	Support	Rejected
Matters proposed by the Company	2,039	2,023	16
1. Appropriation of surplus	438	437	1
2. Election (dismissal) of Directors	763	757	6
3. Election (dismissal) of Audit & Supervisory Board Members and Accounting Auditors	363	359	4
4. Remuneration and Bonuses for Directors	152	152	0
5. Retirement benefits and condolence money for officers	34	30	4
6. Issuance of Share Acquisition Rights and Stock Compensation	9	9	0
7. Organizational change	5	5	0
8. Change in the Articles of Incorporation	110	110	0
9. Takeover Defense Measures	10	9	1
10. Other	155	155	0
Matters Proposed by the Shareholders	162	0	162
Total	2,201	2,023	178

(ii) Aioi Nissay Dowa

Type of proposal	Number of proposals	Support	Rejected
Matters proposed by the Company	1,701	1,661	40
1. Appropriation of surplus	375	357	18
2. Election (dismissal) of Directors	683	672	11
3. Election (dismissal) of Audit & Supervisory Board Members and Accounting Auditors	314	312	2
4. Remuneration and Bonuses for Directors	109	108	1
5. Retirement benefits and condolence money for officers	31	27	4
6. Issuance of Share Acquisition Rights and Stock Compensation	79	79	0
7. Organizational change	3	3	0
8. Change in the Articles of Incorporation	83	82	1
9. Takeover Defense Measures	13	11	2
10. Other	11	10	1
Matters Proposed by the Shareholders	157	0	157
Total	1,858	1,661	197

(4) Major examples of the exercise of voting rights

(i) Mitsui Sumitomo Insurance

Examples of Rejections

Example 1. Election of Audit & Supervisory Board Members
- At a company engaged in general logistics, the attendance rate at a particular Audit & Supervisory board member was below the standards. Mitsui Sumitomo had a dialogue with the company and asked them to improve the attendance rate, but they responded that there were no measures to improve the attendance rate because the auditor also serves as an officer of several companies. At this point, it was judged that it is highly likely that the Audit & Supervisory board member will not be able to fulfill the expected role and that no improvement can be expected. Therefore Mitsui Sumitomo decided to reject the appointment of Audit & Supervisory board member.
Example 2. Election of Directors
- At a companies engaged in information processing, the number of independent director was insufficient to the standards. Last year, Mitsui Sumitomo had a dialogue and requested strengthening of governance. The response was “no considering increasing the number of Independent Directors”, so Mitsui Sumitomo rejected the proposal. This year, Mitsui Sumitomo also held a dialogue and confirmed the status of improvement, but could not obtain any indication to improve and rejected the proposal.
Example 3. Appropriation of surplus
- At a food-related wholesaler, Mitsui Sumitomo requested to improve dividend payout ratio by engaging in dialogue, as the ratio has been less than 20% for the last three consecutive years. The response was no intention to increase shareholder returns in the future, no major investment strategy, no special circumstances for the low dividend payout ratio. Therefore, Mitsui Sumitomo rejected the proposal.
Example 4. Retirement benefits
-At a consulting firm, the dividend payout ratio, one of the criteria for determining retirement benefits, was low and did not meet the standards. Retirement benefits are an indicator to measure director's past contribution, and dividend payout ratio's past performance was below the standards. Mitsui Sumitomo conveyed the views through dialogue and rejected the proposal.

An example of Supports despite the violation of the guidelines on the exercise of voting rights

Example 5. Election of Directors
- A company engaged in machinery manufacturing previously fulfilled the standard for the ratio of independent outside director, but it became unqualified due to the addition of one Director. During the dialogue, Mitsui Sumitomo decided to support the proposal because it was confirmed that the increase in Director has strengthened corporate governance, that woman Director was selected as a new candidate, and that the decline in the ratio is temporary and that the composition of director will be reviewed in the future.
Example 6. Election of Directors
-Mitsui Sumitomo had a dialogue with a company engaged in parts manufacturing because dividend payout ratio, which is the criteria for selecting Director, was low and violated the standards. As a result, it was confirmed that investment in new businesses for further growth and expansion of the company (New capital investment, investment in environmental measures, etc.) would contribute to sustainable growth. Therefore, the proposal was supported.

(ii) Aioi Nissay Dowa

Examples of Rejections

Example 1. Election of Directors, Takeover defense
- Due to the insufficient number of Independent Outside Director (including candidates), Aioi Nissay Dowa had dialogue with a construction materials sales company and confirmed efforts for future improvement. However, as no intention for improvement was recognized, Aioi Nissay Dowa rejected the appointment of director and the renewal of takeover defense measures.
Example 2. Appropriation of surplus
- As dividend payout ratio of a trading company for the last three fiscal years was less than 20%, which was below the guideline, Aioi Nissay Dowa had a dialogue and confirmed its dividend policy. Considering its financial situation, sufficient dividend capacity was confirmed. However it was given priority to internal reserves, and judged that dividend payout ratio's forecast for the next fiscal year was below the guideline and no improvement was expected. Therefore, Aioi Nissay Dowa rejected the appropriation of surplus.
Example 3. Election of Directors, Appropriation of surplus and Retirement benefits
- A land logistics company faced a shortage of independent outside directors, and dialogues were held, but no intention to improve was seen, so Aioi Nissay Dowa rejected the appointment of Director. In addition, as dividend payout ratio for the last three fiscal years was below the guidelines at less than 20%, Aioi Nissay Dowa had dialogues and confirmed the dividend policy, but considering the financial situation, while there was sufficient dividend capacity, the dividend payout ratio forecast for the next fiscal year was not decided, and no intention to improve was seen, so Aioi Nissay Dowa rejected the Appropriation of surplus and Retirement benefits.
Example 4. Appropriation of surplus and Retirement benefits
- Aioi Nissay Dowa had dialogue with a company engaged in the manufacture and sale of foodstuffs and confirmed its dividend policy, as dividend payout ratio for the last three fiscal years was below the guideline at less than 20%. However, it was confirmed that dividend payout ratio forecast for the next fiscal year was also below the guideline due to its priority to internal reserves under sufficient its financial situation for dividends. And no intention to improve was seen. Therefore, Aioi Nissay Dowa rejected the proposal of Appropriation of surplus and Retirement benefits.

An example of Supports despite the violation of the guidelines on the exercise of voting rights

Example 5. Appropriation of surplus
- As dividend payout ratio for the last three years has been below the guideline level of less than 20%, Aioi Nissay Dowa held dialogue with a pharmaceutical company and confirmed that dividend payout ratio fell below the guideline due to an increase in profits for the current fiscal year caused by special factors, and change of policy to emphasize shareholder returns. Aioi Nissay Dowa also confirmed that from next fiscal year, the policy of changing its dividend to a performance-linked dividend and changing dividend payout ratio's 30% to target that has been requested by Aioi Nissay Dowa. Therefore, the proposal was supported.
Example 6. Election of Audit & Supervisory Board Members

- Aioi Nissay Dowa held dialogue with a company engaged in parts manufacturing because dividend payout ratio, which is the criteria for selecting Director, was low and violated the standards. As a result, it was confirmed that investment in new businesses for further growth and expansion of the company (New capital investment, investment in environmental measures, etc.) would contribute to sustainable growth of the company and the proposal was supported.

- We do not disclose the results of our exercise of voting rights related to each investee because disclosure may affect the constructive dialogue with them, etc. To ensure that you are aware of the Companies' policies and activities, however, we have disclosed the Companies' thoughts about the exercise of voting rights, criteria for deciding whether to vote for or against proposals, a tabulation of votes, examples of no votes, etc.

3. Recap of initiatives

- The Companies endorsed the purpose of the Japan Stewardship Code's Principles for Responsible Institutional Investors and expressed its acceptance of the code in 2014. The Companies revised their policies following the revisions of the code in 2017 and 2020.
- They have engaged in dialogue with investees from a range of perspectives. The topics include ESG factors, financial results, business strategies, capital management and business risks. They have worked to help investees to achieve sustainable growth. The Companies asked investees facing important issues about their situations. If the Companies need to ask them to make improvements, the Companies convey their opinions as a shareholder to solve problems. The Companies have worked to strengthen dialogue regarding ESG factors even more than before. The Companies have cooperated with the MS&AD Group companies to deepen the dialogue with certain investees regarding climate change.
- When exercising voting rights, the Companies closely examine proposals according to the guidelines on the exercise of voting rights. The Companies engage in dialogue with investees and examine proposals carefully to enhance enterprise value over the medium to long term. They do not decide whether they will vote for or against proposals by following formulaic and short-term criteria. The Companies disclose the results of their exercise of voting rights and major examples of their exercise of voting rights to make their thoughts and activities known.
- The Companies' stewardship is reported in the Report on an Overview of the MS&AD Group's Stewardship in September every year. The report is presented at a meeting of the Board of Directors that the Outside Directors participate in and is disclosed publicly to enable the public to understand the Companies' activities.

<Initiatives after the establishment of the Japan Stewardship Code> (Note) SSC: Japan Stewardship Code; CGC: Corporate Governance Code

FY	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Changes in the external environment	Revision to SSC		Revision to CGC		Revision to SSC		Revision to CGC		Revision to CGC			
Disclosure	<p>Express acceptance of the SSC. Announce the Group's unified policies on all principles</p> <p>Add items to be examined before the exercise of voting rights and examples of no votes in the summary report</p> <p>Change the policy to engage in dialogue from a medium- to long-term perspective, paying particular attention to sustainability</p>											
Guidelines on the exercise of voting rights	<p>Revise the internal guidelines and formulate guidelines on the exercise of voting rights</p> <p>Strengthen the guidelines (add items to be examined in connection with the appointment of Outside Directors)</p> <p>Strengthen the guidelines (bring in criteria for the independence of Outside Directors)</p> <p>Strengthen shareholder return and results standards. Add items to be examined in connection with sustainability initiatives</p> <p>Strengthen the guidelines</p>											
Dialogue	Target	<p>Start to dialogue twice a year with companies that rank high in terms of market values of the shares held</p> <p>Engage in dialogue with more companies</p>										
	Description	<p>Dialogues regarding overall corporate management based on financial information, business risks and other information</p> <p>Dialogue regarding non-financial information, ESG factors, etc</p> <p>Ask companies to reduce GHG emissions and disclose information in line with TCFD recommendations</p> <p>Dialogue regarding climate change</p> <p>Start dialogue regarding natural capital, biodiversity and human rights</p> <p>Dialogue regarding natural capital</p>										
	System	<p>Change the process in response to the revision of the SSC. The finance division is responsible for the overall process from dialogue to the exercise of voting rights</p> <p>Increase the number of staff involved in dialogue and strengthen the system</p>										

4. Future initiatives and challenges

- The MS&AD Group's purpose (mission) is to contribute to the development of a vibrant society and help secure a sound future for the planet, by enabling safety and peace of mind through the global insurance and financial services business. To accomplish the purpose, the Group aims to create shared value with society through corporate activities in line with its value creation story and build a resilient and sustainable society.

To mitigate global climate change risks, the Group has set the target of reducing its greenhouse gas emissions to net zero by no later than FY2050. To achieve this target, the Group has also set an intermediate greenhouse gas emissions reduction target for FY2030 and a renewable energy usage rate target for achieving the intermediate target (for details, please refer to next page).

The Group will undertake initiatives together with investees. Through constructive dialogue and engagement, the Group will encourage investees to take steps to reduce greenhouse gas emissions and disclose information in line with the TCFD recommendations. At the same time, the Group will continue working to enhance the corporate value of its investees through the discussion of medium- to long-term growth strategies and capital management, including shareholder return policies.

- Regarding natural capital, the Group endorses the purpose of the TNFD (Taskforce on Nature-related Financial Disclosures) and works to promote the understanding of the TNFD while providing products that compensate for economic losses incurred due to damage to nature. The Group also works to develop a framework for nature-related financial disclosures. The Group follows the United Nations Guiding Principles on Business and Human Rights (UNGPs) and aims to enhance corporate value by developing and operating a human rights due diligence system and developing value chains and internal environments without human rights violations.

Through its investments and loans, the Group will improve the sustainability of natural capital and promote activities that respect human rights through constructive dialogue and engagement addressing natural capital, biodiversity and human rights.

- The Companies will strive to reduce greenhouse gas emissions through their own businesses and contribute to the transition to a decarbonized society together based on CSV×DX concept with their stakeholders by providing products and services, implementing investments and loans, and supporting technological innovation through constructive dialogue with investees, thereby reducing climate change risks and environmental impact.

- In addition to exercising voting rights simply to approve or oppose proposals, the Companies will share their thoughts with investees through dialogue and continue to improve problems. If the investee is considered not to have worked to improve or not to have improved adequately despite the Companies' encouragement regarding the solving of issues through dialogue, the Companies will vote against the proposal.

The Companies will consider reviewing their guidelines on the exercise of voting rights regularly based on changes in investees' performance and the social environment.

(For reference)

The MS&AD Insurance Group's plan to achieve Net-Zero emissions and initiatives in investments and loans

1. Green house gas emissions reduction targets

Category		FY2030 Target	FY2050
Scope 1,2		-50% from base year (FY2019)	Net-Zero
Scope 3	Category 1,3,5,6,7,13	-50% from base year (FY2019)	
	Insurance clients and investees companies	In order to promote efforts to reduce GHG emissions with customers, enhance deep dialogues, identification of issues for reduction, and propose solutions to solve these issues.	
		-37% from base year(FY2019) (For key domestic clients)	

Scope 1 emissions are the direct emissions of the Group, including the gasoline used by the Group's vehicles.

Scope 2 emissions are indirect emissions associated with the use of electricity, gas, etc.

Scope 3 emissions are from the MS&AD Group's business activities that do not fall under Scope 2.

2. Renewable energy usage rate target

Target Year	Renewable energy usage rate
FY2030	60%
FY2050	100%

3. Initiatives undertaken with investee and borrowing companies

The Group became a signatory of the UN Principles for Responsible Investment* in June 2015. Since then, the Group has been working to contribute to achieving medium- to long-term return on investment and solving sustainability issues.

To address climate change issues, the Group is financing projects and investing in funds to construct solar, wind, biomass and other renewable energy plants. The Group will continue to engage in green investment, including investment in impact investment funds, particularly climate change funds. Through investments and loans, the Group will support companies that work to develop innovative technologies to reduce greenhouse gas emissions significantly and will thereby contribute to a steady transition to a decarbonized society. Through constructive dialogue and engagement, the Group will encourage investees and borrowing companies to take steps to reduce greenhouse gas emissions and disclose information based on the TCFD recommendations. The Group will also work to clarify technological innovation plans and challenges.

* PRI(Principles for Responsible Investment)

The principles require investors to consider the ESG (the environment, society and corporate governance) practices of investees when they make investment decisions.

