

Report on an Overview of MS&AD Group's Stewardship

(July 2022 to June 2023)

- 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 2022 to June 2023.

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
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Mitsui Sumitomo Insurance	202
Aioi Nissay Dowa Insurance	159

(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 - 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 land transportation company that emitted a large amount of greenhouse gases (GHGs) and checked its formulation of long-term and medium-term carbon neutrality targets, the presence or absence of specific measures, and the challenges that need to be overcome to achieve the targets. - Mitsui Sumitomo checked its examination of the use of renewable energy and purchases of carbon credits to offset CO₂ emissions and encouraged the company to quickly develop a roadmap and disclose information.
Case 2
<ul style="list-style-type: none"> - Mitsui Sumitomo checked with a chemicals company that emitted large amounts of GHGs regarding the breakdown of its disclosed GHG emissions reduction targets. Mitsui Sumitomo also confirmed the technological and procurement challenges the company was facing in its efforts to change its source of energy from coal to biomass and ammonia to reduce GHG emissions and in other measures the company is implementing. - Mitsui Sumitomo determined that the chemicals company had made steady progress toward achieving its medium-term targets in 2030 and encouraged it to continue to take steps toward its goals.

Case 3
- Mitsui Sumitomo engaged in a dialogue with a company that does not have any Independent Outside Directors. Before the company held its shareholders' meeting, Mitsui Sumitomo explained that the lack of Outside Directors violates Mitsui Sumitomo's guidelines regarding the exercise of voting rights. Mitsui Sumitomo explained that society and Japan's Corporate Governance Code required companies to strengthen their governance and that the company having Independent Outside Directors would strengthen governance. In this way, Mitsui Sumitomo encouraged the company to appoint Independent Outside Directors.

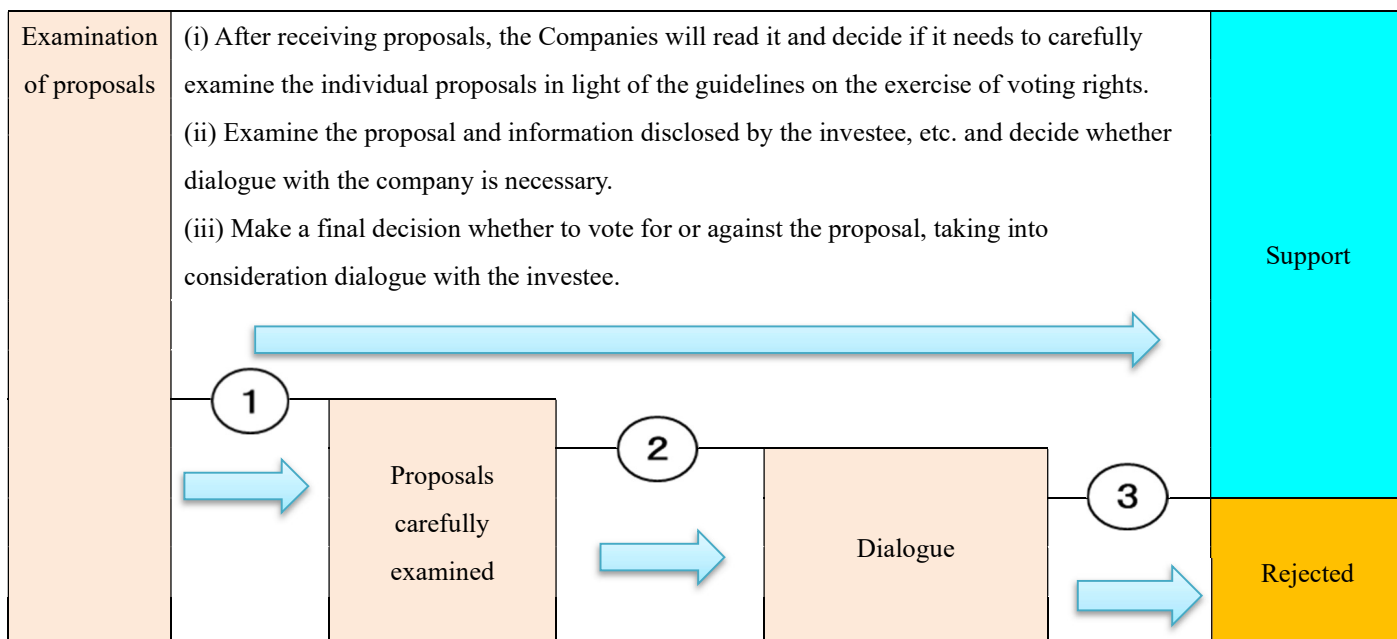
(ii) Aioi Nissay Dowa

Case 1
- Aioi Nissay Dowa checked with a construction company whose GHG emissions had risen from the previous year regarding the reasons for the increase and future initiatives. Aioi Nissay Dowa decided that more active business activities due to the COVID-19 pandemic subsiding was the main reason for the increase and checked with the company about its scope 1 and scope 2 GHG emissions policy. Aioi Nissay Dowa encouraged the company to take steps to reduce its GHG emissions. Aioi Nissay Dowa also discussed the labor shortage, a challenge in the industry, with the company and it was informed that the company is implementing recruitment and human resourced development initiatives and promoting digital transformation to reduce overtime.
Case 2
- Aioi Nissay Dowa checked with a company in the auto industry that actively discloses information related to climate change about the specific measures the company is implementing to reduce GHG emissions and the progress it has made on the reduction of emissions. Aioi Nissay Dowa was informed that the company discloses information in line with the TCFD recommendations but that industry knowledge regarding the calculation of scope 3 emissions is inadequate. Aioi Nissay Dowa offered a case study in human resources development related to climate change at Aioi Nissay Dowa.
Case 3
- A company in the service industry with which Aioi Nissay Dowa had continued to engage in dialogue over the past few years announced its first medium-term management plan. Aioi Nissay Dowa encouraged the company to disclose information. Specifically, Aioi Nissay Dowa was informed that the company is actively working to disclose integrated reports and endorse the TCFD recommendations. Aioi Nissay Dowa also learned that the company had changed its organizational structure to increase revenue from its main business and enhance its corporate value.

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 Retained Earnings	- State of shareholder return	- The dividend payout ratio has been lower 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).
Retirement benefits and condolence money for officers	- Attendance at Board of Directors meetings, etc.	- The attendance rate (the latest fiscal year) is less than 75%.
	- Situation regarding scandals, etc.	- State of formulation of recurrence prevention measures
Issuance of Share Acquisition Rights and Stock Compensation	- Presence or absence of performance-linked remuneration, eligible people	- Rationality of performance-linked 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.

- 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	2,206	2,187	19
1. Appropriation of surplus	455	454	1
2. Election (dismissal) of Directors	797	788	9
3. Election (dismissal) of Audit & Supervisory Board Members and Accounting Auditors	443	440	3
4. Remuneration and Bonuses for Directors	117	117	0
5. Retirement benefits and condolence money for officers	43	38	5
6. Issuance of Share Acquisition Rights and Stock Compensation	14	14	0
7. Organizational change	8	8	0
8. Change in the Articles of Incorporation	161	161	0
9. Takeover Defense Measures	25	24	1
10. Other	143	143	0
Matters Proposed by the Shareholders	227	0	227
Total	2,433	2,187	246

(ii) Aioi Nissay Dowa

Type of proposal	Number of proposals	Support	Rejected
Matters proposed by the Company	1,535	1,514	21
1. Appropriation of surplus	380	375	5
2. Election (dismissal) of Directors	523	512	11
3. Election (dismissal) of Audit & Supervisory Board Members and Accounting Auditors	293	291	2
4. Remuneration and Bonuses for Directors	81	81	0
5. Retirement benefits and condolence money for officers	24	23	1
6. Issuance of Share Acquisition Rights and Stock Compensation	63	63	0
7. Organizational change	8	8	0
8. Change in the Articles of Incorporation	117	117	0
9. Takeover Defense Measures	33	31	2
10. Other	13	13	0
Matters Proposed by the Shareholders	165	0	165
Total	1,700	1,514	186

(4) Major examples of the exercise of voting rights

(i) Mitsui Sumitomo Insurance

Examples of no votes

Example 1. Election of Audit & Supervisory Board Members, retirement benefits

- At a company engaging chiefly in freight transportation, earnings were stable, but the dividend payout ratio was low. No outside Audit & Supervisory Board Members were independent officers. Mitsui Sumitomo engaged in dialogue with the company and checked with them about their shareholder return policy and forecast. Mitsui Sumitomo recommended that they elect outside Audit & Supervisory Board Members who are independent officers. The companies exchanged views. Mitsui Sumitomo decided that at present the company is not expected to make any improvements and voted against two proposals: a proposal regarding the election of Audit & Supervisory Board Members and a proposal on retirement benefits.

Example 2. Election of Directors

- A company engaging chiefly in machinery manufacturing recorded an operating loss, an ordinary loss, and a net loss for three consecutive fiscal years. In the previous fiscal year, Mitsui Sumitomo expected that profits would move into positive territory and voted for the proposal regarding the election of Directors. However, the company recorded losses, and Mitsui Sumitomo was not sure if its results would improve. Mitsui Sumitomo engaged in dialogue with the company and decided to vote against a proposal regarding the election of Directors.

An example of a yes vote despite the violation of the guidelines on the exercise of voting rights

Example 3. Election of Directors (making certain of sustainability initiatives)

- A company engaging in manufacturing synthetic resin fully disclosed information in line with the TCFD recommendations but had yet to set GHG emissions reduction targets. Mitsui Sumitomo engaged in dialogue with the company about sustainability, including the presence or absence of GHG emissions reduction targets, and checked with the company about the status of its examination of GHG emissions reduction targets. The company said that they were expediting the examination of emissions reduction targets, considering the increasing demand from society. Having made certain that they will disclose reduction targets, Mitsui Sumitomo decided to vote for the proposal.

(ii) Aioi Nissay Dowa

Examples of no votes

Example 1. Election of Directors, retirement benefits

- At a company that runs private tutoring schools and sports clubs, earnings from the main businesses, education and sports, were stable, but the asset management business recorded significant losses. The company consequently recorded an operating loss, an ordinary loss, and a net loss for three consecutive fiscal years. Aioi Nissay Dowa checked with the company about their initiatives to improve earnings and decided that their results are not expected to improve for some time to come. Aioi Nissay Dowa thus decided to vote against two proposals: a proposal regarding the election of Directors (it was proposed that all of them be reelected) and a proposal about retirement benefits.

Example 2. Appropriation of surplus, election of Directors

- At a company outside of Tokyo engaging in construction and civil engineering, the dividend payout ratio was lower than 10%, lower than the level set out in the guidelines, for the past three consecutive fiscal years. The payout ratio was very low in light of the company's financial position and in comparison with the payout ratios of competitors. Moreover, there was a scandal regarding inappropriate expenditures by employees at a consolidated subsidiary. The inappropriate expenditures are feared to be approximately 1.0 billion yen,

which is a large amount in light of the earnings of the company. Aioi Nissay Dowa thus decided to vote against two proposals: a proposal regarding the appropriation of surplus and a proposal regarding the election of Directors.

An example of a yes vote despite the violation of the guidelines on the exercise of voting rights

Example 3. Appropriation of surplus (making certain of an improvement in the dividend payout ratio)

- The dividend payout ratio of a manufacturer of stamping parts and dies for automobiles was less than 10% over the past two years, which was lower than the level set out in the guidelines. Aioi Nissay Dowa decided there was room for dividends to be larger in light of the company's financial position. Aioi Nissay Dowa engaged in dialog to ask for improvements and voted against proposals for the past two years. This fiscal year, however, Aioi Nissay Dowa learned through dialogue that the dividend payout ratio exceeded 10% and that although the payout ratio was lower than 20%, the level set out in Aioi Nissay Dowa's guidelines, the company aims to increase the ratio to 20% in or after the next fiscal year. Aioi Nissay Dowa decided that the company had changed its policy and was emphasizing shareholder return, which is something that Aioi Nissay Dowa had asked for, and decided to vote for the proposal.

- 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
Changes in the external environment	Revision to SSC		Revision to CGC		Revision to SSC	Revision to CGC	Revision to SSC		Revision to CGC		
Disclosure		Express acceptance of the SSC. Announce the Group's unified policies on all principles			Add items to be examined before the exercise of voting rights and examples of no votes in the summary report				Change the policy to engage in dialogue from a medium- to long-term perspective, paying particular attention to sustainability		
Guidelines on the exercise of voting rights		Revise the internal guidelines and formulate guidelines on the exercise of voting rights		Strengthen the guidelines (add items to be examined in connection with the appointment of Outside Directors)		Strengthen the guidelines (bring in criteria for the independence of Outside Directors)					Strengthen the guidelines
Dialogue	Target	Start to engage in dialogue twice a year, in principle, with companies that rank highly in terms of the market value of the shares held	Engage in dialogue with more companies								
	Description	Dialogue regarding overall corporate management based on financial information, business risks and other information	Dialogue regarding non-financial information, ESG factors, etc.	Ask companies to reduce GHG emissions and disclose information in line with the TCFD recommendations		Dialogue regarding climate change					
	System			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		Increase the number of personnel involved in dialogue and strengthen the system					

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 page 10).

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.
- Mitsui Sumitomo Insurance implements decarbonization initiatives in its insurance underwriting and investments and also in its own business. The company has established the MS Green Indexes for determining the progress of initiatives (for details, please refer to page 12).
- 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

(i) Scope 1 and 2 targets*¹

Base Year	Target Year	Reduction Rate
FY2019	FY2030	-50%
	FY2050	Net zero

(ii) Scope 3 targets*²

Base Year	Target Year	Reduction Rate	Target categories
FY2019	FY2030	-50%	1,3,5,6,7,13* ^{3,4}
	FY2050	Net zero	All categories

*1 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.

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

*3 Targets are set for the following categories where emissions can be determined and which should be emphasized in connection with changes in employees' behaviors and the preservation of natural capital.

Category 1: Purchased goods and services (paper, mailing), 3: Fuel- and energy-related activities other than Scope 1 and 2, 5: Waste generated in operations, 6: Business travel, 7: Employee commuting, 13: Downstream leased assets

*4 The Group is considering setting a medium-term target for Investments (Category 15).

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.

(For reference) Mitsui Sumitomo Insurance's own green indexes: MS Green Index (extract)

Mitsui Sumitomo Insurance has formulated its own MS Green Index which indicates progress in the results of climate change measures and posts them on its official website.

The MS&AD Group has set the target of achieving effectively net zero greenhouse gas emissions in FY2050. Accordingly, the Company undertakes decarbonization initiatives in insurance underwriting, investment and its own businesses. To evaluate progress, the Company has formulated the MS Green Index. In insurance underwriting, the Company has defined Green Products*¹ as products that contribute to the decarbonization of society and has set an average annual revenue growth rate target in the underwriting of insurance (green underwriting*²), including insurance related to renewable energy power generation facilities, electric vehicles (EVs) and fuel cell vehicles (FCVs) as a KPI.

The Company works to reduce the greenhouse gas emissions of its own businesses. In addition, the Company will help develop and implement technologies necessary for decarbonization through the provision of products, services, investments and loans. In this way, the Company will contribute to the transition to a decarbonized society.

Overview of MS Green Index

Disclosures

Domain	MS Green Index	KPI
Insurance Underwriting	(i) Number of Green Products	An average annual revenue growth rate in green underwriting of 18% (FY2022-FY2025)
	(ii) Average annual revenue growth rate in green underwriting	
Investment	(iii) Engagement rate based on GHG emissions	Engaging with investees accounting for more than 70% of GHG emissions by FY2025* ³
	(iv) GHG emissions reduction target in the investment portfolio	Net zero GHG emissions by FY2050 in the portfolio of investee and borrowing companies
The Company's own businesses	(v) Reducing green house gas emissions	50% reduction by FY2030 (compared to FY2019)* ⁴ Achieve net zero emissions by FY2040 (Scope 1, 2) Achieve net zero emissions by FY2050 (Scope 1, 2, 3)
	(vi) Electrification of company-owned vehicles	FY2025: 100%
	(vii) Renewable energy usage rate at the Company' buildings	60% in FY2030, 100% in FY2040
	(viii) Number of participants in climate change training programs	The Company's training program provided in collaboration with the Faculty of Information Networking for Innovation and Design (INIAD) of Toyo University, etc.

*1 The Company has eight Green Products: Comprehensive Coverage Plan for Mega Solar Power Generation, Comprehensive Small Wind Power Coverage Plan, Comprehensive Offshore Wind Power Generation System Coverage, Comprehensive Compensation Plan for Geothermal Power Generation Facilities, Insurance to Support the Stable Supply of Green Power Certificates, EV Charging Equipment Damage Coverage Special Clause, Carbon

Neutral Support Clause and Rental Car Cost Rider for Electric Vehicle Rental Based on Disaster Assistance Agreement. More products will be added.

- *2 Green Products + renewable energy power generation facilities + electric vehicles (EVs) and fuel cell vehicles (FCVs), etc.
- *3 Engaging in constructive dialogue with investees that account for 70% of the GHG emissions within the Company's stock portfolio (Scopes 1 and 2 emissions of listed investees)
- *4 Scopes 1, 2 and 3 (Categories 1, 3, 5, 7 and 13). Refer to the news release, "Notice regarding MS&AD Insurance Group Initiatives to Achieve Net Zero by 2050."