

June 2, 2020

Dear Shareholders:

**Notice of Convocation of
the 12th Annual Shareholders Meeting**

MS&AD Insurance Group Holdings, Inc. (the “Company”) hereby announces that its 12th Annual Shareholders Meeting will be held as set out below.

Yours faithfully,

MS&AD Insurance Group Holdings, Inc.

27-2, Shinkawa 2-chome, Chuo-ku, Tokyo

By: Yasuyoshi Karasawa
Director, President & CEO

Particulars

1. Date and Time: 10:00 a.m., on June 25, 2020 (Thursday) (Entry starts at 9:00 a.m.)
2. Place: Mitsui Sumitomo Insurance Surugadai Building
9, Kanda-Surugadai, 3-chome, Chiyoda-ku, Tokyo
3. Purposes of the Meeting:

Matters to be reported:

1. Business Report, Consolidated Financial Statements, and a report on the Results of Audit of Consolidated Financial Statements by Accounting Auditors and the Audit & Supervisory Board for the 12th fiscal year (Fiscal 2019 (from April 1, 2019 to March 31, 2020)); and
2. Report on the Non-Consolidated Financial Statements for the 12th fiscal year (Fiscal 2019 (from April 1, 2019 to March 31, 2020)).

Matters to be resolved:

- | | |
|-------------------------|--|
| <u>First Proposal:</u> | Appropriation of Surplus |
| <u>Second Proposal:</u> | Election of Twelve (12) Directors |
| <u>Third Proposal:</u> | Election of One (1) Audit & Supervisory Board Member |

1. If any changes occur to the management of this Shareholders Meeting due to future situation, they will be posted to the Company's website.
2. This Notice of Convocation, the Reference Document for Shareholders Meeting, Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements are posted on the Company's website, and any amendment thereto will also be posted on the Company's website.

MS&AD Insurance Group Holdings, Inc. website (Japanese): <https://www.ms-ad-hd.com>
MS&AD Insurance Group Holdings, Inc. website (English): <https://www.ms-ad-hd.com/en/>

Instructions for the Exercise of Voting Rights

You may exercise your voting rights at the Annual Shareholders Meeting by any of the following methods:

Exercise of voting rights by mailing of written documents

Please indicate on the enclosed Voting Right Exercise Form your approval or disapproval to each of the proposals and return the Form to the administrator of the shareholders' registry of the Company (Sumitomo Mitsui Trust Bank, Limited) by mail.

**Deadline for the arrival of written documents to exercise voting rights by mail
No later than 5:00 p.m., on June 24, 2020 (Wednesday)**

Exercise of voting rights via the Internet

Please access the following website for exercising voting rights and indicate your approval or disapproval to each of the proposals as instructed on the display screen, using the "Vote Exercise Code" and "Password" printed on the enclosed Voting Right Exercise Form.

The website for exercising voting rights: <https://www.web54.net>

You may log in to the website for exercising voting rights without entering the "Vote Exercise Code" and "Password" only once by using a smartphone to scan the special QR Code printed on the Voting Right Exercise Form.

**Deadline for the exercise of voting rights via the Internet
No later than 5:00 p.m., on June 24, 2020 (Wednesday)**

Exercise of voting rights by attending the Annual Shareholders Meeting

Please indicate on the enclosed Voting Right Exercise Form your approval or disapproval to each of the proposals, fill out the required items on the questionnaire and submit the completed form and questionnaire to the receptionist at the Meeting. Please also bring this booklet as a guide to the proceedings.

When attending by proxy, please submit a letter of proxy together with the enclosed Voting Right Exercise Form to the receptionist at the Meeting. The proxy must be one (1) shareholder otherwise entitled to vote.

**Date and Time of the Annual Shareholders Meeting
10:00 a.m., on June 25, 2020 (Thursday)**

Notes on the exercise of voting rights via the Internet:

1. When a shareholder exercises voting rights via the Internet as well as submitting the Voting Right Exercise Form by mail, the vote via the Internet shall be treated as the valid exercise of voting rights.
2. If multiple votes via the Internet are received from a shareholder, the most recent vote shall be treated as the valid exercise of voting rights.
3. Any connection charges and communications expenses payable to internet providers and telecommunication carriers incurred in accessing the website for exercising voting rights will be borne by shareholders.
4. Please be aware that exercising voting rights via a PC or smart phone, etc. may not be possible in certain internet user environments. In addition, exercising voting rights via a mobile phone may not be possible with certain types of mobile phones.

Should you have any questions regarding the exercise of voting rights via the Internet, please contact the administrator of the shareholders' registry stated below:

**Free Dial: 0120-652-031 (9 a.m. – 9 p.m.)
Stock Transfer Agency Business Planning Dept.
Sumitomo Mitsui Trust Bank, Ltd.**

For institutional investors:

You may use the Electronic Voting Platform operated by ICJ, Inc. to exercise your voting rights at the Annual Shareholders Meeting.

* QR Code is a registered trademark of DENSO WAVE INCORPORATED.

- End -

Reference Document for Shareholders Meeting

Proposals and Reference Matters:

First Proposal: Appropriation of Surplus

The Company is committed to meeting the expectations of shareholders by increasing the Group's corporate value as a whole through improvement of profitability and capital efficiency on the premise of securing soundness, and by providing continuous returns to shareholders commensurate with the Company's performance.

In view of the above, it is the Company's policy to secure consistently stable dividends per share and to provide returns to shareholders equivalent to 40% to 60% of its Group Adjusted Profit by shareholder dividends and repurchase of our own shares.

In accordance with the above policy, the Company proposes the appropriation of surplus for the fiscal year under review as follows:

Matters concerning the year-end dividend:

1. Matters regarding distribution of dividends to shareholders and the total amount thereof:

75 yen per share of common stock of the Company

Total: 42,678,548,625 yen

As a result, the annual dividend for the fiscal year under review totals 150 yen per share, including the interim dividend.

2. Effective date of dividend:

June 26, 2020

(Note)

The Group Adjusted Profit is the Company's own index showing the ordinary profitability of the entire group. It is calculated by adding/deducting provision for catastrophe loss reserve and others (adding for provision and deducting for reversal) to/from consolidated net income.

Second Proposal: Election of Twelve (12) Directors

The terms of office of all twelve (12) Directors will expire at the close of this Annual Shareholders Meeting. Therefore, we would like to request the appointment of twelve (12) Directors, including five (5) Outside Directors.

The candidates for Directors are as follows:

Candidate No.		Name	Gender	Position and Duties at the Company
1	Reappointment	Yasuyoshi Karasawa	Male	Representative Director, President & CEO (Group CEO)
2	Reappointment	Yasuzo Kanasugi	Male	Representative Director, Executive Officer
3	Reappointment	Noriyuki Hara	Male	Representative Director, Executive Officer
4	New Appointment	Tetsuji Higuchi	Male	Senior Executive Officer, In charge of Corporate Planning Dept., Information Technology Planning Dept., Business Development Dept., Corporate Communications and Investor Relations Dept., International Supervisory Dept., International Life Insurance Business Dept., Data Management Dept., Internal Audit Dept., Capital Policy, Sustainability, Group CFO
5	New Appointment	Satoru Tamura	Male	Executive Officer Assistant Management
6	New Appointment	Masahito Fukuda	Male	Executive Officer In charge of Sales
7	Reappointment	Hisahito Suzuki	Male	Representative Director, Chairman & Director Chairman Executive Officer
8	Reappointment	Mariko Bando	Female	Outside Director Independent Director Director (Outside Director)
9	Reappointment	Akira Arima	Male	Outside Director Independent Director Director (Outside Director)
10	Reappointment	Kazuhito Ikeo	Male	Outside Director Independent Director Director (Outside Director)
11	Reappointment	Junichi Tobimatsu	Male	Outside Director Independent Director Director (Outside Director)
12	New Appointment	Rochelle Kopp	Female	Outside Director Independent Director

Candidate No.	Name (Date of birth)	Career summary, position and duties at the Company and important concurrent positions, if any	Number of shares of the Company owned
1	<p style="text-align: center;"><u>Reappointment</u></p> <p style="text-align: center;">Yasuyoshi Karasawa</p> <p style="text-align: center;">(Oct. 27, 1950)</p> <p>Attendance at Board of Directors meetings held in FY2019: 11/11 (100%)</p>	<p>Apr. 1975 Entered The Sumitomo Marine and Fire Insurance Co., Ltd.</p> <p>Apr. 2004 Executive Officer, General Manager of Corporate Planning Dept., <i>Mitsui Sumitomo Insurance Co., Ltd. ("MSI")</i></p> <p>Jun. 2005 Director, Executive Officer, General Manager of Corporate Planning Dept., <i>MSI</i></p> <p>Apr. 2006 Director, Managing Executive Officer, <i>MSI</i></p> <p>Apr. 2008 Director, Senior Executive Officer, <i>MSI</i> Director, <i>the Company</i></p> <p>Apr. 2009 Director, Senior Executive Officer, <i>the Company</i></p> <p>Apr. 2010 President & CEO, <i>MSI</i> Director, Executive Officer, <i>the Company</i></p> <p>Jun. 2014 President and CEO, <i>the Company</i> (present)</p> <p>Apr. 2016 Chairman & Director, Chairman Executive Officer, <i>MSI</i> (present)</p> <p><Position and Duties at the Company> Representative Director, President & CEO (Group CEO)</p> <p><Important Concurrent Positions> Chairman & Director, Chairman Executive Officer, <i>MSI</i></p>	25,200 shares
<p>[Reasons for selection as a candidate for Director]</p> <p>Mr. Yasuyoshi Karasawa has a wealth of business experience gained through his involvement in corporate planning, marketing & sales, corporate communications, investment planning, etc. He served as President, & CEO of <i>MSI</i> from 2010 to 2016 and has been serving as Chairman & Director of <i>MSI</i> since 2016. He has been serving as President of the Company since 2014. Thus, he has expertise for precisely and fairly overseeing overall management of insurance companies etc. Therefore, we propose to reappoint him as Director.</p>			
2	<p style="text-align: center;"><u>Reappointment</u></p> <p style="text-align: center;">Yasuzo Kanasugi</p> <p style="text-align: center;">(May. 29, 1956)</p> <p>Attendance at Board of Directors meetings held in FY2019: 11/11 (100%)</p>	<p>Apr. 1979 Entered Dai-Tokyo Fire & Marine Insurance Co., Ltd.</p> <p>Apr. 2008 Managing Officer, General Manager of Human Resource Planning Dept., <i>Aioi Insurance Co., Ltd. ("Aioi")</i></p> <p>Apr. 2009 Executive Officer, <i>Aioi</i></p> <p>Oct. 2010 Executive Officer, <i>Aioi Nissay Dowa Insurance Co., Ltd. ("ADI")</i></p> <p>Apr. 2011 Managing Executive Officer, <i>ADI</i></p> <p>Apr. 2012 Executive Officer, <i>the Company</i></p> <p>Jun. 2012 Director, Managing Executive Officer, <i>ADI</i></p> <p>Apr. 2013 Director, Senior Executive Officer, <i>ADI</i></p> <p>Jun. 2014 Director, Executive Officer, <i>the Company</i> (present)</p> <p>Apr. 2016 President & CEO, <i>ADI</i> (present)</p> <p><Position and Duties at the Company> Representative Director, Executive Officer</p> <p><Important Concurrent Positions> President & CEO, <i>ADI</i></p>	31,408 shares
<p>[Reasons for selection as a candidate for Director]</p> <p>Mr. Yasuzo Kanasugi has a wealth of business experience gained through his involvement in human resources, marketing & sales, corporate planning, merger preparation, etc. He has been serving as President & CEO of <i>ADI</i> since 2016. Thus, he has expertise for precisely and fairly overseeing overall management of insurance companies etc. Therefore, we propose to reappoint him as Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and duties at the Company and important concurrent positions, if any	Number of shares of the Company owned
3	<p style="text-align: center;"><u>Reappointment</u></p> <p style="text-align: center;">Noriyuki Hara</p> <p style="text-align: center;">(Jul. 21, 1955)</p> <p>Attendance at Board of Directors meetings held in FY2019: 11/11 (100%)</p>	<p>Apr. 1978 Entered Taisho Marine and Fire Insurance Co., Ltd.</p> <p>Apr. 2008 Executive Officer, General Manager of Corporate Quality Control Dept., <i>Mitsui Sumitomo Insurance Co., Ltd. ("MSI")</i></p> <p>Apr. 2010 Managing Executive Officer, General Manager of Nagoya Commercial Business Div., <i>MSI</i></p> <p>Apr. 2012 Director, Managing Executive Officer, <i>MSI</i></p> <p>Apr. 2013 Director, Senior Executive Officer, <i>MSI</i></p> <p>Apr. 2015 Director, Vice President, Executive Officer, <i>MSI</i></p> <p>Apr. 2016 President & CEO, <i>MSI</i> (present) Executive Officer, <i>the Company</i></p> <p>Jun. 2016 Director, Executive Officer, <i>the Company</i> (present)</p> <p><Position and Duties at the Company> Representative Director, Executive Officer</p> <p><Important Concurrent Positions> President & CEO, <i>MSI</i></p>	21,400 shares
		<p>[Reasons for selection as a candidate for Director]</p> <p>Mr. Noriyuki Hara has a wealth of business experience gained through his involvement in market development, marketing & sales, product operations, corporate planning, etc. He has been serving as President & CEO of <i>MSI</i> since 2016. Thus, he has expertise for precisely and fairly overseeing overall management of insurance companies etc. Therefore, we propose to reappoint him as Director.</p>	
4	<p style="text-align: center;"><u>New Appointment</u></p> <p style="text-align: center;">Tetsuji Higuchi</p> <p style="text-align: center;">(Jun. 24, 1961)</p>	<p>Apr. 1984 Entered The Sumitomo Marine and Fire Insurance Co., Ltd.</p> <p>Apr. 2014 Executive Officer, General Manager of Tokyo Div., <i>Mitsui Sumitomo Insurance Co., Ltd. ("MSI")</i></p> <p>Apr. 2015 Executive Officer, General Manager of Corporate Planning Dept., <i>MSI</i></p> <p>Apr. 2016 Director, Managing Executive Officer, <i>MSI</i></p> <p>Apr. 2017 Executive Officer, <i>the Company</i></p> <p>Apr. 2018 Director, Senior Executive Officer, <i>MSI</i></p> <p>Apr. 2020 Senior Executive Officer, <i>the Company</i> (present)</p> <p><Position and Duties at the Company> Senior Executive Officer, In charge of Corporate Planning Dept., Information Technology Planning Dept., Business Development Dept., Corporate Communications and Investor Relations Dept., International Supervisory Dept., International Life Insurance Business Dept., Data Management Dept., Internal Audit Dept., Capital Policy, Sustainability, Group CFO</p>	12,400 shares
		<p>[Reasons for selection as a candidate for Director]</p> <p>Mr. Tetsuji Higuchi has a wealth of business experience gained through his involvement in marketing & sales, product operations, human resources, and corporate planning, etc. He has been serving as Senior Executive Officer of <i>MSI</i> since 2018. Thus, he has expertise for precisely and fairly overseeing overall management of insurance companies etc. Therefore, we propose to appoint him as Director.</p>	

Candidate No.	Name (Date of birth)	Career summary, position and duties at the Company and important concurrent positions, if any	Number of shares of the Company owned
5	<div style="border: 1px solid black; display: inline-block; padding: 2px;">New Appointment</div> Satoru Tamura (Feb. 13, 1963)	Apr. 1985 Entered Chiyoda Fire & Marine Insurance Co., Ltd. Apr. 2016 Executive Officer, General Manager of Corporate Planning Dept., <i>Aioi Nissay Dowa Insurance Co., Ltd. ("ADI")</i> Apr. 2017 Executive Officer, General Manager of Sales Management Dept., <i>ADI</i> Apr. 2018 Director, Managing Executive Officer, <i>ADI</i> Executive Officer, <i>the Company</i> (present) Apr. 2020 Director, Senior Managing Executive Officer, <i>ADI</i> (present)	6,800 shares
		<Position and Duties at the Company> Executive Officer <Important Concurrent Positions> Director, Senior Managing Executive Officer, <i>ADI</i>	
[Reasons for selection as a candidate for Director] Mr. Satoru Tamura has a wealth of business experience gained through his involvement in corporate planning, marketing & sales planning, and sale, etc. He has been serving as Senior Executive Officer of <i>ADI</i> since 2020. Thus, he has expertise for precisely and fairly overseeing overall management of insurance companies etc. Therefore, we propose to appoint him as Director.			
6	<div style="border: 1px solid black; display: inline-block; padding: 2px;">New Appointment</div> Masahito Fukuda (Jun. 23, 1958)	Apr. 1981 Entered Taisho Marine and Fire Insurance Co., Ltd. Apr. 2012 Executive Officer, General Manager of Chiba and Saitama Div., <i>Mitsui Sumitomo Insurance Co., Ltd. ("MSI")</i> Apr. 2014 Managing Executive Officer, General Manager of Chiba and Saitama Div., <i>MSI</i> Apr. 2015 Managing Executive Officer, General Manager of Tokyo Div., <i>MSI</i> Apr. 2016 Director, Managing Executive Officer, General Manager of Tokyo Div., <i>MSI</i> Apr. 2017 Director, Managing Executive Officer, <i>MSI</i> Apr. 2018 Director, Senior Executive Officer, <i>MSI</i> (present) Apr. 2020 Executive Officer, <i>the Company</i> (present)	15,000 shares
		<Position and Duties at the Company> Executive Officer In charge of Sales <Important Concurrent Positions> Director, Senior Executive Officer, <i>MSI</i>	
[Reasons for selection as a candidate for Director] Mr. Masahito Fukuda has a wealth of business experience gained through his involvement in marketing & sales, human resources, compliance, corporate quality control, etc. He has served as Senior Executive Officer of <i>MSI</i> since 2018. Thus, he has expertise for precisely and fairly overseeing overall management of insurance companies etc. Therefore, we propose to appoint him as Director.			

Candidate No.	Name (Date of birth)	Career summary, position and duties at the Company and important concurrent positions, if any	Number of shares of the Company owned
7	<p style="text-align: center;"><u>Reappointment</u></p> <p style="text-align: center;">Hisahito Suzuki</p> <p style="text-align: center;">(Sep. 15, 1950)</p> <p>Attendance at Board of Directors meetings held in FY2019: 11/11 (100%)</p>	<p>Apr. 1973 Entered Dai-Tokyo Fire & Marine Insurance Co., Ltd. ("<i>Dai-Tokyo</i>")</p> <p>Apr. 2000 Executive Officer, General Manager of Merger Preparation Dept., <i>Dai-Tokyo</i></p> <p>Apr. 2001 Executive Officer, General Manager of Corporate Planning Dept., <i>Aioi Insurance Co., Ltd.</i> ("<i>Aioi</i>")</p> <p>Apr. 2002 Managing Executive Officer, <i>Aioi</i></p> <p>Jun. 2002 Managing Director, <i>Aioi</i></p> <p>May 2003 Senior Managing Executive Officer, <i>Aioi Life Insurance Co., Ltd.</i> ("<i>Aioi Life</i>")</p> <p>Jun. 2003 Director & Vice President, <i>Aioi Life</i></p> <p>Mar. 2004 Senior Managing Executive Officer, <i>Aioi</i></p> <p>Jun. 2004 Senior Managing Director, <i>Aioi</i></p> <p>Jun. 2008 Director, Senior Managing Executive Officer, <i>Aioi</i></p> <p>Apr. 2010 President & CEO, <i>Aioi</i></p> <p>Oct. 2010 Director, Executive Officer, <i>the Company</i></p> <p>Oct. 2010 President & CEO, <i>Aioi Nissay Dowa Insurance Co., Ltd.</i> ("<i>ADI</i>")</p> <p>Jun. 2014 Chairman & Director, Chairman Executive Officer, <i>the Company</i> (present)</p> <p>Apr. 2016 Director & Vice Chairman, <i>ADI</i></p> <p>Jun. 2019 Chairman & Director, <i>ADI</i> (present)</p> <p><Position and Duties at the Company> Representative Director, Chairman Executive Officer</p> <p><Important Concurrent Positions> Chairman & Director, <i>ADI</i></p>	37,970 shares
<p>[Reasons for selection as a candidate for Director]</p> <p>Mr. Hisahito Suzuki has a wealth of business experience gained through his involvement in marketing & sales, corporate planning, merger preparation, life insurance business, etc. He had served as President & CEO of <i>ADI</i> from 2010 to 2016, as Director & Vice Chairman of <i>ADI</i> from 2016 to 2019 and has been serving as Director, Chairman of <i>ADI</i> since 2019. He has been serving as Chairman & Director of the Company since 2014. Thus, he has expertise for precisely and fairly overseeing overall management of insurance companies etc. Therefore, we propose to reappoint him as Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and duties at the Company and important concurrent positions, if any	Number of shares of the Company owned
8	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Independent Director</div> <p style="text-align: center;">Mariko Bando (Aug. 17, 1946)</p> <p>Attendance at Board of Directors meetings held in FY2019: 10/11 (90.9%)</p>	<p>Jul. 1969 Entered the Prime Minister's Office</p> <p>Oct. 1985 Counsellor of Cabinet Secretariat, Councillor of Cabinet Secretariat</p> <p>Jul. 1989 Director of Consumer Statistics Division, Statistics Bureau, Management and Coordination Agency</p> <p>Jul. 1994 Director of Gender Equality Bureau, Cabinet Secretariat</p> <p>Apr. 1995 Vice-Governor of Saitama Prefecture</p> <p>Jun. 1998 Consul General of Japan in Brisbane, Australia</p> <p>Jan. 2001 Director General of Gender Equality Bureau, Cabinet Office</p> <p>Oct. 2003 Director, Incorporated Educational Institution Showa Women's University</p> <p>Apr. 2007 President, Showa Women's University</p> <p>Apr. 2014 Chancellor, Incorporated Educational Institution Showa Women's University (present)</p> <p>Jul. 2016 Chairperson of the board, Showa Women's University (present)</p> <p>Jun. 2017 Director, <i>the Company</i> (present)</p> <p><Position and Duties at the Company> Director (Outside Director)</p> <p><Important Concurrent Positions> Chancellor and Chairperson of the board, Showa Women's University Director (Outside Director), Mitsubishi Research Institute, Inc.</p>	3,200 shares
<p>[Reasons for selection as a candidate for Outside Director]</p> <p>Ms. Mariko Bando previously served as Director General of Gender Equality Bureau of the Cabinet Office, Consul General of Japan in Brisbane, Australia, President of Showa Women's University, etc. She has broad knowledge and experience in public administration and education, as well as wide insight into promotion of diversity. She has been stating opinions at meetings of the Company's Board of Directors and on other occasions based on her broad knowledge and experience. We propose to reappoint her as Outside Director in order to draw on her knowledge and experience in the management of the Company.</p>			

(Notes)

1. Ms. Mariko Bando is a candidate for Outside Director.
2. To enable Outside Directors to fully perform their expected roles, the Company has entered into an agreement with Ms. Mariko Bando that limits her liability for any damage to the Company caused by a failure to perform the duties of a Director if she as Outside Director has performed the duties in good faith and without gross negligence. The limit of Outside Director's liability under such agreement is the sum of the amount provided by the items in Article 425, Paragraph 1 of the Companies Act. The Company plans to continue with such agreement if Ms. Mariko Bando is appointed as Outside Director.
3. Ms. Mariko Bando will have served as Outside Director for three (3) years as of the close of this Annual Shareholders Meeting.
4. Ms. Mariko Bando has not been involved in the corporate management in any manner other than by becoming an Outside Director or an Outside Audit & Supervisory Board Member in the past. However, she has broad knowledge and experience in the administrative and educational fields, and the Company believes that she is able to perform her duties as an Outside Director appropriately.
5. There are transactions between the Company or its subsidiaries and Mitsubishi Research Institute, Inc. and Incorporated Educational Institution Showa Women's University, which account for less than 1% of the annual revenue from business activities of both the university and Mitsubishi Research Institute, Inc. during the most recent business year. The transaction amount is less than 1% of the consolidated net premiums written in the most recent business year of the Company. There is no other reason to impact her independence.
6. The Company has submitted to the Tokyo Stock Exchange and Nagoya Stock Exchange an Independent Director Notification, indicating that Ms. Mariko Bando is an Independent Director who is unlikely to have conflict of interests with general shareholders.

Candidate No.	Name (Date of birth)	Career summary, position and duties at the Company and important concurrent positions, if any	Number of shares of the Company owned
9	<p style="text-align: center;"> <u>Reappointment</u> <u>Outside Director</u> <u>Independent Director</u> </p> <p style="text-align: center;">Akira Arima</p> <p style="text-align: center;">(Aug. 25, 1949)</p> <p>Attendance at Board of Directors meetings held in FY2019: 11/11 (100%)</p>	<p>Apr. 1973 Entered Nippon Telegraph and Telephone Public Corporation</p> <p>Jun. 2002 Director and General Manager of Planning Dept., Nippon Telegraph and Telephone East Corporation</p> <p>Apr. 2003 Director and General Manager of Corporate Planning Dept., Nippon Telegraph and Telephone East Corporation</p> <p>Jun. 2005 Director, Nippon Telegraph and Telephone Corporation</p> <p>Jun. 2007 Executive Vice President and Head of the Internet Business Division, NTT Communications Corporation</p> <p>Jun. 2010 President, Chief Executive Officer, Representative Director, NTT Communications Corporation</p> <p>Jun. 2015 Director and Advisor, NTT Communications Corporation</p> <p>Jun. 2017 Advisor, NTT Communications Corporation (present)</p> <p>Jun. 2018 Director, <i>the Company</i> (present)</p> <p><Position and Duties at the Company> Director (Outside Director)</p>	500 shares
<p>[Reasons for selection as a candidate for Outside Director]</p> <p>Mr. Akira Arima previously served as Director of Nippon Telegraph and Telephone Corporation, President, Chief Executive Officer of NTT Communications Corporation, etc. He has been stating opinions at meetings of the Company's Board of Directors and on other occasions based on his broad knowledge concerning telecommunications business and experience as a management executive. We propose to reappoint him as Outside Director in order to draw on his knowledge and experience in the management of the Company.</p>			

(Notes)

1. Mr. Akira Arima is a candidate for Outside Director.
2. To enable Outside Directors to fully perform their expected roles, the Company has entered into an agreement with Mr. Akira Arima that limits his liability for any damage to the Company caused by a failure to perform the duties of a Director if he as Outside Director has performed the duties in good faith and without gross negligence. The limit of Outside Director's liability under such agreement is the sum of the amount provided by the items in Article 425, Paragraph 1 of the Companies Act. The Company plans to continue with such agreement if Mr. Akira Arima is appointed as Outside Director.
3. Mr. Akira Arima will have served as Outside Director for two (2) years as of the close of this Annual Shareholders Meeting.
4. There are transactions between the Company or its subsidiaries and the NTT Communications Corporation; which account for less than 1% of the annual consolidated turnover of NTT Communications Corporation during the most recent business year. The transaction amount is less than 1% of the consolidated net premiums written in the most recent business year of the Company. There is no other reason to impact his independence.
5. The Company has submitted to the Tokyo Stock Exchange and Nagoya Stock Exchange an Independent Director Notification, indicating that Mr. Akira Arima is an Independent Director who is unlikely to have conflict of interests with general shareholders.

Candidate No.	Name (Date of birth)	Career summary, position and duties at the Company and important concurrent positions, if any	Number of shares of the Company owned
10	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent Director</div> Kazuhito Ikeo (Jan. 12, 1953) Attendance at Board of Directors meetings held in FY2019: 11/11 (100%)	Apr. 1984 Associate Professor, Faculty of Economics, Okayama University Apr. 1986 Associate Professor, Faculty of Economics, Kyoto University Apr. 1995 Professor, Faculty of Economics, Keio University Apr. 2018 Professor, Faculty of Economics, Rishso University (present) Jun. 2018 Director, <i>the Company</i> (present) <Position and Duties at the Company> Director (Outside Director) <Important Concurrent Positions> Professor, Faculty of Economics, Rishso University	2,100 shares
	[Reasons for selection as a candidate for Outside Director] Mr. Kazuhito Ikeo has held a number of posts, including university professors and members of the Financial Services Agency's Financial System Council. He has been stating opinions at meetings of the Company's Board of Directors and on other occasions based on his broad knowledge and experience concerning economic and financial fields as well as financial administration. We propose to reappoint him as Outside Director in order to draw on his knowledge and experience in the management of the Company.		

(Notes)

1. Mr. Kazuhito Ikeo is a candidate for Outside Director.
2. To enable Outside Directors to fully perform their expected roles, the Company has entered into an agreement with Mr. Kazuhito Ikeo that limits his liability for any damage to the Company caused by a failure to perform the duties of a Director if he as Outside Director has performed the duties in good faith and without gross negligence. The limit of Outside Director's liability under such agreement is the sum of the amount provided by the items in Article 425, Paragraph 1 of the Companies Act. The Company plans to continue with such agreement if Mr. Kazuhito Ikeo is appointed as Outside Director.
3. Mr. Kazuhito Ikeo will have served as Outside Director for two (2) years as of the close of this Annual Shareholders Meeting.
4. Mr. Kazuhito Ikeo has not been involved in the corporate management in any manner other than by becoming an Outside Director or an Outside Audit & Supervisory Board Member in the past. However, he has wide knowledge and experience in economic and financial fields and financial administration, and the Company believes that he is able to perform his duties as an Outside Director appropriately.
5. There are transactions between the Company or its subsidiaries and Incorporated Educational Institution Rishso Daigaku Gakuen. The amount of such transactions is less than 1% of the annual revenue from business activities of the institution during the most recent business year. The transaction amount is less than 1% of the consolidated net premiums written in the most recent business year of the Company. There is no other reason to impact his independence.
6. The Company has submitted to the Tokyo Stock Exchange and Nagoya Stock Exchange an Independent Director Notification, indicating that Mr. Kazuhito Ikeo is an Independent Director who is unlikely to have conflict of interests with general shareholders.

Candidate No.	Name (Date of birth)	Career summary, position and duties at the Company and important concurrent positions, if any	Number of shares of the Company owned
11	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Independent Director</div> <p style="text-align: center;">Junichi Tobimatsu</p> <p>(Aug. 15, 1972)</p> <p>Attendance at Board of Directors meetings held in FY2019: 11/11 (100%)</p>	<p>Apr. 1998 Registered as Attorney-at-Law Attorney-at-Law, Mori Sogo (currently, Mori Hamada & Matsumoto)</p> <p>Jun. 2004 Registered as Attorney-at-law in N.Y.</p> <p>Apr. 2010 Associate Professor, Graduate School of Law and Political Science, the University of Tokyo</p> <p>Jul. 2016 Attorney-at-law, Tobimatsu Law (currently, GAIEN PARTNERS) (present)</p> <p>Jun. 2018 Director, <i>the Company</i> (present)</p> <p><Position and Duties at the Company> Director (Outside Director)</p> <p><Important Concurrent Positions> Attorney-at-law, GAIEN PARTNERS Director, AI, Inc. (Outside Director (Auditor)) Outside Corporate Auditor, amana inc. (Outside Corporate Auditor) Auditor, CANDEAL Co., Ltd. (Outside Auditor)</p>	0 shares
<p>[Reasons for selection as a candidate for Outside Director]</p> <p>Mr. Junichi Tobimatsu has a wealth of knowledge and experience concerning overall corporate legal affairs including those overseas companies as an attorney-at-law and has been stating opinions at meetings of the Company's Board of Directors and on other occasions based on his broad knowledge and experience. We propose to reappoint him as Outside Director in order to draw on his knowledge and experience in the management of the Company.</p>			

(Notes)

1. Mr. Junichi Tobimatsu is a candidate for Outside Director.
2. To enable Outside Directors to fully perform their expected roles, the Company has entered into an agreement with Mr. Junichi Tobimatsu that limits his liability for any damage to the Company caused by a failure to perform the duties of a Director if he as Outside Director has performed the duties in good faith and without gross negligence. The limit of Outside Director's liability under such agreement is the sum of the amount provided by the items in Article 425, Paragraph 1 of the Companies Act. The Company plans to continue with such agreement if Mr. Junichi Tobimatsu is appointed as Outside Director.
3. Mr. Junichi Tobimatsu will have served as Outside Director for two (2) years as of the close of this Annual Shareholders Meeting.
4. Mr. Junichi Tobimatsu has not been involved in the corporate management other than by becoming an Outside Director or an Outside Audit & Supervisory Board Member in the past. However, he has professional knowledge and experience in legal field as an attorney-at-law, and the Company believes that he is able to perform his duties as an Outside Director appropriately.
5. There are no transactions between the Company or its subsidiaries and GAIEN PARTNERS, AI, Inc. There are transactions between the Company or its subsidiaries and amana inc.; and CANDEAL Co., Ltd., which account for less than 1% of the annual consolidated turnover of both amana inc. and CANDEAL Co., Ltd during the most recent business year. The transaction amount is less than 1% of the consolidated net premiums written in the most recent business year of the Company. There is no other reason to impact his independence.
6. In April 2018, it was discovered that in amana inc., for which Mr. Junichi Tobimatsu has been appointed as an Outside Corporate Auditor since March 2009, inappropriate accounting treatment was conducted by amana inc.'s foreign consolidated subsidiary. He, although not having been aware of this fact in advance, had carried out his duties in an appropriate manner not only in making proposals from the viewpoint of legal compliance on a regular basis but also thorough investigations as a member of the Internal Investigation Committee once the question about this fact arose was not aware of this fact in advance, but he made proposals from the viewpoint of legal compliance on a regular basis. After doubts about this fact arose, he carried out thorough investigations as a member of the Internal Investigation Committee in an appropriate manner.
7. The Company has submitted to the Tokyo Stock Exchange and Nagoya Stock Exchange an Independent Director Notification, indicating that Mr. Junichi Tobimatsu is an Independent Director who is unlikely to have conflict of interests with general shareholders.

Candidate No.	Name (Date of birth)	Career summary, position and duties at the Company and important concurrent positions, if any	Number of shares of the Company owned
12	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">New Appointment</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Independent Director</div> <p style="text-align: center;">Rochelle Kopp</p> <p style="text-align: center;">(Jun. 29, 1964)</p>	<p>Jun. 1986 Business analyst, ZS Associates International, Inc. Jun. 1987 Senior Business analyst, ZS Associates International, Inc. Aug. 1988 International Public Relations Specialist, The Yasuda Trust & Banking Co., Ltd. (currently, Mizuho Trust & Banking Co., Ltd.)</p> <p>Jul. 1992 Managing Principle, Japan Intercultural Consulting (present) Oct. 1992 Consultant, IPC Group, Inc. Jan. 2015 Professor of Global Leadership Course, Business BreakThrough University Apr. 2019 Professor of Faculty of Foreign Studies, The University of Kitakyushu (present)</p> <p><Important Concurrent Positions> Managing Principle, Japan Intercultural Consulting Professor of Faculty of Foreign Studies, The University of Kitakyushu</p>	0 shares
<p>[Reasons for selection as a candidate for Outside Director] Ms. Rochelle Kopp has a wealth of knowledge and experience in Japan and the U.S. as a management consultant, and has wide insight into cross-cultural communication. We propose to appoint her as Outside Director in order to draw on her knowledge and experience in the management of the Company.</p>			

(Notes)

1. Ms. Rochelle Kopp is a candidate for Outside Director.
2. To enable Outside Directors to fully perform their expected roles, the Company plans to enter into an agreement with Ms. Rochelle Kopp if appointed as Outside Director that limits her liability for any damage to the Company caused by a failure to perform the duties of a Director if she as Outside Director has performed the duties in good faith and without gross negligence. The limit of Outside Director's liability under such agreement is the sum of the amount provided by the items in Article 425, Paragraph 1 of the Companies Act.
3. There are transactions between the Company or its subsidiaries and Japan Intercultural Consulting and The University of Kitakyushu. The amount of such transactions is less than 1% of the annual consolidated net sales of both Japan Intercultural Consulting and the university in the most recent business year. The transaction amount is less than 1% of the consolidated net premiums written in the most recent business year of the Company. There is no other reason to impact her independence.
4. The Company will submitted to the Tokyo Stock Exchange and Nagoya Stock Exchange an Independent Director Notification, indicating that Ms. Rochelle Kopp is an Independent Director who is unlikely to have conflict of interests with general shareholders.

Third Proposal: Election of One (1) Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Kunio Chiyoda will expire at the close of this Annual Shareholders Meeting. Therefore, we would like to request the appointment of one (1) Audit & Supervisory Board Member.

The Audit & Supervisory Board has consented to this proposal.

The candidate for Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary, position and duties at the Company and important concurrent positions, if any	Number of shares of the Company owned
<div style="border: 1px solid black; padding: 2px; width: fit-content;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; width: fit-content;">Outside Audit & Supervisory Board Member</div> <div style="border: 1px solid black; padding: 2px; width: fit-content;">Independent Director</div> <p>Kunio Chiyoda (Jan. 2, 1944)</p> <p>Attendance at Board of Directors meetings held in FY2019: 11/11 (100%)</p> <p>Attendance at Audit & Supervisory Board meetings held in FY2019: 11/11 (100%)</p>	<p>May 1971 Registered as Certified Public Accountant</p> <p>Apr. 1976 Assistant Professor, College of Business Administration, Ritsumeikan University</p> <p>Apr. 1984 Professor, College of Business Administration, Ritsumeikan University</p> <p>Apr. 1999 Dean of College of Business Administration, Director, Ritsumeikan University</p> <p>Apr. 2009 Professor, Graduate School of Accountancy, Kumamoto Gakuen University</p> <p>Apr. 2012 Professor of Graduate School of Accountancy, Waseda University</p> <p>Apr. 2013 Chairman, Certified Public Accountants and Auditing Oversight Board</p> <p>Jun. 2016 Audit & Supervisory Board Member, <i>the Company</i> (present)</p> <p><Position and Duties at the Company> Outside Audit & Supervisory Board Member</p> <p><Important Concurrent Positions> Director, Terasaki Electric Co., Ltd. (Outside Director (Audit Committee)) Director, SEIWA ELECTRIC MFG. Co., Ltd. (Outside Director (Audit and Supervisory Committee Member))</p>	3,000 shares
<p>[Reasons for selection as a candidate for Audit & Supervisory Board Member]</p> <p>As an accounting and audit professional, Mr. Kunio Chiyoda has held a number of posts, including university professor and committee member at public institutions. He has been stating opinions at meetings of the Company's Board of Directors and on other occasions based on his knowledge and experience. We propose to re-elect him as Outside Audit & Supervisory Board Member in order to draw on his knowledge and experience in the management of the Company.</p>		

(Notes)

1. Mr. Kunio Chiyoda is a candidate for Outside Audit & Supervisory Board Member.
2. To enable Outside Audit & Supervisory Board Members to fully perform their expected roles, the Company has entered into an agreement with Mr. Kunio Chiyoda that limits his liability for any damage to the Company caused by a failure to perform the duties of an Audit & Supervisory Board Member if he as Outside Audit & Supervisory Board Member has performed the duties in good faith and without gross negligence. The limit of Outside Audit & Supervisory Board Member's liability under such agreement is the sum of the amount provided by the items in Article 425, Paragraph 1 of the Companies Act. The Company plans to continue with such agreement if Mr. Kunio Chiyoda is elected as Outside Audit & Supervisory Board Member.
3. Mr. Kunio Chiyoda will have served as Outside Audit & Supervisory Board Member for four (4) years as of the close of this Annual Shareholders Meeting.
4. Mr. Kunio Chiyoda has not been involved in the corporate management other than by becoming an Outside Director or an Outside Audit & Supervisory Board Member in the past. However, in light of his professional knowledge and experience in relation to accounting and audits, the Company believes that he is able to perform his duties as an Outside Audit & Supervisory Board Member appropriately.
5. There are transactions between the Company or its subsidiaries and Terasaki Electric Co., Ltd. or SEIWA ELECTRIC MFG. Co., Ltd. The amount of each transaction is less than 1% of the annual consolidated turnover of Terasaki Electric Co., Ltd. and SEIWA ELECTRIC MFG. Co., Ltd., respectively, during the most recent business year. The transaction amount is less than 1% of the consolidated net premiums written in the most recent business year of the Company. There is no other reason to impact his independence.
6. In August 2018, it was discovered that in Terasaki Electric Co., Ltd., for which Mr. Kunio Chiyoda has been appointed as an Outside Director (Audit Committee) since June 2017, a former employee of Terasaki Electric Co., Ltd. made unauthorized resale of materials and misappropriated the proceeds. Mr. Chiyoda, although not having been aware of this fact in advance, had sought the thorough implementation of legal compliance and brought attention to it on a regular basis at meetings of the Board of Directors, etc. Once the incident was discovered, he had carried out his duties including demanding the even more thorough implementation of legal compliance and strengthening of internal controls and making proposals for preventing an incident of this sort from reoccurring.
7. The Company has submitted to the Tokyo Stock Exchange and Nagoya Stock Exchange an Independent Director Notification, indicating that Mr. Kunio Chiyoda is an Independent Director who is unlikely to have conflict of interests with general shareholders.

(Reference)

Criteria for the Selection of Director Candidates and Audit & Supervisory Board Member Candidates

1. Outside Director candidates and Outside Audit & Supervisory Board Member candidates

Candidates must meet the following requirements.

- Must not be disqualified from serving as a Director or Audit & Supervisory Board Member pursuant to the Companies Act.
- Must not be disqualified from serving as a Director or Audit & Supervisory Board Member of an insurance holding company pursuant to the Insurance Business Act.
- Must have a sufficient level of public credibility.
- An Outside Audit & Supervisory Board Member must satisfy the eligibility requirements for an Audit & Supervisory Board Member pursuant to the Insurance Business Act.

Additionally, candidates must satisfy the following three requirements

(1) Eligibility

A candidate must have the qualities listed below that are necessary to monitor the overall management of the Company and provide advice, based on a general knowledge of company management and a basic understanding of the roles of the Directors and Board of Directors.

- Ability to discern facts from materials and reports
- Capability to detect problems and risks and apply own knowledge to solve them
- Capacity to appropriately monitor management strategy and provide advice
- Mental independence to openly question, debate, re-examine, continuously deliberate, and propose ideas in opposition to a resolution

(2) Expertise

Must have knowledge in a specialized field such as management, accounting, finance, law, administration, or social/cultural affairs, and have a record of achievement in that field.

(3) Independence

The following persons are ineligible.

- 1) An executive of the Company or a subsidiary of the Company.
- 2) A Director or Audit & Supervisory Board Member of a subsidiary of the Company.
- 3) A person for whom the Company is a major business partner (i.e. a person who received payments from the Company or subsidiaries of the Company that represent 2% or more of annual consolidated sales for the most recent fiscal year), or an executive thereof.
- 4) A major business partner of the Company (i.e. a person who made payments to subsidiaries of the Company representing 2% or more of the Company consolidated direct net premiums written (excluding premiums of saving-type insurance) premium from policy holders for the most recent fiscal year), or an executive thereof.
- 5) Any of the Company's top 10 largest shareholders (or, if the shareholder is a corporation, an executive thereof).
- 6) An executive of a company to which the Company or a subsidiary of the Company has appointed a Director.
- 7) A consultant, accounting professional, or legal professional who has received, other than officer remuneration, average cash or other financial benefits of at least 10 million yen per year for the past three years from the Company or subsidiaries of the Company.
- 8) A person falling under any of the items 2) through 7) during the past five years.
- 9) An executive of the Company or subsidiaries of the Company in the past.
- 10) A spouse or second-degree or closer relative of a person listed in items 1) through 9) above.

*** Term limits**

The total terms of office for newly elected Outside Directors and Outside Audit & Supervisory Board Members from April 1, 2015 onward are as listed below.

- 1) For Outside Directors, the expectation is 4 terms, 4 years, renewable for a maximum of 8 terms, 8 years.
- 2) For Outside Audit & Supervisory Board Members, in principle the total term is 1 term, 4 years, but this is renewable for a maximum of 2 terms, 8 years.

2. Candidates for Director other than Outside Director and candidates for Audit & Supervisory Board Member other than Outside Audit & Supervisory Board Member

Candidates must meet the following requirements.

- Must not be disqualified from serving as a Director or Audit & Supervisory Board Member pursuant to the Companies Act.
- Must not be disqualified from serving as a Director or Audit & Supervisory Board Member of an insurance holding company pursuant to the Insurance Business Act.
- Must satisfy the eligibility requirements for a Director or Audit & Supervisory Board Member who engages in daily business at an insurance company pursuant to the Insurance Business Act.

Additionally, a candidate must have varied experience as well as highly specialized experience and must embody our corporate philosophy in the exercise of leadership.

(Reference)

The Company's remuneration system for Directors and Audit & Supervisory Board Members (overview)

1. Basic policy

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

2. Decision process

<Remuneration, etc., for Directors>

- To ensure transparency, it shall be decided by resolution of the Board of Directors after deliberation by the Remuneration Committee of which a majority of the members are the Outside Directors.
- The Remuneration Committee shall provide advice to the Board of Directors on remuneration amounts for Directors and policies regarding decision of the remuneration, etc.
- The Board of Directors shall prioritize the advice given by the Remuneration Committee.

<Remuneration, etc., for Audit & Supervisory Board Members>

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

3. Composition of remuneration

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

- Composed of fixed remuneration and performance-linked remuneration. Outside Directors and Audit & Supervisory Board Members shall be provided only fixed remuneration.
- To strengthen incentives for improving business performance, the ratio of performance-linked remuneration shall be higher and 50% to 30% of the total remuneration amount shall be the standard amount, according to position.
- The performance-linked remuneration is composed of monetary remuneration and stock-based remuneration. To share interests with shareholders further, the ratio of stock-based remuneration shall be higher and 9% to 25% of the total remuneration amount shall be the standard amount, according to position.

(Reference) In the case of the Chairman and Director/President and CEO (performance-linked remuneration portion is the standard amount)

Fixed remuneration: Performance-linked remuneration (monetary): Performance-linked remuneration (stock-based) = 50 : 25 : 25

4. Key performance indicators

- Performance-linked remuneration shall be linked with business performance of the Company and determined based on the results of key performance indicators (KPIs).

(Main KPIs)

Financial indicator (single-year performance)	Non-financial indicator (medium term performance)
<ul style="list-style-type: none"> · Group Adjusted Profit · Consolidated Net Income · Group Adjusted ROE 	<ul style="list-style-type: none"> - Achievement status of initiatives “Sustainability Priority Issues” aimed at Creating Shared Value (CSV) with society using SDGs as the guideposts including “create accident-free and comfortable mobility society” and “contributing to mitigation and adaptation of climate change,” etc. - Achievement status of “Key Strategies” (Leverage Group’s comprehensive strength, Promote digitalization and Reform portfolio) in the Medium-Term Management Plan “Vision 2021”

- The ratio between the financial indicator and non-financial indicator shall be 50 : 50 as the standard and the financial indicators and non-financial indicator vary within a range of 0 to 3.0 and 0.5 to 1.5, respectively, with 1.0 as the standard.
- Restricted stock shall be provided as stock-based remuneration and in principle, the Transfer Restrictions shall be released upon retirement of the related Director.
- If it is found that a Director was involved in a fraudulent act while in office, the Company acquires the restricted stock for free during the Transfer Restriction Period or the Director is made to return it after the transfer restriction is released.

BUSINESS REPORT FOR THE 12TH TERM (FY2019)

(from April 1, 2019 to March 31, 2020)

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

(1) Progress and results of business of the corporate group

During the fiscal year under review, the global economy remained on a path of gradual recovery due to factors such as the strong U.S. economy. In addition, the Japanese economy also recovered gradually mainly in internal demand due to factors such as the improvement of employment and income conditions. However, the global and Japanese economies both drastically slowed down due to the impact of the novel coronavirus disease (COVID-19) that has been spreading globally since the beginning of this year.

The MS&AD Insurance Group (“the Group”) is aiming to “become a world-leading insurance and financial services group” and “create resilient (*1) systems that can swiftly respond to changes in the environment” based on the Medium-Term Management Plan “Vision 2021” that started from FY2018. For achieving these goals, the Group has been making efforts for the three key strategies of “Pursue Group’s comprehensive strengths,” “Promote digitalization,” and “Reform portfolio.”

Pursue Group’s comprehensive strengths	We made efforts to realize higher efficiency and quality by promoting standardization and sharing such as standardizing products and administration of automobile insurance, fire insurance, accident insurance and casualty insurance, and reviewing the status of reinsurance on a Group basis to strengthen competitiveness by utilizing group synergies.
Promote digitalization	For the purpose of enhancing the value of customers’ actual experiences and improving the business productivity of the Group, we promoted initiatives that link with the overall reform of business that utilizes digital technologies. In addition to developing and introducing “MS1 Brain,” a new system that supports the provision of optimal products and services through agents at MSI, we also provided claims services that utilize telematics technology (*2) at ADI. Furthermore, we made investments in startups through a corporate venture capital (CVC) established in Silicon Valley, the US.
Reform portfolio	We made efforts to reform our business portfolio with diversified geography and businesses by focusing on strengthening and expanding the overseas business and domestic life insurance business in addition to expanding sales of casualty insurance in the domestic non-life insurance business, and also reformed our risk portfolio by reducing strategic equity holdings and strengthening risk management for natural disaster risks on a Group basis.

In the fiscal year under review, although multiple natural disasters, such as typhoons, occurred, we responded flexibly in not only the claims services division, but other divisions as well, such as deploying more personnel at call centers and disaster countermeasures offices. Furthermore, we made efforts to pay insurance claims promptly to customers by promoting the ability to receive claims using the internet, verify the status of damages using drones (unmanned Aircraft), investigate damages using video chat, and utilize various digital technologies such as the automation of claims service work utilizing RPA (*3).

Also, we set diversity and inclusion as the basis for our human resource strategy and arranged an environment where diversified human resources can continue to play active roles respecting different values regardless of nationality, gender, age, and experience.

*1 Resilient

Having the power to adapt flexibly and skillfully, reduce impact and recover quickly in against changing circumstances and unexpected events

*2 Telematics technology

A word made from combining “Telecommunication” and “Informatics”. Provision of information services by combining moving vehicles such as automobiles with telecommunication systems.

*3 RPA

An acronym for “Robotic Process Automation.” A software-based robot that performs routine computer work in place of a human.

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

Domestic Non-life Insurance Business

Mitsui Sumitomo Insurance Co., Ltd. (“MSI”) and Aioi Nissay Dowa Insurance Co., Ltd. (“ADI”) focused on the expansion of the sale of products mainly in the GK Series in MSI and the TOUGH Series in ADI respectively. In addition, they promoted the development of products and services in response to changes in environments surrounding our customers such as the commencement of the sale of automobile insurance “Mimamoru automobile Insurance (Drive recorder-type)” that supports safe driving by utilizing the latest telematics technologies and drive recorders. They started to provide road services utilize social networking services (SNS) as well as services that allow customers to pay insurance premiums with their smartphones, which supports the expansion of a cashless society. Furthermore, MSI and ADI promoted digitalization by advancing the response to new mobility businesses such as CASE (*4) and MaaS (*5).

Mitsui Direct General Insurance Co., Ltd. (“Mitsui Direct”) developed advertising campaign by utilizing various media to reinforce its brand power, including broadcasting of a new TV commercial. Mitsui Direct also made efforts to expand ICT, for example, reforming smartphone application functions for customers.

*4 CASE

An acronym for “(being) Connected” “Autonomous (driving)” “Shared & Services (shared mobility services)” “Electric (automobile).”

*5 MaaS

An acronym for “Mobility as a Service.” A service that provides each user with the optimum means of transportation. A way of thinking that passes through all means of transportation, from personal automobiles to trains, buses, taxis and bicycles, and provides transportation as a total service.

Domestic Life Insurance Business

Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (“Mitsui Sumitomo Aioi Life”) is working on initiatives such as providing products and services that contribute to solving societal issues, and has begun to sell “&LIFE New Comprehensive Income Security Wide” and “&LIFE Life Support Insurance,” which expand the coverage to “risks of becoming unable to work” in cases where one becomes unable to work or requiring nursing care due to illness or injury. Furthermore, it introduced “Health Management Insurance Rate” as a cheaper rate for excellent enterprises of health management, and supports health management for corporations.

Mitsui Sumitomo Primary Life Insurance Co., Ltd. (“Mitsui Sumitomo Primary Life”) continued to focus on expanding sales of “Yasashisa, Tsunagu,” the special whole life insurance that can be used for advancement, and “Ashita no Yorokobi,” a tontine annuity (*6) to prepare for longevity risks, in addition to providing products and services that will contribute to creating a “sustainable society” (*7), including launching “Social Contribution Riders,” the first of their kind in the industry. In addition, Mitsui Sumitomo Primary Life also took steps to enhance its product lineup, including launching sales of “Ashita mo Jujitsu,” a foreign currency denominated tontine annuity with level payments.

*6 Tontine annuity

An annuity insurance for transferring annuities whereby annuities for the deceased parties are curbed and transferred to the surviving parties, thereby enabling those living longer lives to receive a greater annuity.

*7 Sustainable society

A vibrant society that spans several generations, where anyone can live securely and safely while resolving issues related to the global environment, society and human beings

International Business

The Group worked to promote a wide variety of products and sales strategies utilizing the strengths of each region and insurance type and continued business investment contributing to sustainable growth and strengthening governance as the Group’s growth driver.

MSI conducted organizational restructuring, including terminating the Regional Holding company framework (*8), making international subsidiaries under this framework Directly Invested Companies of MSI, in general, and consolidating functions and authorities pertaining to strategy planning at the regional holding companies to MSI head office. In addition, MSI also took steps to strengthen business foundations in Asia, where there is significant growth, including increasing its shareholding ratio in PT. Asuransi Jiwa Sinarmas MSIG Tbk, an Indonesian life insurance company, and making a new investment in KBZ MS General Insurance Company Limited, a non-life insurance company in Myanmar.

ADI promoted the telematics and mobility services business globally in the five core regions: Japan, the US, Europe, China, and Southeast Asia, including jointly developing and launching sales of “BrightDrive,” a driving behavior-based telematics automobile insurance, with Nationwide Mutual Insurance Company in the US.

*8 Regional Holding company framework

A framework where certain authorities are delegated to regional holding companies in Asia, Europe, and Americas, and businesses are developed according to the market characteristics of each region.

Financial Services Business

MSI focused on initiatives including the sale of weather derivatives to lessen customers’ economic losses as a result of natural disasters and abnormal weather conditions, while also working to realize synergies with Leadenhall Capital Partners LLP, a fund management

company for Insurance-Linked Securities (*9), including supporting this company's expansion among investors in Japan.

In addition, MSI and ADI also strengthened systems for providing ongoing investment education services to companies with defined contribution pension plans, including coordinating with Sumitomo Mitsui DS Asset Management Company, Limited to hold seminars about the market environment and investment methods.

*9 Insurance-Linked Securities

A generic term for securitized products that transfer risk covered by insurance, including natural disasters, to the capital markets.

Risk-related Services Business

MS&AD InterRisk Research & Consulting, Inc. and other companies enhanced services such as provision of cyber-risk related information and safe driving support for the elderly, in addition to providing solutions pertaining to a wide variety of risks surrounding society, including holding seminars themed around business continuity planning (BCP) and providing news on the latest trends related to the management of various types of risk.

Promotion of Sustainability

As a "Strategic Approach for Sustainability" aimed at realizing the "resilient and sustainable society" set forth in the Medium-Term Management Plan "Vision 2021," the Group expressed a commitment to considering sustainability issues such as environmental, social, and corporate governance (ESG) factors in all business activities, including the development and provision of products and services, and lending as well as investment.

Each Group company offered products and services contributing to the solving of issues related to climate change, took measures for protecting customers' sustainability such as disaster prevention and reduction and accident avoidance, and held symposiums contributing to enhancing the sustainability of natural capital, etc.

The Group's efforts were highly recognized as we were selected again as an index component of the Dow Jones Sustainability Index and the ESG Index (*10) adopted by the Government Pension Investment Fund (GPIF).

*10 ESG Index adopted by Government Pension Investment Fund (GPIF)

"FTSE Blossom Japan Index," "MSCI Japan ESG Select Leaders Index," "MSCI Japan Empowering Women Index" and "S&P/JPX Carbon Efficient Index"

Business Performance during the Fiscal Year under Review

The Company reported consolidated underwriting income of 4,640.5 billion yen, investment income of 511.5 billion yen and other ordinary income of 16.2 billion yen. Thus, the total for ordinary income was 5,168.3 billion yen, representing a decrease of 6.0% from the previous fiscal year.

Ordinary expense decreased by 3.8% to 5,010.6 billion yen from previous fiscal year as a result of the underwriting expense of 3,749.8 billion yen, investment expense of 512.9 billion yen, operating expenses and general and administrative expenses of 694.6 billion yen, and other ordinary expense of 53.2 billion yen.

As a result, the Company posted an ordinary profit of 157.7 billion yen, and after factoring in extraordinary income, extraordinary losses, income taxes – current, net income attributable to owners of the parent of 143.0 billion yen was reported, a decrease of 49.6 billion yen from the previous fiscal year.

Operating results by segment were as follows:

(MSI)

MSI booked net premiums written of 1,547.9 billion yen, an increase of 2.5% from the previous fiscal year. The net loss ratio decreased by 3.0 percentage point from the previous fiscal year to 63.3%, and the net expense ratio increased by 0.4 percentage point from the previous fiscal year to 32.0%. Net income of 94.0 billion yen was recorded for this fiscal year.

(ADI)

ADI booked net premiums written of 1,276.7 billion yen, an increase of 3.5% from the previous fiscal year. The net loss ratio decreased by 5.8 percentage point from the previous fiscal year to 62.0%, and the net expense ratio increased by 0.7 percentage point from the previous fiscal year to 34.5%. Net income of 44.7 billion yen was recorded for this fiscal year.

(Mitsui Direct)

Mitsui Direct booked net premiums written of 36.3 billion yen, a decrease of 0.8% from the previous fiscal year. The net loss ratio by 1.3 percentage point from the previous fiscal year to 74.9%, and the net expense ratio increased by 3.0 percentage point from the previous fiscal year to 28.3%. Net income after adjustment for equity interest (segment income) of 0.1 billion yen was recorded for this fiscal year.

(Mitsui Sumitomo Aioi Life)

Mitsui Sumitomo Aioi Life secured new policies amounting to 2,068.4 billion yen, which includes individual insurance and individual annuities, a decrease of 33.6% from the previous fiscal year. The total amount of policies in force as of the end of this fiscal year was 24,458.0 billion yen, representing a decrease of 0.3% from the previous fiscal year. Net income of 7.5 billion yen was reported for this fiscal year.

(Mitsui Sumitomo Primary Life)

Mitsui Sumitomo Primary Life secured new policies amounting to 882.7 billion yen, which includes individual insurance and individual annuities, a decrease of 21.1% from the previous fiscal year. The total amount of policies in force as of the end of this fiscal year was 6,514.0 billion yen, representing a decrease of 2.5% from the previous fiscal year. Net income of 20.3 billion yen was reported for this fiscal year.

(Overseas Insurance Subsidiaries)

Net premiums written amounted to 711.9 billion yen, a decrease of 0.4% from the previous fiscal year. Net income after adjustment for equity interest (segment income) of 36.1 billion yen was recorded for this fiscal year.

Issues to be Addressed

In regard to the future of the global economy, including Japan, there are fears surrounding the global spread of the novel coronavirus disease (COVID-19) and further downturn owing to limits on people's movement and disruption to logistics networks caused by the impact of the disease, and it is hoped that effective economic countermeasures will be implemented by national governments.

In the insurance industry, companies need to maintain their functions as a part of the social infrastructure, including contractual procedures and the payment of claims under the spread of COVID-19, while also focusing on areas such as the development and provision of products and services contributing to preventing and reducing natural disasters, which are becoming increasingly frequent and large in scale, further enhancing risk management, and contributing to the realization of a sustainable society.

In facing the emergency situation of the global spread of COVID-19, the Group invoked its BCP (business continuity plan), and is working as one to continue operations in order to ensure that the payment of insurance to our customer is not delayed, with the highest priority being placed on suppressing the spread of the disease within and outside of the group companies and ensuring the safety of our customers and employees.

In Stage 2 (FY2020 and FY2021) of the Medium-Term Management Plan "Vision 2021," which starts in FY2020, we aim to evolve the initiatives implemented in Stage 1 (FY2018 and FY2019), and employ the Group's resources to the maximum extent possible to achieve sustainable growth and enhance corporate value, as we look to achieve "business of a substantial scale and quality to be recognized as a world-leading insurance and financial services group" and "building of systems ahead of changes in social structures that can respond to these such changes in a timely manner." Then, we will leverage the Group's comprehensive strengths, utilizing diversity, and respond flexibly to changes in the environment, while at the same time enhancing quality and productivity by reviewing the division of roles and strengthening cooperation between Group companies. In addition, we will endeavor to promote digitalization, enhance operational efficiency, and streamline our operations, while also enhancing the value of customers' experiences.

Furthermore, in order to contribute to solving social issues and realizing a "resilient and sustainable society" by 2030, we will continue focusing on creating shared value (CSV) with society, using the SDGs (sustainable development goals) as our guide.

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

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

(2) Changes in status of assets and earnings of the Corporate Group and insurance holding companies

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

(Yen in millions)

Category	Fiscal year 2016	Fiscal year 2017	Fiscal year 2018	FY2019 (Fiscal year under review)
Ordinary income	5,335,239	5,217,835	5,500,438	5,168,361
Ordinary profit	352,612	211,548	290,847	157,701
Net income attributable to owners of the Parent Company	210,447	154,057	192,705	143,030
Comprehensive income	114,294	311,096	(79,701)	(157,288)
Net assets	2,734,432	2,968,387	2,778,047	2,494,038
Total assets	21,234,300	22,472,927	23,132,539	23,196,455

b. Changes in status of assets and earnings of insurance holding companies

Category	Fiscal year 2016	Fiscal year 2017	Fiscal year 2018	FY2019 (Fiscal year under review)
	(Yen in millions)	(Yen in millions)	(Yen in millions)	(Yen in millions)
Operating income	113,816	140,287	117,939	130,128
Dividends received	113,391	140,141	117,778	129,968
Subsidiaries engaged in insurance business	113,387	140,027	115,573	128,619
Other subsidiaries	4	114	2,204	1,348
Net income	104,187	128,276	106,445	33,244
Net income per share	173.74 Yen	216.53 Yen	181.58 Yen	57.72 Yen
	(Yen in millions)	(Yen in millions)	(Yen in millions)	(Yen in millions)
Total assets	1,478,876	1,635,723	1,654,513	1,656,210
Shares of subsidiaries engaged in insurance business	1,429,837	1,430,635	1,430,635	1,430,635
Shares of other subsidiaries	846	90,077	120,974	179,149

(3) Main offices of Corporate Group

Corporate name	Name of office	Location	Date founded
(Insurance holding company) MS&AD Insurance Group Holdings, Inc.	Headquarters	27-2, Shinkawa 2-chome, Chuo-ku, Tokyo	Oct. 1, 2014
(Domestic non-life insurance business) Mitsui Sumitomo Insurance Company, Limited	Headquarters	9, Kanda Surugadai 3-chome, Chiyoda-ku, Tokyo	Oct. 1, 2013
Aioi Nissay Dowa Insurance Company, Limited	Headquarters	28-1, Ebisu 1-chome, Shibuya-ku, Tokyo	Apr. 1, 2001
Mitsui Direct General Insurance Company, Limited	Headquarters	5-3, Koraku 1-chome, Bunkyo-ku, Tokyo	Jan. 4, 2006
(Domestic life insurance business) Mitsui Sumitomo Aioi Life Insurance Company, Limited	Headquarters	27-2, Shinkawa 2-chome, Chuo-ku, Tokyo	Oct. 1, 2014
Mitsui Sumitomo Primary Life Insurance Company, Limited	Headquarters	3-7, Yaesu 1-chome, Chuo-ku, Tokyo	May 1, 2008

(4) Employees of Corporate Group

(Number of employees)

Division name	End of previous fiscal year	End of fiscal year under review	Change for the fiscal year under review
(Insurance holding company) MS&AD Insurance Group Holdings, Inc.	399	409	10
(Domestic non-life insurance business) Mitsui Sumitomo Insurance Company, Limited	14,577	14,731	154
Aioi Nissay Dowa Insurance Company, Limited	13,657	13,775	118
Mitsui Direct General Insurance Company, Limited	545	552	7
(Domestic life insurance business) Mitsui Sumitomo Aioi Life Insurance Company, Limited	2,604	2,588	(16)
Mitsui Sumitomo Primary Life Insurance Company, Limited	400	396	(4)
(Overseas business) Overseas insurance subsidiaries	8,958	9,215	257
Others	327	276	(51)

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

(5) Major lenders of Corporate Group

(Yen in millions)

Division Name	Lender	Amount Borrowed
(Domestic non-life insurance business) Mitsui Sumitomo Insurance Company, Limited	Syndicated loan	198,381

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

(6) Capital procurement of Corporate Group

Bonds issued

(Yen in millions)

Division name	Description	Amount issued
(Domestic non-life Insurance Business) Mitsui Sumitomo Insurance Company, Limited	Issued in July 2019 6th Series of Unsecured Bonds (with limited inter-bond pari-passu clause)	100,000

(7) Capital investment of Corporate Group

a. Total amount of Capital Investment

(Yen in millions)

Division name	Amount
(Insurance holding company) MS&AD Insurance Group Holdings, Inc.	6
(Domestic non-life insurance business) Mitsui Sumitomo Insurance Company, Limited	16,263
Aioi Nissay Dowa Insurance Company, Limited	14,021
Mitsui Direct General Insurance Company, Limited	44
(Domestic life insurance business) Mitsui Sumitomo Aioi Life Insurance Company, Limited	472
Mitsui Sumitomo Primary Life Insurance Company, Limited	327
(Overseas business) Overseas insurance subsidiaries	1,817
Others	93

b. Establishment of Major Facilities, etc.

(Yen in millions)

Division name	Description	Amount
(Domestic non-life insurance business) Aioi Nissay Dowa Insurance Company, Limited	Acquisition of a building related to Seiseki Sakuragaoka Center	4,410

8) The Parent Company and main subsidiaries

a. Status of the Parent Company

Not applicable.

b. Status of main subsidiaries

Name of company	Location	Principal business	Date of incorporation	Paid-in capital	Percentage of voting rights (%)	Note
Mitsui Sumitomo Insurance Co., Ltd.	Chiyoda -ku, Tokyo	Non-life insurance business	Oct. 21, 1918	¥139,595 million	100.0%	-
Aioi Nissay Dowa Insurance Co., Ltd.	Shibuya -ku, Tokyo	Non-life insurance business	Jun. 30, 1918	¥100,005 million	100.0%	-
Mitsui Direct General Insurance Co., Ltd.	Bunkyo -ku, Tokyo	Non-life insurance business	Jun. 3, 1999	¥39,106 million	89.7%	-
au insurance Co., Ltd.	Minato -ku, Tokyo	Non-life insurance business	Feb. 23, 2010	¥3,150 million	49.0% (49.0%)	-
Mitsui Sumitomo Aioi Life Insurance Co., Ltd.	Chuo -ku, Tokyo	Life insurance business	Aug. 8, 1996	¥85,500 million	100.0%	-
Mitsui Sumitomo Primary Life Insurance Co., Ltd.	Chuo -ku, Tokyo	Life insurance business	Sep. 7, 2001	¥41,060 million	100.0%	-
MITSUI SUMITOMO INSURANCE Venture Capital Co., Ltd.	Chuo -ku, Tokyo	Venture capital business	Dec. 6, 1990	¥1,000 million	100.0% (100.0%)	-
Sumitomo Mitsui DS Asset Management Company, Limited	Minato -ku, Tokyo	Investment advisory business and investment trust management business	Jul. 15, 1985	¥2,000 million	15.0% (15.0%)	-
MS&AD InterRisk Research & Consulting, Inc.	Chiyoda -ku, Tokyo	Risk management and consulting business	Jan. 4, 1993	¥330 million	100.0%	-
MSIG Holdings (U.S.A.), Inc.	New York, U.S.A.	Holding company	Oct. 21, 1988	US\$920,440 thousand (¥100,171 million)	100.0% (100.0%)	-
Mitsui Sumitomo Insurance USA Inc.	New York, U.S.A.	Non-life insurance business	Jan. 28, 1988	US\$5,000 thousand (¥544 million)	100.0% (100.0%)	-
Mitsui Sumitomo Insurance Company of America	New York, U.S.A.	Non-life insurance business	Mar. 29, 2001	US\$5,000 thousand (¥544 million)	100.0% (100.0%)	-
MSIG Specialty Insurance USA Inc.	New York, U.S.A.	Non-life insurance business	Jan. 11, 1994	US\$5,000 thousand (¥544 million)	100.0% (100.0%)	-
DTRIC Insurance Company, Limited	Honolulu, U.S.A.	Non-life insurance business	Dec. 12, 1978	US\$4,500 thousand (¥489 million)	100.0% (100.0%)	-
DTRIC Insurance Underwriters, Limited	Honolulu, U.S.A.	Non-life insurance business	Feb. 2, 2007	US\$2,500 thousand (¥272 million)	100.0% (100.0%)	-

Name of company	Location	Principal business	Date of incorporation	Paid-in capital	Percentage of voting rights (%)	Note
Mitsui Sumitomo Seguros S/A.	Sao Paulo, Brazil	Non-life insurance business	Dec. 15, 1965	BRL619,756 thousand (¥13,101 million)	100.0% (100.0%)	-
Aioi Nissay Dowa Europe Limited	London, U.K.	Holding company	Nov. 8, 2017	UK£350,010 thousand (¥46,663 million)	100.0% (100.0%)	-
Aioi Nissay Dowa Insurance UK Limited	London, U.K.	Non-life insurance business	Dec. 11, 2017	UK£60,100 thousand (¥8,012 million)	100.0% (100.0%)	-
Mitsui Sumitomo Insurance Company (Europe), Limited	London, U.K.	Non-life insurance business	Jul. 28, 1972	UK£80,700 thousand (¥10,758 million)	100.0% (100.0%)	-
MS Amlin Corporate Member Limited	London, U.K.	Non-life insurance business	Sep. 19, 1994	UK£1,700 thousand (¥226 million)	100.0% (100.0%)	-
MS Amlin Underwriting Limited	London, U.K.	Non-life insurance business	Nov. 29, 1988	UK£400 thousand (¥53 million)	100.0% (100.0%)	-
MSI Corporate Capital Limited	London, U.K.	Non-life insurance business	Jan. 7, 2000	UK£5,200 thousand (¥693 million)	100.0% (100.0%)	-
Leadenhall Capital Partners LLP	London, U.K.	ART (Alternative Risk Transfer) business	Apr. 30, 2008	US\$2,846 thousand (¥309 million)	80.0% (80.0%)	-
ReAssure Group Plc	Shropshire, U.K.	Holding company	Oct. 1, 2018	UK£100,000 thousand (¥13,332 million)	25.0%	-
MS Amlin AG	Zurich, Switzerland	Non-life insurance business	Aug. 19, 2010	SFR10,000 thousand (¥1,132 million)	100.0% (100.0%)	-
MSIG Insurance Europe AG	Cologne, Germany	Non-life insurance business	Apr. 20, 2012	€84,000 thousand (¥10,042 million)	100.0% (100.0%)	-
Aioi Nissay Dowa Life Insurance of Europe AG	Ismaning, Germany	Life insurance business	Dec. 8, 2005	€5,000 thousand (¥597 million)	100.0% (100.0%)	-
MS Financial Reinsurance Limited	Hamilton, Bermuda	Life insurance business	Nov. 21, 2011	¥46 million	100.0% (100.0%)	-
MS Amlin Insurance SE	Brussels, Belgium	Non-life insurance business	Jan. 4, 2016	€30,000 thousand (¥3,586 million)	100.0% (100.0%)	-
Aioi Nissay Dowa Insurance Company of Europe SE	Senningerberg, Luxembourg	Non-life insurance business	Nov. 12, 2004	€41,875 thousand (¥5,006 million)	100.0% (100.0%)	-
MSIG Holdings (Asia) Pte. Ltd.	Singapore, Singapore	Holding company	Sep. 23, 2004	S\$783,018 thousand (¥59,799 million)	100.0% (100.0%)	-
MSIG Insurance (Singapore) Pte. Ltd.	Singapore, Singapore	Non-life insurance business	Sep. 23, 2004	S\$333,442 thousand (¥25,464 million)	100.0% (100.0%)	-
MS First Capital Insurance Limited	Singapore, Singapore	Non-life insurance business	Dec. 9, 1950	S\$26,500 thousand (¥2,023 million)	97.7% (97.7%)	-
Aioi Nissay Dowa Insurance Company Australia Pty Ltd	Melbourne, Australia	Non-life insurance business	Aug. 1, 2008	A\$87,800 thousand (¥5,802 million)	100.0% (100.0%)	-

Name of company	Location	Principal business	Date of incorporation	Paid-in capital	Percentage of voting rights (%)	Note
Challenger Limited	Sydney, Australia	Holding company	Sep. 13, 1985	A\$2,110 million (¥139,500 million)	16.5%	-
MSIG Mingtai Insurance Co., Ltd.	Taipei, Taiwan	Non-life insurance business	Sep. 22, 1961	NT\$2,535 million (¥9,129 million)	100.0% (100.0%)	-
Aioi Nissay Dowa Insurance (China) Company Limited	Tianjin, P.R.C.	Non-life insurance business	Jan. 23, 2009	RMB625,000 thousand (¥9,568 million)	100.0% (100.0%)	-
Mitsui Sumitomo Insurance (China) Company Limited	Shanghai, P.R.C.	Non-life insurance business	Sep. 6, 2007	RMB500,000 thousand (¥7,655 million)	100.0% (100.0%)	-
MSIG Insurance (Hong Kong) Limited	Hong Kong, P.R.C.	Non-life insurance business	Sep. 8, 2004	HK\$1,625 million (¥22,826 million)	100.0% (100.0%)	-
MSIG Insurance (Vietnam) Company Limited	Hanoi, Vietnam	Non-life insurance business	Feb. 2, 2009	VND300,000 million (¥1,380 million)	100.0% (100.0%)	-
Cholamandalam MS General Insurance Company Limited	Chennai, India	Non-life insurance business	Nov. 2, 2001	INR2,988 million (¥4,362 million)	40.0% (40.0%)	-
Max Life Insurance Company Limited	Chandigarh, India	Life insurance business	Jul. 11, 2000	INR19,188 million (¥28,014 million)	25.5% (25.5%)	-
PT. Asuransi Jiwa Sinarmas MSIG Tbk	Jakarta, Indonesia	Life insurance business	Jul. 17, 1984	IDR210,000 million (¥1,407 million)	80.0% (80.0%)	-
PT. Asuransi MSIG Indonesia	Jakarta, Indonesia	Non-life insurance business	Dec. 17, 1975	IDR100,000 million (¥670 million)	80.0% (80.0%)	-
Ceylinco Insurance PLC	Colombo, Sri Lanka	Holding company	Feb. 11, 1987	LKR1,324 million (¥768 million)	15.0% (15.0%)	-
MSIG Insurance (Thailand) Public Company Limited	Bangkok, Thailand	Non-life insurance business	Apr. 14, 1983	THB142,666 thousand (¥476 million)	86.4% (86.4%)	-
BPI/MS Insurance Corporation	Makati, Philippines	Non-life insurance business	Oct. 1, 1965	PHP350,000 thousand (¥756 million)	48.5% (48.5%)	-
MSIG Insurance (Malaysia) Bhd.	Kuala Lumpur, Malaysia	Non-life insurance business	Apr. 28, 1979	MYR1,511 million (¥37,970 million)	65.4% (65.4%)	-
Hong Leong Assurance Berhad	Kuala Lumpur, Malaysia	Life insurance business	Dec. 20, 1982	MYR200,000 thousand (¥5,024 million)	30.0% (30.0%)	-
MSIG Insurance (Lao) Co., Ltd.	Vientiane, Laos	Non-life insurance business	Sep. 18, 2009	US\$2,000 thousand (¥217 million)	51.0% (51.0%)	-

(Notes)

1. The table above shows main subsidiaries and other companies.
2. Shown in parentheses in the Paid-in capital column is the Yen value as translated at the exchange rate on the last day of the fiscal year under review.
3. Shown in parentheses in the Percentage of voting rights column is the percentage of voting rights indirectly held.

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

Not applicable.

(10) Other important matters concerning state of Corporate Group

Not applicable.

2. Matters Concerning Officers

(1) Status of officers

		(As of end of fiscal year)	
Name	Position and Duties	Significant concurrent positions	Other
Hisahito Suzuki	Representative Director, Chairman & Director, Chairman Executive Officer	Director & Chairman, Aioi Nissay Dowa Insurance Co., Ltd. (“ADI”)	-
Yasuyoshi Karasawa	Representative Director, President & CEO (Group CEO)	Chairman & Director, Chairman Executive Officer, Mitsui Sumitomo Insurance Co., Ltd. (“MSI”)	-
Noriyuki Hara	Representative Director, Executive Officer	President, Director & CEO, <i>MSI</i>	-
Yasuzo Kanasugi	Representative Director, Executive Officer	Director & President, <i>ADI</i>	-
Shiro Fujii	Director, Executive Vice President Corporate Planning Dept., Corporate Communications and Investor Relations Dept., Business Development Dept., International Life Insurance Business Dept., Information Technology Planning Dept., International Supervisory Dept., Internal Audit Dept., Group Chief Financial Officer, Capital Policy, Sustainability	-	-
Masahiro Higuchi	Director Executive Officer Claims Services	Director, Senior Executive Officer, <i>ADI</i>	-
Takashi Kuroda	Director Executive Officer Sales	Director, Executive Vice President, <i>MSI</i>	-
Mari Matsunaga	Director (Outside Director)	Director (External Director), Rohto Pharmaceutical Co., Ltd. Director (Outside Director), Seiko Epson Corporation	-
Mariko Bando	Director (Outside Director)	Chancellor and Chairperson of the board, Showa Women’s University Director (Outside Director), Mitsubishi Research Institute, Inc.	-
Akira Arima	Director (Outside Director)	-	-
Kazuhito Ikee	Director (Outside Director)	Professor, Faculty of Economics, Risho University	-
Junichi Tobimatsu	Director (Outside Director)	Attorney-at-law, GAIEN PARTNERS Director, AI, Inc. (Outside Director (Auditor)) Outside Corporate Auditor, amana inc. Auditor, CANDEAL Co., Ltd. (Outside Auditor)	-
Hidema Jinno	Audit & Supervisory Board Member (Full-time)	-	-
Tomoko Kondo	Audit & Supervisory Board Member (Full-time)	-	-
Kunio Chiyoda	Outside Audit & Supervisory Board Member	Director of Terasaki Electric Co., Ltd. (Outside Director	As a certified public

		(As of end of fiscal year)	
Name	Position and Duties	Significant concurrent positions	Other
		(Audit Committee) Director of SEIWA ELECTRIC MFG. CO., LTD. (External director (Audit and supervisory committee member))	accountant, Mr. Kunio Chiyoda has considerable knowledge of finance and accounting.
Kyoko Uemura	Outside Audit & Supervisory Board Member	Attorney-at-Law, Miyama, Koganemaru & Associates Director, SoftBank Corp. (External Director)	-

(Notes)

- The Company has submitted to the Tokyo Stock Exchange and Nagoya Stock Exchange an Independent Director/Auditor Notification, indicating that Directors Mari Matsunaga, Mariko Bando, Akira Arima, Kazuhito Ikeo and Junichi Tobimatsu, Audit & Supervisory Board Members Kunio Chiyoda and Kyoko Uemura are Independent Director/Audit & Supervisory Board Members who are unlikely to have conflict of interests with general shareholders.
- The Company adopts an Executive Officer system. Executive Officers (excluding Directors who are also an Executive Officer) as of March 31, 2020 are as follows:

Senior Executive Officer	Fumiaki Ohkawabata	Human Resources and General Administration Dept., Accounting Dept., Compliance Dept., Corporate Risk Management Dept., Internal Audit Dept., Group Chief Risk Officer
Senior Executive Officer	Shinichiro Funabiki	Administration and Information Systems Group Chief Information Technology Officer Group Chief Information Security Officer Group Chief Digitalization Officer
Executive Officer	Masahiro Matsumoto	International Business
Executive Officer	Teruhiko Ito	Asset Management, Financial Services Business
Executive Officer	Tetsuji Higuchi	Assist Management
Executive Officer	Yukio Ogata	Underwriting & Reinsurance
Executive Officer	Satoru Tamura	Assist Management
Executive Officer	Naomi Motojima	Diversity & Inclusion
Executive Officer	Yusuke Shirai	General Manager of Corporate Planning Dept.

Mr. Teruhiko Ito and Mr. Yukio Ogata retired as Executive Officers on March 31, 2020.

3. There were changes in Executive Officers as of April 1, 2020. Executive Officers as of April 1, 2020 are as follows:

Chairman	Hisahito Suzuki	
Executive Officer		
President & CEO	Yasuyoshi Karasawa	Group Chief Executive Officer
Executive Officer	Noriyuki Hara	
Executive Officer	Yasuzo Kanasugi	
Senior Executive Officer	Fumiaki Ohkawabata	Human Resources and General Administration Dept., Accounting Dept., Compliance Dept., Corporate Risk Management Dept., Internal Audit Dept., Group Chief Risk Officer
Senior Executive Officer	Tetsuji Higuchi	Corporate Planning Dept., Information Technology Planning Dept., Business Development Dept., Corporate Communications and Investor Relations Dept., International Supervisory Dept., International Life Insurance Business Dept., Data Management Dept., Internal Audit Dept., Capital Policy, Sustainability, Group Chief Financial Officer
Executive Officer	Shinichiro Funabiki	Assist Management, Group Chief Digitalization Officer
Executive Officer	Masahiro Matsumoto	International Business
Executive Officer	Satoru Tamura	Assist Management
Executive Officer	Naomi Motojima	Diversity & Inclusion
Executive Officer	Yusuke Shirai	General Manager of Corporate Planning Dept.
Executive Officer (New Appointment)	Masahito Fukuda	Sales
Executive Officer (New Appointment)	Hitoshi Goto	Asset Management, Financial Services Business
Executive Officer (New Appointment)	Takaoki Endo	Claims Services
Executive Officer (New Appointment)	Masashi Ippongi	Administration and Information Systems Group Chief Information Officer Group Chief Information Security Officer
Executive Officer (New Appointment)	Keisuke Niino	Underwriting & Reinsurance

4. Director Shiro Fujii was appointed as Representative Director, Chairman Executive Officer of Mitsui Sumitomo Primary Life Insurance Company, Limited as of April 1, 2020.

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

Substitute Audit & Supervisory Board Member	Takuya Nakazato
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(2) Remuneration to officers

Category	Number of recipients	Remuneration (Yen in millions)
Directors	12	305
Audit & Supervisory Board Members	5	79
Total	17	384

(Notes)

1. The number of recipients to be paid includes one (1) Audit & Supervisory Board Member who retired during this fiscal year.
2. Remuneration includes remuneration for one (1) Audit & Supervisory Board Member who retired during this fiscal year.
3. The remuneration of eight (8) Directors paid by the business year resulted in a difference of 26 million yen from the reserve for performance-linked remuneration based on the performance of the previous fiscal year, which is not included in the table above.
4. Based on a resolution adopted at the Annual Shareholders Meeting, the remuneration of Directors shall be no more than 500 million yen per year (exclusive of wages as an employee payable to a Director also serving as an employee) (of which remuneration for Outside Directors shall be no more than 100 million yen per year), the total amount of monetary remuneration receivables provided for allotting restricted stock to Directors (excluding Outside Directors) shall be no more than 200 million yen per year, and remuneration for Audit & Supervisory Board Members shall be no more than 110 million yen per year.
5. The remuneration includes remuneration for restricted stock to Directors amounting to 28 million yen.

(3) Limited liability agreement

Name	Summary of content in limited liability agreements
(Outside Directors) Mari Matsunaga Mariko Bando Akira Arima Kazuhito Ikee Junichi Tobimatsu	The Company has concluded agreements with each of the persons limiting his/her liability under Article 423, Paragraph 1 of the Companies Act. The amount of limited liability based on these agreements is the sum of the amounts stipulated in all items of Article 425, Paragraph 1 of the Companies Act.
(Outside Audit & Supervisory Board Members) Kunio Chiyoda Kyoko Uemura	

3. Matters Concerning Outside Officers

(1) Concurrent and other status of Outside Directors and Audit & Supervisory Board Members

Name	Concurrent position or other matters
(Outside Directors) Mari Matsunaga Mariko Bando Akira Arima Kazuhito Ikeo Junichi Tobimatsu	Director (Outside Director), Rohto Pharmaceutical Co., Ltd. Director (Outside Director), Seiko Epson Corporation Chancellor and Chairperson of the board, Showa Women's University Outside Director, Mitsubishi Research Institute, Inc. - Professor, Faculty of Economics, Risho University Attorney-at-law, GAIEN PARTNERS Director, AI, Inc. (Outside Director (Auditor)) Outside Corporate Auditor, amana inc. (Outside Corporate Auditor) Auditor, CANDEAL Co., Ltd. (Outside Auditor)
(Outside Audit & Supervisory Board Members) Kunio Chiyoda Kyoko Uemura	Director of Terasaki Electric Co., Ltd. (Outside Director (Audit Committee)) Director of SEIWA ELECTRIC MFG. CO., LTD. (External Director (Audit and Supervisory Committee Member)) Attorney-at-Law, Miyama, Koganemaru & Associates Director, SoftBank Corp. (Outside Director)

Note: There is no special relationship between any of the above entities and the Company.

(2) Primary activities of Outside Officers

Name	Length of time in office	Attendance at Board of Directors meetings etc.	Major activities including the remarks made at board meetings etc.
Mari Matsunaga (Outside Director)	7 years and 9 months	Attended 10 of 11 Board of Directors meetings held during fiscal year 2019.	She has fulfilled her monitoring and supervision functions on management by appropriate statements and recommendations, based on her knowledge and experience concerning society, culture, consumer lifestyles, etc.
Mariko Bando (Outside Director)	2 years and 9 months	Attended 10 of 11 Board of Directors meetings held during fiscal year 2019.	She has fulfilled her monitoring and supervision functions on management by appropriate statements and recommendations, based on her knowledge and experience concerning the administrative and educational fields.
Akira Arima (Outside Director)	1 year and 9 months	Attended all 11 meetings of the Board of Directors held during fiscal year 2019.	He has fulfilled his monitoring and supervision functions on management by appropriate statements and recommendations, based on his knowledge concerning telecommunications business and experience as a management executive.
Kazuhito Ikeo (Outside Director)	1 year and 9 months	Attended all 11 meetings of the Board of Directors held during fiscal year 2019.	He has fulfilled his monitoring and supervision functions on management by appropriate statements and recommendations, based on his knowledge and experience concerning economic and fiscal fields as well as financial administration.
Junichi Tobimatsu (Outside Director)	1 year and 9 months	Attended all 11 meetings of the Board of Directors held during fiscal year 2019.	He has fulfilled his monitoring and supervision functions on management by appropriate statements and recommendations, based on his extensive knowledge and experience as an attorney-at-law.
Kunio Chiyoda (Outside Audit & Supervisory Board Member)	3 years and 9 months	Attended all the 11 meetings of the Board of Directors and all the 11 meetings of the Audit & Supervisory Board held during fiscal year 2019.	He has fulfilled his monitoring and supervision functions on management by appropriate statements and recommendations, based on his knowledge and experience of accounting and audit as a certified public accountant.
Kyoko Uemura (Outside Audit & Supervisory Board Member)	2 years and 9 months	Attended all the 11 meetings of the Board of Directors and all the 11 meetings of the Audit & Supervisory Board held during fiscal year 2019.	She has fulfilled her monitoring and supervision functions on management by appropriate statements and recommendations, based on her knowledge and experience as an attorney-at-law.

(Notes)

1. The period of office of each individual is from the date of their assumption of office to March 31, 2020 (or the date of their retirement).
2. In addition to the number of the Board of Directors meetings as above, two written resolutions were made that the resolution is deemed to have been made by the Board of Directors meeting, in accordance with Article 370 of the Companies Act and Article 26 of the Articles of Incorporation.

(3) Remuneration for Outside Officers

(Yen in millions)

	Number of recipients	Remuneration from the insurance holding company	Remuneration from the Parent Company, etc. of the insurance holding company
Total Remuneration	7	96	-

(Note) The breakdown of remuneration from insurance holding companies is 72 million yen for Outside Directors and 24 million yen for Outside Audit & Supervisory Board Members.

(4) Opinion of Outside Officers

There is no opinion from Outside Officers concerning matters (1) to (3).

4. Matters Concerning Stock

(1) Number of shares

Total number of issuable shares	900,000 thousand shares
Total number of shares issued	593,291 thousand shares

(2) Number of shareholders at the end of fiscal year 2019 63,251

(3) Major shareholders

Names of shareholders	Investment in the Company	
	Number of shares held (Thousand)	Ratio of shares held (%)
Toyota Motor Corporation	52,610	9.2
The Master Trust Bank of Japan, Ltd. (Trust account)	45,857	8.1
Nippon Life Insurance Company	36,325	6.4
Japan Trustee Services Bank, Ltd. (Trust account)	25,006	4.4
Japan Trustee Services Bank, Ltd. (Trust account 7)	14,363	2.5
JP MORGAN CHASE BANK 380055	10,620	1.9
Japan Trustee Services Bank, Ltd. (Trust account 5)	10,504	1.8
Government of Norway	9,709	1.7
Japan Trustee Services Bank, Ltd. (Trust account 9)	9,367	1.6
JP MORGAN CHASE BANK 385151	8,479	1.5

(Notes)

1. The Company owns 24,244 thousand treasury shares, but is omitted from the major shareholders above.
2. The ratio of shares held is calculated after deducting treasury shares.

5. Matters Concerning Stock Acquisition Rights, etc.

(1) Stock acquisition rights, etc. held by the Company's Directors and Audit & Supervisory Board Members as of the last day of the fiscal year

	Outline of the stock acquisition rights, etc.	Number of persons who hold stock acquisition rights, etc.
Directors (excluding Outside Directors)	2016 First Stock Options as Equity Compensation	
	Stock acquisition right allotment date: July 29, 2016	4
	Total number of stock acquisition rights: 4,219 (Number of shares underlying each stock acquisition right is one share per unit)	
	Type and number of shares underlying stock acquisition rights: Common stock of the Company: 4,219 shares	
	Exercise period for stock acquisition rights: From July 30, 2016 to July 29, 2046	
	Exercise value (per share): ¥1	
	Conditions on exercise of stock acquisition rights: (Note 2.)	
	2017 First Stock Options as Equity Compensation	
	Stock acquisition right allotment date: Aug. 1, 2017	5
	Total number of stock acquisition rights: 3,390 (Number of shares underlying each stock acquisition right is one share per unit)	
Type and number of shares underlying stock acquisition rights: Common stock of the Company 3,390 shares		
Exercise period for stock acquisition rights: From Aug. 2, 2017 to Aug. 1, 2047		
Exercise value (per share): ¥1		
Conditions on exercise of stock acquisition rights (Note 2.)		
2018 First Stock Options as Equity Compensation		
Stock acquisition right allotment date: Aug. 1, 2018	5	
Total number of stock acquisition rights: 3,078 (Number of shares underlying each stock acquisition right is one share per unit)		
Type and number of shares underlying stock acquisition rights: Common stock of the Company 3,078 shares		
Exercise period for stock acquisition rights: From Aug. 2, 2018 to Aug. 1, 2048		
Exercise value (per share): ¥1		
Conditions on exercise of stock acquisition rights (Note 2.)		
2019 First Stock Options as Equity Compensation		
Stock acquisition right allotment date: Aug. 1, 2019	7	
Total number of stock acquisition rights: 9,711 (Number of shares underlying each stock		

	acquisition right is one share per unit) Type and number of shares underlying stock acquisition rights: Common stock of the Company 9,711 shares Exercise period for stock acquisition rights: From Aug. 2, 2019 to Aug. 1, 2049 Exercise value (per share): ¥1 Conditions on exercise of stock acquisition rights (Note 2.)	
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

(Notes)

1. The table shows stock acquisition rights which have been granted by offsetting the right to claim remuneration to the Company, with the payment obligations for the stock acquisition rights that have been allotted to each person.
2. A rights holder may exercise his/her stock acquisition rights only after he/she relinquishes his/her position as a Director, Executive Officer, and full-time Audit & Supervisory Board Member at the Company or its subsidiaries which consist of five domestic insurance companies (Note 3.). In such a case, a rights holder may exercise his/her stock acquisition rights all at once, during the period beginning on the day following the day he/she relinquishes his/her position as a Director, Executive Officer, and full-time Audit & Supervisory Board Member at the Company or at one of the five domestic insurance companies, until the elapse of 10 days.
3. Mitsui Sumitomo Insurance Company, Limited, Aioi Nissay Dowa Insurance Company, Limited, Mitsui Sumitomo Aioi Life Insurance Company, Limited, Mitsui Sumitomo Primary Life Insurance Company, Limited and Mitsui Direct General Insurance Company, Limited.
4. As of the last day of the fiscal year the Directors of the Company (excluding Outside Directors) hold stock acquisition rights granted in consideration for the execution of their duties as the Company's Director, the number of which is shown in the table above. In addition to this, the Directors of the Company (excluding Outside Directors) hold stock acquisition rights granted as the Executive Officers of the Company or the Directors or Executive Officers of the Company's major subsidiaries at the time of issuance of the stock acquisition rights, the number of which is shown below.
 - Number of stock acquisition rights issued as of July 2016: 9,384
 - Number of stock acquisition rights issued as of August 2017: 7,353
 - Number of stock acquisition rights issued as of August 2018: 7,736
 - Number of stock acquisition rights issued as of August 2019: 27,076

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

	Outline of the details of the stock acquisition rights, etc. and the number of persons who hold stock acquisition rights, etc.		
	2019 First stock options as equity compensation		2019 Second stock options as equity compensation
	Employees (Note 2.)	Officers of Subsidiaries, etc.	Employees of Subsidiaries, etc.
Stock acquisition right allotment date:	Aug. 1, 2019		
Total number of stock acquisition rights	16,464 (Note 3.) (Number of shares underlying each stock acquisition right is one share per unit)	90,082 (Note 4.) (Number of shares underlying each stock acquisition right is one share per unit)	16,380 (Note 5.) (Number of shares underlying each stock acquisition right is one share per unit)
Type and number of share underlying stock acquisition rights	Common stock of the Company: 16,464 shares	Common stock of the Company: 90,082 shares	Common stock of the Company: 16,380 shares
Exercise period for stock acquisition rights	From Aug. 2, 2019 to Aug. 1, 2049		
Exercise value (per share)	¥1		
Conditions on exercise of stock acquisition rights	(Note 6.)		(Note 8.)
Number of persons who hold stock acquisition rights, etc.	8	76	74

(Notes)

- The table shows stock acquisition rights which have been granted by offsetting the right to claim remuneration to the Company, with the payment obligations for the stock acquisition rights that have been allotted to each person.
- The employees of the Company are Executive Officers of the Company (excluding Executive Officers who concurrently hold Director positions).
- The number includes stock acquisition rights granted to the employees of the Company in consideration for the execution of their duties as the Directors or Executive Officers at the major subsidiaries of the Company if they were granted such stock acquisition rights.
- The number includes stock acquisition rights granted to the Executive Officers of the major subsidiaries of the Company who were former Executive Officers of the Company, in consideration for the execution of their duties at the Company.
- This is the number of stock acquisition rights granted in consideration for the execution of the duties at the major subsidiaries of the Company.
- A rights holder may exercise his/her stock acquisition rights only after he/she relinquishes his/her position as a Director, Executive Officer, and full-time Audit & Supervisory Board Member at the Company or its subsidiaries which consist of five domestic insurance companies (Note 7.). In such a case, a rights holder may exercise his/her stock acquisition rights all at once, during the period beginning on the day following the day he/she relinquishes his/her position as a Director, Executive Officer, and full-time Audit & Supervisory Board Member at the Company or at one of the five domestic insurance companies, until the elapse of 10 days.
- Mitsui Sumitomo Insurance Company, Limited, Aioi Nissay Dowa Insurance Company, Limited, Mitsui Sumitomo Aioi Life Insurance Company, Limited, Mitsui Sumitomo Primary Life Insurance Company, Limited and Mitsui Direct General Insurance Company, Limited.
- A rights holder may exercise his/her stock acquisition rights only after his/her employment contract with one of the subsidiaries of the Company, Mitsui Sumitomo Insurance Company, Limited or Aioi Nissay Dowa Insurance Company, Limited has ended. In such a case, a rights holder may exercise his/her stock acquisition rights all at once, only during the period beginning on the day following the day his/her employment contract with Mitsui Sumitomo Insurance Company, Limited or Aioi Nissay Dowa Insurance Company, Limited has ended, until the elapse of 10 days.

6. Matters Concerning Accounting Auditor

(1) Accounting Auditor

(Yen in millions)

Name or title	Remuneration for the fiscal year under review	Other
KPMG AZSA LLC. Designated and engagement partner: Hiroyuki Yamada Designated and engagement partner: Ikuo Hirakuri Designated and engagement partner: Fumito Hirose	69	1. Apart from work under Article 2, Paragraph 1 of the Certified Public Accountants Act, the Company has paid the Accounting Auditor remuneration for professional guidance and advice, etc. for IFRS application. 2. The Audit & Supervisory Board has given its consent in accordance with Article 399, Paragraph 1 of the Companies Act relating to remuneration of the Accounting Auditor upon confirming and verifying the appropriateness of its Audit Plan, performance status of duties and calculation basis for remuneration quotation.

(Notes)

1. The sum of the amounts payable in cash and in kind from the Company and its subsidiaries is 557 million yen.
2. The amount shown in the table above includes remuneration for audits under the Financial Instruments and Exchange Law, since the audit contract between the Company and the Accounting Auditor does not provide for separate amounts of remuneration for audits under the Companies Act and audits, etc. under the Financial Instruments and Exchange Law, nor can they practically be separated.

(2) Limited liability agreement

Not applicable.

(3) Other matters concerning Accounting Auditor

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

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

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

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

7. Basic Policy concerning Persons in Control of Decisions on Finance and Business Policy

Not applicable.

8. System for Ensuring the Propriety of Business

(1) Basic Policy Pertaining to System for Internal Controls

A summary of resolutions adopted by the Board of Directors regarding the establishment of the above system is as set out below. The Company partially revised our previous contents as of April 1, 2020. The following is after the revision.

MS&AD Insurance Group Basic Policy Pertaining to System for Internal Controls

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

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

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

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

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

- (1) To ensure that there is no conflict between quick decision making and proper monitoring, the Holding Company shall adopt an Executive Officer System, appoint Outside Directors, and strengthen and separate the “Management Decision Making and Oversight Functions” by the Board of Directors and the “Business Execution Functions” by Executive Officers. In addition, in order to enable practical deliberations by the Board of Directors, the number of Directors shall not exceed 15 members, and the delegation of authority over business execution to Executive Officers shall be promoted.
- (2) To facilitate the proper and efficient execution of duties by Directors and Executive Officers, the Holding Company shall institute rules pertaining to the organization and exercise of authority etc. to clarify the duties that must be performed and the rules of administrative authority.
- (3) The Holding Company shall institute the Group’s Medium-term Management Plan and annual plans, strive to have them instilled among all officers and employees of the Holding Company and Group companies, and set numerical targets for each business area and properly distribute management resources to accomplish the goals of the plans. In addition, Corporate Governance, Compliance, Risk Management and etc. are positioned as important matters of management in the Medium-term Management Plan.
- (4) The Holding Company shall institute the IT Governance Basic Policy of the Group in consideration of the importance of information technology (IT) as a managerial foundation of the Group, and establish an IT governance structure throughout the Group.
- (5) The Holding Company shall institute the Basic Policy on Taxes of the Group in consideration of the importance of tax matters in its business activities and establish a tax governance structure throughout the Group.
- (6) Executive Officers of the Holding Company shall provide the Board of Directors with reports of the status of business execution for the Company and the Directly Invested Companies (including summaries of business results). The Holding Company’s Board of Directors shall take measures as necessary based on the content of these reports, such as modifying the targets or assigning additional management resources.
- (7) The Holding Company shall convene regular meetings of the Group Management Committee. The Group Management Committee shall have officers from the domestic Group insurance companies attend its meetings as necessary to discuss important matters affecting the Group’s business strategy and management of the domestic Group insurance companies and shall determine the direction of decision making.

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

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

aware of compliance-related problems. Having received such reports and information, the Holding Company's Compliance Department shall work with the relevant departments and Group companies to investigate the content of such reports and formulate measures to prevent recurrences.

- (5) The Holding Company and Group companies shall establish a system and procedures to eliminate any antisocial influences, in line with the Group's Basic Policy Concerning Antisocial Forces instituted by the Holding Company (e.g., establishing a business unit to respond to problems, introducing guidelines, developing a system for managing databases concerning antisocial forces, strengthening collaboration with outside organizations such as police, etc.). We shall respond in uncompromising manner toward any antisocial influences, and all officers and employees must be fully informed to avoid requests that are unreasonable and inappropriate.
- (6) When the Holding Company engages in transactions with related parties such as officers of the Group, the Holding Company shall conduct appropriate monitoring to ensure that such transactions do not harm the interests of the Group and the common interests of its shareholders, such as by requiring approval of the Board of Directors of competitive transactions and transactions with a conflict of interest.
- (7) The Holding Company and Group insurance companies shall establish a system that ensures the compliance with the arm's length rule and the propriety of other transactions within the Group etc. in line with the Basic Policy on Internal Group Transactions and Business Alliances instituted by the Holding Company.
- (8) The Holding Company and domestic Group insurance companies shall establish a system to manage conflicts of interest based on the Group's Basic Policy for Management of Conflicts of Interest instituted by the Holding Company.
- (9) The Holding Company and Group companies shall establish a system to manage outsourcing based on the Group's Basic Policy for Management of Outsourcing instituted by the Holding Company.
- (10) The Holding Company and Group companies shall establish the Speak Up System (whistleblowing system), which shall enable all officers and employees to directly provide information to internal and external contact points regarding violations of laws and regulations, violations of internal company rules and regulations, inappropriate conduct, or risks of any of the aforementioned occurring, both at the organizational level and individual level, and shall strive to make all officers and employees aware of the system. In addition, the Holding Company shall institute rules for the operation of the Group's Speak Up System and thereby establish that there shall be no unfavorable treatment of whistleblowers as a result of having provided information. In addition, the Board of Directors shall be reported on the status of the operation of the system.
- (11) The Holding Company shall not encourage, approve nor instruct the Group companies or their officers and employees to engage in conduct that violates the law.

4. Enterprise Risk Management System (Provisions for Managing Risk of Loss of the Holding Company and its Subsidiaries and Other Systems)

- (1) The Holding Company and Group companies shall conduct appropriate risk management by sharing a basic approach and also instituting risk management policies for each company, appropriate to the conditions of each company, in line with the Group's Risk Management Basic Policy instituted by the Holding Company.
- (2) To have a full and complete understanding of the various types of risk present within the Group and to comprehensively carry out appropriate risk management, the Holding Company shall create business units and systems such as a Risk Management Department for these purposes. A Risk Management Committee shall also be established, and necessary measures shall be instituted to avoid and reduce risk based on the findings of this committee (including the confirmation results from comprehensive risk management (quantitative)).
- (3) The Holding Company shall monitor risk and the status of risk management for the Group as a whole, shall evaluate comprehensive risk for the entire Group on a quantitative basis and shall confirm that the capital needed for the Group as a whole is assured. The Board of Directors shall be reported on the status of these initiatives, in consideration of the results of consultation and coordination by the Risk Management Committee.
- (4) The Holding Company shall establish the Crisis Management System and the Business Continuity Management System for the Group as a whole in accordance with the Crisis Management Manual instituted by the Holding Company to fulfill corporate social responsibility and our responsibilities to stakeholders, and also establish the necessary systems to minimize damages caused by crisis.

5. System for Assuring the Reliability of Financial Reporting

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

6. System for Assuring the Effectiveness of Internal Audit

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

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

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

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

- (1) **System Pertaining to Employees Assisting with the Duties of Audit & Supervisory Board Member, as well as assuring independence of such employees and the effectiveness of instructions to such employees**
 - (i) To support the duties of Audit & Supervisory Board Members, the Holding Company has an Office of Audit & Supervisory Board with full-time employees.
 - (ii) The Holding Company's Directors shall respect the independence of the Office of Audit &

Supervisory Board. Organizational changes in the Office of Audit & Supervisory Board as well as transfer or discharge of the employees described above only takes effect upon reaching a consensus at an Audit & Supervisory Board meeting. Employee evaluation also takes place upon consultation with the Audit & Supervisory Board Member assigned by Audit & Supervisory Board.

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

- (i) If becoming aware of any serious violations of applicable law or the Articles of Incorporation, inappropriate conduct or those facts that pose a serious risk of harm to the Company, the Holding Company's Directors and Executive Officers shall promptly report such to the Audit & Supervisory Board Members.
- (ii) The Holding Company's Directors and Executive Officers shall make timely reports to the Audit & Supervisory Board Members of any decisions that will significantly affect businesses or organizational structures, the findings of internal audits, the status of whistleblowing and other matters to be reported to the Audit & Supervisory Board Members, in accordance with the process instituted in consultation with the Audit & Supervisory Board Members.
- (iii) Officers and employees of the Holding Company and the Group companies may also make direct reports to the Audit & Supervisory Board Members of the Holding Company of any matters regarding violations of laws and regulations, violations of internal company rules and regulations, inappropriate conduct, or risks of any of the aforementioned occurring, that pose a serious risk of harm to the Company.
- (iv) The Holding Company and the Group companies shall not subject persons making reports as described in items (i) to (iii) above to any unfavorable treatment for the reason that they have made such reports.

(3) Other Matters

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

(2) Overview of the Operational Status of the System for Internal Controls

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

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

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

By promoting understanding of the “Story of Value Creation”, which shows that staff’s daily activities lead to the realization of the Mission Statement, we are working to continuously disseminate the Corporate Philosophy (Mission), Corporate Vision and Code of Conduct (Values) (hereinafter these three components are referred as “MVV”). In addition to the Holding Company, the five insurance companies, and the affiliated companies directly invested by the Company (including subsidiaries of Mitsui Sumitomo Insurance Co., Ltd. and Aioi Nissay Dowa Insurance Co., Ltd., affiliated companies), since fiscal 2019, we conducted a staff awareness survey on MVV and other issues at overseas subsidiaries of the Group. We also reported to the Board of Directors on the state of creation and implementation of the Corporate Culture among the Group companies.

We institute the Group Basic Policies, require each directly invested company to obtain the approval of and report to the Holding Company regarding compliance with the Group Basic Policies and decisions on important matters, based on business management agreements that we have entered into with each company. With regard to overseas subsidiaries, we have consolidated the examination function for the status of management and control systems and the support function for compliance systems at the overseas offices of Mitsui Sumitomo Insurance Co., Ltd. and Aioi Nissay Dowa Insurance Co., Ltd. within the Holding Company and we are taking steps to promote monitoring of management systems and compliance.

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

In order to strengthen monitoring and oversight functions from the perspective of external human assets, which is independent from management, and to ensure highly transparent management, five (5) of the twelve (12) Directors (two of them are female) are Outside Directors making more than one-third of Directors composed of Outside Directors. For Outside Directors, each staff in charge gives advance explanations of the materials for discussion at the Board of Directors’ meeting.

The medium-term management plan sets management numerical target for each business domain, allocates capital based on the Risk Appetite Statements to the operating companies, and reports monthly performance at the Group Management Committee to verify the status of progress with respect to the income and expenditure plans. We will continue aiming to ensure soundness, increase return on risk, and improve capital efficiency based on the ERM cycle.

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

In order to conduct business activities based on high ethical standards through awareness of compliance, and compliance with laws and regulations, we conduct compliance training, conduct inspections to detect inappropriate acts at an early stage, and implement various measures to prevent their recurrence. The Company has established a Quality Improvement and Compliance Committee to promote business operations that put the Group’s customer first, ensure compliance, and establish corporate ethics. The committee meets quarterly in principle to monitor and discuss issues related to quality improvement and compliance systems, etc. for the overall Group and each company, and reports the results of its discussions, including measures to address recognized issues, to the Board of Directors.

The Group has established the Speak Up system (whistleblowing system) to provide internal and external reporting desks as well as a channel for reporting to the Audit & Supervisory Board Members, thereby establishing a system that enables reports by officers and employees at the Holding Company and Group companies. Furthermore, in April 2019, the Group reformed the rules for the operation of the Speak Up System, and strengthened management of the system by newly establishing an exclusive organization that has jurisdiction of matters pertaining to the Speak Up System with the aim of strengthening whistle-blower protection (prohibition of disadvantageous treatment, etc.) and confidentiality. The management status of the Speak Up System is reported to the Board of Directors once a year.

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

To enable the Company to manage risk in a way that integrates various types of risk, the Group has established organizations and systems such as the Risk Management Committee, integrated risk

management departments such as the Investment Risk Management Section, and “Regulations for Capital and Integrated Risk Management.” The Board of Directors of the Company verifies the status of the Group’s risks and the status of risk management initiatives by regularly receiving reports from the officer in charge of risk management on the results of discussions by the Risk Management Committee including confirmation results of the quantitative verification of integrated risk management, the status of Group critical risk management action plans, and the status of Group risks such as the status of monitoring indicators for Group critical risk.

Regarding Group critical risks, the Group verifies the status of the progress of Group critical risk management action plans, the effectiveness of the initiatives and the status of monitoring indicators every half year based on the “Management Standards for Group Critical Risks, Group Principal Risks and Group Emerging Risks,” and the officer in charge of risk management reports these to the Board of Directors in consideration of the results of consultation and coordination by the Risk Management Committee.

5. System for Assuring the Reliability of Financial Reporting

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

6. System for Assuring the Effectiveness of Internal Audit

The Holding Company and Group domestic insurance companies formulate risk-based internal audit plans and conduct effective and efficient internal audits of all Group business activities. The Holding Company has established a system to verify the internal auditing and internal management systems of Group’s domestic insurance companies through monitoring and other means and to promote its improvements. The status of each company is reported to the Board of Directors once a year.

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

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

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

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

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

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

Directors and Executive Officers execute their duties in recognition of the materiality of reporting to Audit & Supervisory Board Members. In addition, Holding Company and the Group companies operate the Speak Up system (whistle-blowing system) internally so that officers and employees can directly report to the Audit & Supervisory Board Members of the Holding Company, and confirm that the status of reporting under the Group’s Speak Up system is regularly reported to the Audit & Supervisory Board.

- (3) Other Systems to ensure that the audits of the Audit & Supervisory Board Members are Effectively Conducted

In addition to meetings of the Board of Directors, the Audit & Supervisory Board Members also attend other important meetings such as those of the Group Management Committee, Task Specific Committee Meetings and other committees. Moreover, the Chairperson of the Board and the President twice a year, and the other Representative Directors once a year, hold meetings with the Audit & Supervisory Board Members.

9. Matters Concerning Specified Wholly Owned Subsidiaries

(Yen in millions)

Corporate name	Location	Carrying value of the stock of the specified wholly owned subsidiary at the end of fiscal 2019
Mitsui Sumitomo Insurance Company, Limited	9, Kanda Surugadai 3-chome, Chiyoda-ku, Tokyo	648,528
Aioi Nissay Dowa Insurance Company, Limited	28-1, Ebisu 1-chome, Shibuya-ku, Tokyo	512,283

(Note) Total assets of the Company at the end of fiscal 2019 amounted to 1,656,210 million yen.

10. Matters Concerning Transactions with the Parent Company etc.

Not applicable.

11. Matters Concerning Accounting Advisors

Not applicable.

12. Other Matters

Not applicable.

FY2019 CONSOLIDATED BALANCE SHEET (As of March 31, 2020)

(Yen in millions)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Cash, deposits and savings	1,846,225	Policy liabilities:	17,809,540
Receivables under resale agreements	407,722	Outstanding claims	2,149,921
Monetary claims bought	160,091	Underwriting reserves	15,659,619
Money trusts	1,666,494	Bonds issued	809,093
Investments in securities	15,494,580	Other liabilities	1,672,264
Loans	892,335	Liabilities for pension and retirement benefits	179,686
Tangible fixed assets	488,331	Reserve for retirement benefits for officers	325
Land	231,122	Accrued bonuses for employees	28,392
Buildings	185,178	Reserve for losses on sales of shares of subsidiaries and associates	16,957
Lease assets	24,722	Reserves under the special laws:	137,400
Construction in progress	12,463	Reserve for price fluctuation	137,400
Other tangible fixed assets	34,843	Deferred tax liabilities	17,254
Intangible fixed assets:	442,695	Acceptances and guarantees	31,500
Software	108,892	Total liabilities	20,702,416
Goodwill	138,584	(Net Assets)	
Lease assets	346	Common stock	100,000
Other intangible fixed assets	194,873	Capital surplus	553,163
Other assets	1,535,400	Retained earnings	1,019,468
Assets for retirement benefits	24,113	Treasury stock	(84,432)
Deferred tax assets	219,385	Total shareholders' equity	1,588,199
Customers' liabilities under acceptances and guarantees	31,500	Net unrealized gains/(losses) on investments in securities	982,042
Bad debt reserve	(12,421)	Net deferred gains/(losses) on hedges	30,916
		Foreign currency translation adjustments	(140,106)
		Accumulated actuarial gains/(losses) on retirement benefits	(9,381)
		Total accumulated other comprehensive income/(loss)	863,470
		Stock acquisition rights	1,206
		Non-controlling interests	41,161
		Total net assets	2,494,038
Total assets	23,196,455	Total liabilities and net assets	23,196,455

FY2019 CONSOLIDATED STATEMENT OF INCOME

(from: April 1, 2019 to: March 31, 2020)

(Yen in millions)

Item	Amount	Item	Amount
Ordinary income	5,168,361	Extraordinary income	51,426
Underwriting income:	4,640,584	Gains on sales of fixed assets	4,809
Net premiums written	3,573,732	Reversal of reserves under the special laws	35,848
Deposit premiums from policyholders	75,553	Provision for reserve for price fluctuation	35,848
Investment income on deposit premiums from policyholders	39,177	Gain on step acquisitions	6,587
Life insurance premiums	943,721	Gain on change in equity	2,804
Other underwriting income	8,400	Other extraordinary income	1,377
Investment income:	511,529	Extraordinary loss	196,622
Interest and dividends income	304,514	Losses on sales of fixed assets	2,973
Investment gains on money trusts	64,627	Impairment losses on fixed assets	173,611
Investment gains on trading securities	55,652	Provision for losses on sales of shares of subsidiaries and associates	16,957
Gains on sales of securities	118,845	Other extraordinary losses	3,080
Gains on redemption of securities	4,387	Income/ (loss) before income taxes	12,505
Other investment income	2,679	Income taxes - current	34,420
Transfer of investment income on deposit premiums from policyholders	(39,177)	Income taxes - deferred	(167,482)
Other ordinary income	16,247	Total income taxes	(133,061)
Other ordinary income	16,247	Net income/ (loss)	145,567
Ordinary expenses	5,010,660	Net income /(loss) attributable to non-controlling interests	2,536
Underwriting expenses:	3,749,818	Net income/ (loss) attributable to owners of the parent	143,030
Net claims paid	2,027,212		
Loss adjustment expenses	177,354		
Commissions and collection expenses	727,409		
Maturity refunds to policyholders	220,697		
Dividends to policyholders	103		
Life insurance claims	376,620		
Provision for outstanding claims	19,962		
Provision for underwriting reserves	196,179		
Other underwriting expenses	4,278		
Investment expenses:	512,978		
Investment losses on money trusts	47,310		
Losses on sales of securities	18,021		
Impairment losses on securities	39,685		
Losses on redemption of securities	310		
Losses on derivative transactions	18,547		
Investment losses on separate accounts	57,457		
Other investment expenses	331,646		
Operating expenses and general and administrative expenses	694,618		
Other ordinary expenses:	53,244		

Interest expense	13,363		
Provision for bad debt reserve	4,456		
Loss on bad debts	163		
Losses on equity method investments	30,878		
Other ordinary expenses	4,383		
Ordinary profit	157,701		

FY2019 CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(from: April 1, 2019 to: March 31, 2020)

(Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Beginning balance	100,000	553,168	962,385	(32,539)	1,583,013
Cumulative effect of changing accounting policies			(942)		(942)
Beginning balance (adjusted)	100,000	553,168	961,442	(32,539)	1,582,070
Changes for the year:					
Dividends paid			(83,951)		(83,951)
Net income/ (loss) attributable to owners of the parent			143,030		143,030
Repurchase of treasury stock				(52,019)	(52,019)
Disposal of treasury stock		(5)		127	121
Other			(1,052)		(1,052)
Net changes of items other than shareholders' equity					
Total changes for the year	-	(5)	58,026	(51,892)	6,128
Ending balance	100,000	553,163	1,019,468	(84,432)	1,588,199

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/ (losses) on investments in securities	Net deferred gains/ (losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/ (losses) on retirement benefits	Total accumulated other comprehensive income			
Beginning balance	1,273,881	25,168	(135,992)	4,448	1,167,505	785	26,743	2,778,047
Cumulative effects of changes in accounting policies					-			(942)
Restated balance	1,273,881	25,168	(135,992)	4,448	1,167,505	785	26,743	2,777,104
Changes for the year:								
Dividends paid								(83,951)
Net income/ (loss) attributable to owners of the parent								143,030
Repurchase of treasury stock								(52,019)
Disposal of treasury stock								121
Other								(1,052)
Net changes of items other than shareholders' equity	(291,838)	5,747	(4,113)	(13,829)	(304,034)	421	14,418	(289,194)
Total changes for the year	(291,838)	5,747	(4,113)	(13,829)	(304,034)	421	14,418	(283,065)
Ending balance	982,042	30,916	(140,106)	(9,381)	863,470	1,206	41,161	2,494,038

CONSOLIDATED EXPLANATORY NOTES

(Significant Accounting Policies)

The Company's consolidated financial statements are prepared in conformity with the Corporate Accounting Regulations and the Ordinance for Enforcement of Insurance Business Act pursuant to the provisions of the Article 118 of the said Regulations. The definitions of subsidiary and affiliated company are based on Article 2 of the Corporate Accounting Regulations.

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 87 companies

Major consolidated subsidiaries are as follows:

Mitsui Sumitomo Insurance Co., Ltd. ("MSI")
Aioi Nissay Dowa Insurance Co., Ltd. ("ADI")
Mitsui Sumitomo Aioi Life Insurance Co., Ltd. ("MSAL")
Mitsui Sumitomo Primary Life Insurance Co., Ltd. ("MSPL")
MSIG Holdings (U.S.A.), Inc.
MS Amlin Corporate Member Limited
MS Amlin Underwriting Limited
MS Amlin AG
MS Amlin Insurance SE
MSIG Insurance (Malaysia) Bhd.

Changes in scope of consolidation

PT. Asuransi Jiwa Sinarmas MSIG Tbk and two other companies have been included in the scope of consolidation since the current fiscal year as they have become the Company's subsidiaries due to acquisition of shares, etc.

au insurance Co., Ltd. became an associate accounted for under the equity method due to sale of shares, and as RaetsAsia P&I Services Pte Ltd and four other companies have completed their liquidations and are no longer subsidiaries, these subsidiaries have been excluded from the scope of consolidation since the current fiscal year.

(2) Unconsolidated subsidiaries

Major unconsolidated subsidiaries are as follows:

ANSHIN DIAL Co., Ltd.
MS&AD Systems Co., Ltd.

Certain subsidiaries including the above subsidiaries are not consolidated, as they are not considered to affect, in all material aspects, the consolidated financial conditions and business performance, in view of the size of their total assets, ordinary income, net income and retained earnings attributable to the Company.

2. Application of equity method

- (1) Number of associates accounted for under the equity method
13 companies

Major associates accounted for under the equity method are as follows:

Sumitomo Mitsui DS Asset Management Company, Limited
ReAssure Group Plc

Changes in scope of application of equity method

- As ReAssure Group Plc and Challenger Limited became associates due to acquisition of shares and au insurance Co., Ltd. changed from subsidiary to associate due to sale of shares, these companies have been included in the scope of application of equity method since the current fiscal year.
 - As ReAssure Jersey One Limited and one other company were excluded from the associates due to sale of shares and PT. Asuransi Jiwa Sinarmas MSIG Tbk changed from associate to subsidiary due to acquisition of shares, these companies have been excluded from the scope of application of equity method since the current fiscal year.
- (2) Other affiliates, including unconsolidated subsidiaries and associates (e.g. ANSHIN DIAL Co., Ltd. and Zenkankyo Small Amount and Short Term Insurance Holdings, Ltd.), are excluded from the scope of application of equity method as their effects on consolidated net income and retained earnings are not considered material, individually and in aggregate.
 - (3) The Company holds 29.9% of the voting rights of Japan Earthquake Reinsurance Co., Ltd. (“Japan Earthquake Re”) through MSI and ADI. However, Japan Earthquake Re is not included in the affiliates since the Company does not have the ability to exercise significant influence over operating and financial decisions of Japan Earthquake Re in view of its public nature.

3. Fiscal year of consolidated subsidiaries

The fiscal year end for 80 overseas consolidated subsidiaries is December 31, which is different from that of the Company. The Company uses the financial statements as of their latest fiscal year end for consolidation purposes since the intervening period does not exceed three months from the Company’s fiscal year end.

The Company makes adjustments to incorporate significant transactions occurred during the intervening period that materially affect the consolidated financial statements.

4. Accounting policies

- (1) Valuation policies and methods of securities (including those categorized into “cash, deposits and savings” and “monetary claims bought” as set forth in the Enforcement Regulations of the Japanese Insurance Business Act)
 - (i) Trading securities are valued at their year-end market prices. Cost of sales is calculated using the moving average method. For some overseas consolidated subsidiaries, cost of sales is calculated using the first-in first-out method.
 - (ii) Held-to-maturity securities are valued at amortized cost.
 - (iii) Investments in unconsolidated subsidiaries and associates that are not accounted for under the equity method are valued at cost determined by the moving average method.
 - (iv) Debt securities and money trusts earmarked for underwriting reserves are valued at amortized cost determined by the moving average method in accordance with Industry Audit Committee Report No. 21 “Temporary Treatment of Accounting and

Auditing Concerning Debt Securities Earmarked for Underwriting Reserve in the Insurance Industry” (issued by the Japanese Institute of Certified Public Accountants on November 16, 2000).

A summary of the risk management policy for debt securities and money trusts earmarked for underwriting reserves is as follows:

In order to manage risks of variability in interest rates related to assets and liabilities effectively, MSAL establishes subgroups of “individual insurance” that meet certain criteria for each type of insurance and investment policy and applies the investment policy and cash allocation policy reflecting their characteristics. In addition, MSAL periodically assesses whether the durations of the debt securities earmarked for underwriting reserves fall within a certain range from those of the underwriting reserves in each subgroup.

In order to manage risks of variability in interest rates related to assets and liabilities effectively, MSPL establishes subgroups of “individual insurance and individual annuities” that meet certain criteria for each currency and applies the investment policy and cash allocation policy reflecting their characteristics. In addition, MSPL periodically assesses whether the durations of the debt securities earmarked for underwriting reserves fall within a certain range from those of the underwriting reserves in each subgroup.

- (v) Available-for-sale securities (except for those without practically determinable fair value) are valued by market value method based on their year-end market price, etc.

Net unrealized gains and losses are reported as a separate line item of net assets. For foreign currency bonds held by certain consolidated subsidiaries, changes in fair values due to fluctuations in foreign exchange rates are reported in net unrealized gains and losses in net assets, while remaining changes are reported as foreign exchange gains and losses in the consolidated financial statement of income. Cost of sales is calculated by the moving average method.

- (vi) Available-for-sale securities without practically determinable fair value are valued at cost using the moving average method.

- (vii) Money trusts which are specifically managed for the Company and its domestic consolidated subsidiaries for trading purposes are valued at their year-end market prices.

Money trusts which are specifically managed for the Company and its domestic consolidated subsidiaries, other than money trusts held for trading purposes, money trusts held to maturity and money trusts earmarked for underwriting reserves, are valued on the same basis as available-for-sale securities.

- (2) Valuation policies and methods of derivative financial instruments

Derivative financial instruments are valued at fair value.

- (3) Depreciation methods of significant depreciable assets

- (i) Depreciation of tangible fixed assets is computed using the straight-line method.
- (ii) Amortization of intangible fixed assets are computed using the straight-line method. Capitalized software for internal use is amortized by the straight-line method over its estimated useful life.

- (4) Accounting policies for significant reserves

- (i) Bad debt reserve

For domestic consolidated insurance subsidiaries, bad debt reserve is established under the internal standards for self-assessment of assets and the policy for write-off and provision.

Bad debt reserve for loans to debtors who are legally deemed to be insolvent due to bankruptcy or special liquidation, or whose notes are under suspension at clearing houses, and loans to debtors who are deemed to be substantially insolvent is

provided based on the outstanding balance remaining after deducting the resale value of collateral and the amount collectible through guarantees.

Bad debt reserve for loans to debtors who are likely to become insolvent in the future is provided based on the outstanding balance remaining after deducting the resale value of collateral, the amount collectible through guarantees and the amount expected to be repaid by the debtors considering their overall ability to pay.

For loans other than those described above, bad debt reserve is calculated by multiplying the outstanding balances by the historical bad debt ratios.

Bad debt reserve for all loans and receivables is provided based on the assessment under the internal standards for self-assessment of assets. The assessment is performed by departments which are responsible for the respective assets and the results are reviewed by the independent internal audit departments.

For other domestic consolidated subsidiaries, bad debt reserve is established under their internal standards for self-assessment of assets and policies for write-off and provision similar to those of the domestic consolidated insurance subsidiaries.

For overseas consolidated subsidiaries, bad debt reserve is established based on the assessment of collectability of individual receivables.

(ii) Reserve for retirement benefits for officers

Reserve for retirement benefits that covers the cost for services rendered by officers and operating officers of MSI and MSAL, the consolidated subsidiaries, up to the year ended March 31, 2005, the date on which the retirement benefit plans for officers were terminated, is established based on the estimated amounts to be paid at the year-end to provide for future retirement benefits (including pension) for officers and operating officers of MSI and MSAL.

(iii) Accrued bonuses for employees

Accrued bonuses for employees are determined based on the estimated amounts to be paid at the fiscal year-end to provide for future bonuses for employees and operating officers.

(iv) Reserve for loss on sales of stock of affiliate

Reserve for loss on sales of stock of affiliate is provided for possible losses arising from sales of affiliates' stocks with listed stocks provided as consideration.

(v) Reserve for price fluctuation

For the domestic consolidated insurance subsidiaries, the reserve for price fluctuation is recognized under Article 115 of the Insurance Business Act to provide for possible losses arising from price fluctuation of investment assets such as equity securities.

(5) Accounting for retirement benefits

(i) Attribution method of retirement benefits over the service period

In computing retirement benefit obligations, the estimated retirement benefits are attributed to the periods up to the current year using the plan's benefit formula.

(ii) Accounting for actuarial gains and losses

Actuarial gains and losses are amortized, commencing from the following year, using the straight-line method over a certain number of years (primarily 10 to 11 years) that do not exceed the expected average remaining service period of employees at the time of occurrence.

(6) Translation of foreign currency assets and liabilities

Foreign currency monetary assets and liabilities of the Company are translated into Japanese yen using the spot exchange rate prevailing at the fiscal year-end. The foreign exchange gains and losses resulting from the translation are recognized in earnings. Foreign currency assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at their respective year-ends,

while shareholders' equity is translated at the historical rates. Income and expenses of overseas consolidated subsidiaries are translated into Japanese yen using the average exchange rate for the year. Differences arising from such translations are included in Foreign currency translation adjustments and Non-controlling interests in Net Assets.

(7) Accounting for consumption taxes

Consumption taxes received or paid by the Company and its major domestic consolidated subsidiaries are not included in income or expenses, except for those relating to Loss adjustment expenses and Operating expenses and general and administrative expenses incurred by the domestic consolidated non-life insurance subsidiaries. Consumption taxes excluded from income and expenses are recorded at the net amount on the balance sheet.

Non-deductible consumption taxes are recognized as expenses for the period, except for those relating to the purchase of depreciable fixed assets which are not charged to expenses but deferred as Other assets and amortized over a period of five years on a straight-line basis.

(8) Hedge accounting

Under accounting principles generally accepted in Japan ("Japanese GAAP"), several methodologies are allowed for hedge accounting. Two fundamental approaches are the deferred hedge method and the fair value hedge method. Under the deferred hedge method, gains and losses on changes in fair value of derivative financial instruments are deferred and accounted for as a separate line item of net assets. Under the fair value hedge method, which is allowed only with respect to available-for-sale securities being the hedged items, gains and losses on changes in fair value of the hedging instruments are recognized in earnings together with the corresponding gains and losses of the hedged items attributable to the risks being hedged.

In addition, for certain derivative financial instruments, alternative treatments are permitted under Japanese GAAP. Assets and liabilities denominated in foreign currencies and hedged by foreign exchange forward contracts or currency swaps can be accounted for by the allocation method. Under this method, the foreign exchange forward contracts and currency swaps used as hedging instruments are not measured at fair value since gains and losses on the derivatives are assumed to be offset with changes in fair value of the corresponding hedged items, and hedged items are translated at the foreign exchange rates that are stipulated in the foreign exchange forward contracts or currency swaps (hedging instruments). Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value, but the differentials paid or received under the swap agreements are recognized and included in interest expense or income of the hedged items (the exceptional method).

For certain domestic consolidated insurance subsidiaries, gains and losses on equity forward contracts used for hedging risks of variability in the fair value of investments in equity securities are accounted for under the fair value hedge method. Gains and losses on currency swap contracts used for hedging risks of variability in foreign exchange rates on foreign currency assets are accounted for under the deferred hedge method and certain foreign exchange forward contracts used for hedging risks of variability in foreign exchange rates on foreign currency assets are accounted for under the deferred hedge method, the fair value hedge method or the allocation method. Gains and losses on currency swap contracts used for hedging risks of variability in foreign exchange rates on foreign currency bonds issued by MSI are accounted for under the allocation method.

Gains and losses on interest rate swap contracts used for hedging risks of variability in interest rates of loans, bonds and borrowings are accounted for under the deferred hedge method or the exceptional method when they meet certain criteria.

Gains and losses on interest rate and currency swap contracts used for hedging risks of variability in foreign exchange rates and interest rates on foreign currency borrowings are accounted for under the integrated method when they meet certain criteria. The integrated method is to hedge foreign currency risks and interest rate risks using the allocation method and the exceptional method, respectively.

Hedge effectiveness is assessed quarterly by comparing cumulative fluctuations in fair value or cash flows of the hedged items and hedging instruments for the periods from the respective start dates of the hedges to the assessment dates. When the hedged items and the hedging instruments are highly and clearly interrelated, when the interest rate swap transactions meet the criteria for application of the exceptional method, or when the interest rate and currency swap contracts meet the criteria for application of the integrated method, hedge effectiveness is not assessed.

5. Goodwill

Goodwill is amortized over an effective period within 20 years on a straight-line basis. Insignificant amounts of goodwill are charged to expenses as incurred.

(Consolidated Balance Sheet)

1. The amounts of accumulated depreciation and accelerated depreciation of tangible fixed assets are as follows:

	(Yen in millions)
	March 31, 2020
Accumulated depreciation	399,393
Accelerated depreciation	13,610

2. The carrying amounts of equity investments in unconsolidated subsidiaries and associates are as follows:

	(Yen in millions)
	March 31, 2020
Investments in securities (Domestic stocks)	30,138
Investments in securities (Foreign securities)	293,110
Investments in securities (Other securities)	17,212

3. The amounts of loans to borrowers in bankruptcy, overdue loans, loans overdue for three months or more, and restructured loans are as follows:

	(Yen in millions)
	March 31, 2020
Loans to borrowers in bankruptcy	43
Overdue loans	177
Loans overdue for three months or more	299
Restructured loans	1,165
Total	1,685

(Notes)

- (1) Loans to borrowers in bankruptcy represent those, excluding any part of bad debts that have been written off, on which accrued interest receivables are not recognized because repayments of the principal or interest have been overdue for considerable periods and regarded uncollectible (hereinafter, this category is referred to as “Loans not accruing interest”), and which meet the conditions prescribed in Article 96, Section 1, Item 3, sub-items (a)-(e) (Maximum Amount of Bad Debt Losses) or Item 4 of the Corporation Tax Act Enforcement Ordinance (Cabinet Order No. 97, 1965).
- (2) Overdue loans represent loans not accruing interest excluding (a) loans to borrowers in bankruptcy and (b) loans that have been granted a grace period for interest payments in order to assist the debtors’ operational restructuring or financial recovery.
- (3) Loans overdue for three months or more represent those of which the principal or interest has been past due for three months or more after the contractual due date for repayments of the principal or interest. The loans to borrowers in bankruptcy and overdue loans are excluded from this category.
- (4) Restructured loans represent those which have been granted favorable terms for the benefit of the debtors, such as interest exemption or reduction, a grace period for interest payments, a grace period for principal repayments or forgiveness of debts for the purpose of the restructuring of, or support to the debtors in financial difficulty. The loans to borrowers in bankruptcy, overdue loans and loans overdue for three months or more are excluded from this category.

4. The amounts of pledged assets and corresponding debt obligations are as follows:
(Yen in millions)

	<u>March 31, 2020</u>
Pledged assets:	
Investments in securities	846,152
Cash, deposits and savings	3,638
Money trusts	<u>2,241</u>

(Note) The amounts in the above table primarily consist of collateral assets required for payables under repurchase agreements of 412,965 million yen included in Other liabilities, for international operations and for Real Time Gross Settlement of the current account with the Bank of Japan.

5. The amounts of investments in securities loaned under securities lending agreements are as follows:

	<u>(Yen in millions)</u>
	<u>March 31, 2020</u>
	<u>573,550</u>

6. The amounts of assets received as collateral under loan agreements which the Company has the right to sell or repledge are as follows:

	<u>(Yen in millions)</u>
	<u>March 31, 2020</u>
Securities	144,617
Commercial papers	<u>-</u>

(Note) All securities and commercial papers in the above table have not been resold or repledged, and are held by the Company and its subsidiaries.

7. The amounts of assets and liabilities in separate accounts under Article 118 of the Insurance Business Act are as follows:

	<u>(Yen in millions)</u>
	<u>March 31, 2020</u>
	<u>2,024,281</u>

8. Guarantees on transactions conducted by a limited partnership entity are as follows:
MSI provides guarantees on transactions conducted by a limited partnership entity. Aggregate net present value of these transactions was 112,259 million yen in a negative liability position as of March 31, 2020. This amount was not included in Customers' liabilities under acceptances and guarantees or Acceptances and guarantees since there was no substantial exposure.

9. The unutilized balances of commitment lines to third parties are as follows:
(Yen in millions)

	<u>March 31, 2020</u>
	<u>12,655</u>

10. Information on financial instruments

(1) Qualitative information on financial instruments

(i) Policy on financial instruments

The Group applies Asset and Liability Management (ALM) policies to maintain stability of investment returns, safety of assets and sufficient liquidity under an appropriate risk management framework to attain the sustainable growth of the net asset value. In addition, the Group is exposed to investment risks such as market risks and credit risks, and manages those risks in accordance with the risk management policies of the Group and each group company.

The Group's cash inflows, which mainly arise from insurance operations and investment activities, are affected by changes in external environment such as occurrences of natural disasters and changes in financial market conditions. In order to enhance efficiency of funds operations and strengthen financial capacity under such changing conditions, the Group undertakes to raise funds through issuance of long-term or short-term corporate bonds or other financing methods as the needs arise.

(ii) Details of financial instruments and associated risks

The Group's financial assets mainly consist of securities including domestic bonds, domestic stocks and foreign securities, loans and other financial instruments. Risks pertaining to investments include market risks, credit risks, market liquidity risks and other risks. Market risks arise from fluctuations in interest rates, stock prices, foreign exchange rates and other market indicators. Credit risks arise from deterioration in the financial condition of security issuers and counterparties of loans. Market liquidity risks represent the risks that investment assets are forced to be sold at extremely unfavorable prices under turmoil in the financial markets.

The Group utilizes derivative transactions represented by interest rate swaps, interest rate options, bond future contracts, equity index options, equity index future contracts, equity forward contracts, foreign exchange forward contracts, currency swaps, currency options, and interest rate and currency swaps for the purpose of hedging risks such as fluctuations in interest rates, stock prices and foreign exchange rates. In addition, the Group utilizes credit derivatives, weather derivatives, and natural catastrophe derivatives in order to generate investment returns with consideration given to the associated risks.

For details of derivative transactions to which hedge accounting is applied, please refer to "Significant Accounting Policies, 4. Accounting policies, (8) Hedge accounting."

Derivative transactions involve risks associated with fluctuations in fair value of derivative financial instruments, risks of nonperformance resulting from insolvency of counterparties and market liquidity risks. Derivative transactions utilized by the Group are also exposed to these risks. However, market risks associated with derivative transactions utilized for the purpose of hedging are mitigated, as changes in the fair value of hedged items and hedging instruments offset each other. In order to mitigate credit risks arising from the nonperformance of counterparties, most of the Group's derivative transactions are executed only with selected counterparties of high credit quality and diversified amongst various counterparties. Furthermore, under Credit Support Annex (CSA) the Group obtains collateral from counterparties.

(iii) Risk management structure relating to financial instruments

The Board of Directors has established the basic policy for risk management and internal policies for asset management risks, which stipulate the definition of risks and management method, and the Group manages risks in accordance with the basic policy and internal policies. At major domestic consolidated insurance subsidiaries, the trading department is segregated from the back-office and risk management departments and maintains a structure which enables to exercise organizational

checks and balances on a daily basis. The risk management department assesses, analyzes and manages risks related to financial instruments by quantifying market and credit risks using the VaR (Value-at-Risk) and managing risk limit based on asset and liability position, and regularly reports the results to the Board of Directors.

(a) Market risk management

The Group maintains and operates a risk management structure taking into account the characteristics of each financial instrument in accordance with its internal policies for market risk management. In addition to monitoring of risk amount by quantifying risks using the VaR method as described above, major domestic consolidated insurance subsidiaries manage market risks through assessment of potential risks that cannot be identified using the VaR method, analysis of sensitivity of existing assets to changes in interest rates, stock prices and foreign exchange rates and analysis of concentration and weakness of portfolio.

(b) Credit risk management

The Group maintains and operates a risk management structure in accordance with its internal policies for credit risk management. For securities and derivative transactions at major domestic consolidated insurance subsidiaries, the trading and risk management departments manage credit risks of security issuers and derivative counterparties by regularly monitoring the credit information and fair values associated with the investment assets. For loans at MSI, ADI and MSPL, the trading and risk management departments maintain a credit risk management structure through credit screening, setting internal credit ratings and credit limits, managing credit information, requiring collaterals and guarantees where necessary, and resolving delinquent loans on an individual loan basis.

(c) Liquidity risk management

The Group maintains and operates a funding and market liquidity risk management structure in accordance with internal policies for liquidity risk management. The Group's treasury management classifies funding needs into "ordinary" and "emergency" depending on the urgency level, and oversees operation and management for the liquidity in each level, which gives the foremost consideration to the liquidity risk. The treasury management also ensures diversification of fundraising activities to secure and maintain liquidity in various environments. The Group manages funding liquidity risks by holding a sufficient amount of cash, savings and deposits, and highly liquid securities such as government bonds, and regularly monitoring their aggregate amounts in case of unexpected events like catastrophes and the deterioration of funding liquidity arising from turmoil in the financial markets.

(iv) Supplementary explanation of matters relating to the fair value of financial instruments and other information

The fair value of financial instruments is determined based on market prices and, when market prices are not available, based on reasonable estimates. In determining fair value, certain assumptions and methods are used, thus the fair value may differ if alternative assumptions are applied.

(2) Supplementary information on fair value of financial instruments

The following table summarizes the carrying amounts on the consolidated balance sheets and the fair values of financial instruments as of March 31, 2020. The following table excludes financial instruments in which the fair values are not practically determinable (see Note 2).

(Yen in millions)

	Carrying amount	Fair value	Difference
(i) Cash, deposits and savings	1,846,225	1,846,892	666
(ii) Receivables under resale agreements	407,722	407,722	-
(iii) Monetary claims bought	160,091	160,091	-
(iv) Money trusts	1,666,494	1,666,494	-
(v) Investments in securities:			
Trading securities	2,889,688	2,889,688	-
Held-to-maturity securities	1,099,432	1,315,739	216,307
Debt securities earmarked for underwriting reserves	2,402,920	2,613,059	210,138
Stocks in subsidiaries and associates	51,732	29,796	(21,935)
Available-for-sale securities	8,560,362	8,560,362	-
(vi) Loans	892,335		
Bad debt reserve (*1)	(104)		
	892,231	923,010	30,778
Total assets	19,976,903	20,412,858	435,954
Bonds issued	809,093	802,081	(7,011)
Total liabilities	809,093	802,081	(7,011)
Derivative transactions (*2):			
Hedge accounting not applied	26,945	26,945	-
Hedge accounting applied	4,592	4,592	-
Total derivative transactions	31,538	31,538	-

(*1) Bad debt reserve for loans is deducted from the carrying amount.

(*2) Derivative assets and liabilities included in Other assets and Other liabilities, are presented on a net basis. Debits and credits arising from derivative transactions are netted.

(Note 1) Determination of fair value of financial instruments

Assets

(i) Cash, deposits and savings

With regard to deposits and savings, the fair value is measured at the present value of the estimated future cash flows discounted at interest rates applicable to the same type of new deposits and savings based on duration. With regard to deposits and savings without fixed maturities, and short-term deposits and savings, the book value is deemed as the fair value due to their demand feature or short term duration.

(ii) Receivables under resale agreements

With regard to Receivables under resale agreements, the book value approximates the fair value since they are scheduled to be settled in a short period of time.

(iii) Monetary claims bought

With regard to commercial papers (CP), the price quoted by counterparty financial institutions is deemed as the fair value. With regard to certain CP, the book value approximates the fair value since they are scheduled to be settled in a short period of time. With regard to Monetary claims bought other than CP, the price quoted by counterparty financial institutions is deemed as the fair value.

(iv) Money trusts

With regard to Money trusts, the price quoted by trustees is deemed as the fair value.

(v) Investments in securities

The fair value of equity securities is determined based on the quoted market price and the fair value of bonds is determined based on the price quoted by exchanges, independent price vendors or counterparty financial institutions.

(vi) Loans

With regard to floating rate loans, the book value approximates the fair value contingent on no significant changes in the credit conditions of the debtor, because the floating rates on the loans reflect market interest rates. With regard to fixed rate loans, for loans sorted by type, term and credit rating, the fair value is based on the present value of the estimated future cash flows discounted at market interest rates, such as yields on government bonds, plus a credit spread. The fair value of certain personal loans is determined at the net present value of the estimated future cash flows discounted at interest rates applicable to the same type of new loans.

With regard to policy loans, which do not have contractual maturities, as the loan amount is limited to the surrender value, the carrying amount approximates the fair value, considering their estimated repayment periods and interest rates.

With regard to loans to debtors that are legally or substantially bankrupt and loans to doubtful debtors, the carrying amount less bad debt reserve is deemed as the fair value, because the bad debt reserve is determined based on the present value of the estimated future cash flows or the value of the collateral and the amount collectible through guarantees.

Liabilities

Bonds issued

With regard to Bonds issued, the fair value is determined based on “Reference Statistical Prices for OTC Bond Transactions” published by the Japan Securities Dealers Association or prices quoted by independent price vendors or counterparty financial institutions.

Derivative transactions

With regard to derivative transactions, the fair value is determined based on published forward exchange rates, closing prices at major exchanges, or prices quoted by counterparty financial institutions.

(Note 2) The carrying amounts of financial instruments in which the fair values are not practically determinable, which are not included in “(v) Investments in securities” above, are as follows:

	(Yen in millions)
	March 31, 2020
Unlisted stocks and other assets invested in non-listed subsidiaries and associates	288,728
Other unlisted stocks	90,625
Unlisted investment trusts	72,750
Partnership investments comprised of unlisted stocks	38,338
Total	490,442

The fair value of the financial instruments in the above table is not disclosed because their fair value is not practically determinable due to lack of marketability and difficulties in reasonably estimating future cash flows.

11. Certain consolidated subsidiaries own investment properties in Tokyo and other areas. The carrying amounts, changes in carrying amounts and fair value of the investment properties are as follows:

	(Yen in millions)
	March 31, 2020
Carrying amount	74,981
Fair value	138,674

(Notes)

- (1) Carrying amount represents the acquisition cost less accumulated depreciation.
 - (2) Fair value is primarily determined based on the appraisal values provided by qualified external appraisers. With respect to the properties with no substantial changes in their appraisal values or indices that were considered to appropriately reflect market prices since most recent appraisal dates, the fair value is determined based on these appraisal values or the values adjusted by the relevant indices.
12. Information on business combinations
- (1) Transaction under common control

Based on the Agreement on Reorganization by Function concluded by the Company and its consolidated subsidiaries, Mitsui Sumitomo Insurance Co., Ltd. (“MSI”), Aioi Nissay Dowa Insurance Co., Ltd. (“ADI”) and Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (“MSI Aioi Life”) on September 27, 2013, MSI and MSI Aioi Life as well as ADI and MSI Aioi Life concluded the Absorption-type Company Split Agreement on June 28, 2018 due to transfer of the long-term third sector products held by MSI and ADI to MSI Aioi Life and a simplified absorption-type company split was implemented on April 1, 2019.

 - (i) Overview of the transaction
 - (a) Name and content of the business
Business related to the long-term third sector products held by MSI and ADI
 - (b) Date of the business combination
April 1, 2019
 - (c) Legal form of the business combination
Simplified absorption-type company split where MSI and ADI are designated as the splitting companies and MSI Aioi Life as the successor company
 - (d) Company name of the successor in the business combination
Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
 - (e) Other items regarding outline of the transaction
By centralizing the product supply function in MSI Aioi Life, the Company aims to realize efficient operation through future improvement of level of customer support and concentration of management resources, demonstrate the group’s comprehensive strength, and to improve customer satisfaction, growth potential and earning power.
 - (ii) Outline of the accounting treatment applied
The Company accounts for the transaction as a transaction under common control in accordance with “Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10, January 16, 2019).
 - (2) Business combination by acquisition

The Company’s consolidated subsidiary Mitsui Sumitomo Insurance Co., Ltd. (“MSI”) acquired additional shares of PT. Asuransi Jiwa Sinarmas MSIG Tbk (“AJSM”), which was the Company’s equity method associate, and therefore AJSM has become a consolidated subsidiary.

- (i) Outline of the business combination
- (a) Name and content of business of the acquired company
 Name: PT. Asuransi Jiwa Sinarmas MSIG Tbk
 Content of business: Life insurance business
- (b) Main reasons for the business combination
 As it is expected that Indonesia's life insurance market will continue to grow, the Company acknowledges AJSM's role as a strategic business base with the aim of expanding business with the collaboration of strategic partner shareholder, the Sinarmas Group.
- (c) Date of the business combination
 July 8, 2019 (Deemed acquisition date: July 1, 2019)
- (d) Legal form of the business combination
 Acquisition of shares
- (e) Company name of the successor in the business combination
 PT. Asuransi Jiwa Sinarmas MSIG Tbk
- (e) Ratio of voting rights acquired
 Ratio of voting rights immediately before the acquisition: 50%
 Ratio of voting rights additionally acquired on the date of business combination: 30%
 Ratio of voting rights after the acquisition: 80%
- (e) Main reasons for determining the acquiring company
 As a result of the additional acquisition of shares, MSI has gained substantial control of the acquired company.
- (ii) Period of the acquired company's business performance included in the consolidated financial statements
 Business performance of the acquired company was not included in the consolidated statement of income. Additionally, business performance of the acquired company from January 1, 2019, to June 30, 2019, was recognized as gains on equity method investments.
- (iii) Acquisition cost of the acquired company and breakdown thereof by consideration type (trillions of rupiah)
- | | |
|--|------|
| Market price of shares held on the day of business combination immediately before business combination | 6.3 |
| Consideration for additionally acquired common shares | 3.8 |
| Cash | |
| Acquisition cost | 10.1 |
- (iv) Difference between acquisition cost of the acquired company and total acquisition cost of each transaction leading to acquisition
 Gain on step acquisitions: 6,587 million yen
- (v) Amount, cause, method and period of amortization of goodwill incurred
- (a) Amount of goodwill incurred
 3.2 trillion rupiah
- (b) Cause of goodwill incurred
 The amount of investment under the share acquisition agreement exceeded the net amount of assets acquired and liabilities assumed.
- (c) Method and period of amortization
 Straight-line method over a period of 15 years

- (vi) Amount and major breakdown of assets acquired and liabilities assumed as of the date of the business combination

	(trillions of rupiah)
Total assets	17.3
(of which, investments in securities	11.8)
(of which, intangible fixed assets	2.1)
Total liabilities	8.7
(of which, policy liabilities	7.2)

(3) Transactions under common control

The Company's subsidiary Mitsui Sumitomo Insurance Co., Ltd. ("MSI") has terminated the regional holding company framework as a reorganization of the international business ("international business reorganization") and on January 1, 2020, transitioned to a framework that directly manages local subsidiaries.

(i) Outline of international business reorganization

As overseas subsidiaries' shares held by the regional holding companies will be transferred to MSI as an in-kind dividend, these overseas subsidiaries will become MSI's directly invested companies. During the year ended March 31, 2020, acquisition of shares of nine overseas subsidiaries were completed. Acquisition of shares for the other six overseas subsidiaries is planned after the year ended March 31, 2021, on the condition that relevant authorities grant approvals.

(ii) Purpose of international business reorganization

Concerning the changes and issues surrounding the international business and from the standpoint to realize the creation of a growth base and the reinforcement of governance for the international business as stated in the Medium-Term Management Plan "Vision 2021," the purpose of the international business reorganization is to build a system that further utilizes the skills and networks of Group companies across regions and accelerate the decision-making process to enable speedy business management.

(iii) Outline of the accounting treatment applied

The Company accounts for the transaction as a transaction under common control in accordance with the "Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10, January 16, 2019).

13 The amounts of net assets per share are as follows:

	March 31, 2020
Net assets per share (in Yen)	4,308.37
Stock acquisition rights deducted from net assets (Yen in millions)	1,206
Non-controlling interests deducted from net assets (Yen in millions)	41,161
Outstanding common shares (in thousands of shares)	569,047

14. Any amount less than the stated unit is rounded down.

(Consolidated Statement of Income)

1. The amounts of expenses on derivatives other than for trading or hedging to reduce the currency risks of foreign currency reinsurance transactions, included in other underwriting expenses, are as follows:

(Yen in millions)
 For the year ended
 March 31, 2020
 56

2. The amounts of foreign exchange gains/(losses) included in other investment income/(expenses) are as follows:

(Yen in millions)
 For the year ended
 March 31, 2020
 320,697

3. Major components of business expenses are as follows:

(Yen in millions)

For the year ended March 31, 2020	
Commission expenses	699,841
Salaries	306,163

(Note) Business expenses represent the aggregate amount of loss adjustment expenses, operating expenses and general and administrative expenses, and Commissions and collection expenses presented in the consolidated statements of income.

4. Impairment losses recognized on fixed assets are as follows:

(Yen in millions)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Investment properties	Buildings	2 properties, including a building for rent in Ibaraki		0	Buildings
Idle real estate and real estate for sale	Land and buildings	16 properties, including an office building in Kagawa	598	Land Buildings	66 531
Others	Other intangible fixed assets	Software related to insurance business, held by overseas consolidated subsidiaries	1,059	—	—
—	Goodwill and other intangible fixed assets	Lloyd's business operated by MS Amlin plc's subsidiaries	159,233	Land Lease assets Other tangible fixed assets Software Goodwill Other intangible fixed assets	1,249 2,273 2,593 8,096 75,320 69,699
—	Goodwill and other intangible fixed assets	Europe primary insurance business operated by MS Amlin plc's subsidiaries	12,720	Other tangible fixed assets Software Goodwill Other intangible fixed assets	136 862 2,202 9,517

Fixed assets used for the insurance business operations are grouped as a single asset group by each company. Other assets such as investment properties, idle assets and assets for sale are grouped on an individual basis.

As the investment properties, idle real estate and real estate for sale in the above table are to be sold or determined to be demolished, the aggregate difference between the carrying amounts of the assets and recoverable amounts was recognized as impairment losses on fixed assets under extraordinary losses.

The recoverable amounts of the assets to be sold represent their net sales value or value in use. The net sales value is determined based on the appraisal value provided by qualified appraisers or inheritance tax appraisal value measured by roadside land prices. The value in use are evaluated as zero.

For other intangible fixed assets, the amount of insurance business related software held by overseas consolidated subsidiaries which is not expected to be used in the future is recognized as impairment losses.

Moreover, the non-life insurance business operated by MS Amlin plc through its subsidiaries as one asset group has been transitioned to independent asset groups to the Lloyd's business, Europe primary insurance business, and reinsurance business under MS Amlin plc due to the termination of the regional holding company framework at Mitsui Sumitomo Insurance Co., Ltd. and its transition to a framework that directly manages international business subsidiaries. Since the profitability of the Lloyd's business and Europe primary insurance business fell short of the original business plan made at the time of acquisition, the aggregate difference between the carrying amounts and recoverable amounts of goodwill and other intangible fixed assets were recognized as impairment losses on fixed assets under extraordinary losses. The recoverable amounts of land and lease assets represent their net sales value and the recoverable amounts of others are determined as zero. The net sales value is determined based on the appraisal value.

MS Amlin plc changed its trade name to MS Amlin Limited on the date of December 3, 2019.

5. The amount of goodwill amortization for Challenger Limited of 36,629 million yen is included in share of loss of entities accounted for using equity method in accordance with Paragraph 9 of "Practical Guidelines on Accounting Standard for Investments, Using the Equity Method" (Accounting Practice Committee Statement No.9, issued by the Japanese Institute of Certified Public Accountants) and Paragraph 32 of "Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements" (Accounting Practice Committee Statement No.7, issued by the Japanese Institute of Certified Public Accountants).
6. Other extraordinary income represents reversal of reserve for reorganization by function.
7. Other extraordinary loss represents expenses for reorganization of the international business.
8. The amounts of net income/(loss) attributable to owners of the parent per share are as follows:

	For the year ended March 31, 2020
Basic net income/(loss) attributable to owners of the parent per share (in Yen)	248.36
Diluted net income/(loss) attributable to owners of the parent per share (in Yen)	248.22

(Notes) The basis of calculation is as follows:

For the year ended March 31, 2020

Net income/(loss) attributable to owners of the parent (Yen in millions)	143,030
Average outstanding common stock during the year (in thousands of shares)	575,887
Increase in number of common stock used for calculation of diluted net income/(loss) attributable to owners of the parent (in thousands of shares)	313

9. Any amount less than the stated unit is rounded down.

(Consolidated Statement of Changes in Net Assets)

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Shares issued				
Common stock	593,291	-	-	593,291
Total	593,291	-	-	593,291
Treasury stock:				
Common stock	9,580	14,701	37	24,244
Total	9,580	14,701	37	24,244

(Notes)

- The increase in the number of treasury common stock during the year was 14,701 thousand shares, as a result of market purchase of 14,688 thousand shares and repurchases of fractional stock of 13 thousand shares.
- The decrease in the number of treasury common stock during the year was 37 thousand shares, as a result of exercise of stock acquisition rights of 36 thousand shares and sales of fractional stock of 0 thousand shares.

2. Stock acquisition rights

(Yen in millions)

Category	Breakdown	Ending balance
Filing company	Stock acquisition rights as stock options	1,206
Total		1,206

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (Yen in millions)	Dividends per share (in Yen)	Date of record	Effective date
June 24, 2019 Annual shareholders meeting	Common stock	40,859	70	March 31, 2019	June 25, 2019
November 19, 2019 Board of Directors Meeting	Common stock	43,092	75	September 30, 2019	December 4, 2019

(Note) Date of record is the date to determine shareholders who are entitled to receive dividends.

(2) Dividends declared effective after March 31, 2020 for which the date of record is in the year ended March 31, 2020

Resolution	Type of shares	Aggregate amount of dividends (Yen in millions)	Source of dividends	Dividends per share (in Yen)	Date of record	Effective date
June 25, 2020 Annual shareholders meeting	Common stock	42,678	Retained earnings	75	March 31, 2020	June 26, 2020

(Note) Date of record is the date to determine shareholders who are entitled to receive dividends.

4. Any amount less than the stated unit is rounded down.

FY2019 NON-CONSOLIDATED BALANCE SHEET (as of March 31, 2020)

(Yen in millions)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	44,164	Current liabilities	24,602
Cash and deposits	5,306	Accounts payable	1,399
Deposits paid in affiliates	3,392	Accrued expenses	903
Prepaid expenses	15	Accrued income taxes	4
Income taxes receivable	26,623	Accrued consumption taxes	185
Other	8,825	Deposits	12
		Unearned revenue	19
Fixed assets	1,612,046	Accrued bonuses for employees	455
	332	Reserve for losses on sales of shares of subsidiaries and associates	13,143
Tangible fixed assets		Other	8,478
Buildings	296		
Tools, furniture & fixtures	36	Non-current liabilities	361,237
		Bonds issued	361,000
Intangible fixed assets:	615	Asset retirement obligations	237
Software	615		
		Total liabilities	385,839
Investments and other assets	1,611,098	(Net Assets)	
Investment securities	1,313	Shareholders' equity	1,269,202
Shares of subsidiaries and associates	1,609,785	Common stock	100,000
Other	0	Capital surplus	1,079,007
		Additional paid-in capital	729,255
		Other capital surplus	349,751
		Retained earnings	174,626
		Other retained earnings	174,626
		Retained earnings carried forward	174,626
		Treasury stock	(84,432)
		Valuation and translation adjustments	(37)
		Net unrealized gains/(losses) on investments in securities	(18)
		Net deferred gains/(losses) on hedges	(19)
		Stock acquisition rights	1,206
		Total net assets	1,270,371
Total assets	1,656,210	Total liabilities and net assets	1,656,210

FY2019 NON-CONSOLIDATED STATEMENT OF INCOME

(from: April 1, 2019 to: March 31, 2020)

(Yen in millions)

Item	Amount	
Operating income		
Dividends paid by affiliates	129,968	
Commissions earned from affiliates	160	130,128
Operating expenses		
Sales and general administrative expenses	12,100	12,100
Operating profit		118,028
Non-operating income		
Dividends income	1,316	
Gains on forfeiture of unclaimed dividends	63	
Other	8	1,388
Non-operating expenses		
Interest on bonds	3,955	
Bond issuance cost	18	
Other	192	4,167
Ordinary profit		115,249
Extraordinary loss		
Loss on retirement of fixed assets	12	
Loss on valuation of shares of subsidiaries and associates	68,844	
Provision for reserve for loss on sales of shares of subsidiaries and associates	13,143	82,000
Income before income taxes		33,249
Income taxes-current	4	4
Net income/ (loss)		33,244

FY2019 NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(from: April 1, 2019 to: March 31, 2020)

(Yen in millions)

	Shareholders' equity							Total shareholders' equity
	Common stock	Capital surplus			Retained earnings		Treasury stock	
		Additional paid-in capital	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings carried forward	Total retained earnings		
Beginning balance	100,000	729,255	349,757	1,079,012	225,334	225,334	(32,539)	1,371,807
Changes for the year:								
Dividends paid					(83,951)	(83,951)		(83,951)
Net income/ (loss)					33,244	33,244		33,244
Repurchase of treasury stock							(52,019)	(52,019)
Disposal of treasury stock			(5)	(5)			127	121
Net changes of items other than shareholders' equity								
Total changes for the year	-	-	(5)	(5)	(50,707)	(50,707)	(51,892)	(102,605)
Ending balance	100,000	729,255	349,751	1,079,007	174,626	174,626	(84,432)	1,269,202

	Valuation and translation adjustments			Stock acquisition rights	Total net assets
	Net unrealized gains/ (losses) on investments in securities	Net deferred gains/(losses) on hedges	Total valuation and translation adjustments		
Beginning balance	(30,759)	-	(30,759)	785	1,341,832
Changes for the year:					
Dividends paid					(83,951)
Net income/ (loss)					33,244
Repurchase of treasury stock					(52,019)
Disposal of treasury stock					121
Net changes of items other than shareholders' equity	30,741	(19)	30,721	421	31,143
Total changes for the year	30,741	(19)	30,721	421	(71,461)
Ending balance	(18)	(19)	(37)	1,206	1,270,371

NON-CONSOLIDATED EXPLANATORY NOTES

(Notes on Matters Concerning Important Accounting Policies)

1. Valuation policies and methods of valuation of assets

- (i) Valuation of stock of subsidiaries and affiliates are valued at cost determined by the moving average method.
- (ii) Available-for-sale securities (except for those without practically determinable fair value) are valued at their year-end market prices. Net unrealized gains and losses are reported as a separate line item of net assets.
Cost of sales is calculated by the moving average method.
- (iii) Available-for-sale securities without practically determinable fair value are valued at cost using the moving average method.
- (iv) Derivatives are valued using the market value method.

2. Depreciation methods of tangible fixed assets

Depreciation of tangible fixed assets is computed using the straight-line method.
Useful lives for major tangible fixed assets are as follows:

Building:	7 to 38 years
Apparatus and Fixture:	2 to 15 years

3. Depreciation methods of intangible fixed assets

Depreciation of capitalized software for internal use is computed using the straight-line method based on the estimated useful life (5 years).

4. Accounting policies for reserves

- (i) Accrued bonuses for employees and operating officers are determined based on the estimated amounts to be paid at the year-end to provide for future bonuses for employees and operating officers.
- (ii) The amount deemed necessary is recorded in order to prepare for possible future losses associated with the sale of shares of subsidiaries and associates, which use listed stocks as consideration.

5. Hedge accounting

Foreign exchange forward contracts used for hedging risks of variability in foreign exchange rates on foreign currency assets are accounted for under the deferred hedge method or the allocation method. Since it is clear that there is a high correlation between the hedged item and the hedging instrument, judgement regarding the hedge effectiveness is omitted.

6. Accounting for consumption taxes

Consumption taxes are recorded at the net amount on the balance sheet.

(Notes on Balance Sheet)

- 1. Amount of accumulated depreciation of tangible fixed assets: 479 million yen
- 2. Amounts receivable from and payable to affiliates
 - Short-term loans receivables: 3,688 million yen
 - Short-term loans payable: 912 million yen
 - Long-term loans payable: 211,000 million yen

(Notes on Statement of Income)

Volume of transactions with affiliates

Volume of operating transactions

Operating income: 130,128 million yen

Operating expenses: 1,081 million yen

Volume in non-operating transactions: 2,270 million yen

(Notes on Statement of Changes in Net Assets)

Class and number of treasury stock as of March 31, 2020

Common stock 24,244,439 shares

(Notes on Tax Effect Accounting)

Deferred tax assets mainly consist of losses carried forward, stocks in subsidiaries and associates and allowance for loss on sales of shares of subsidiaries and associates. Note that because an amount equivalent to the amount of the deferred tax assets is deducted as a valuation allowance, the deferred tax assets are not included in the balance sheet.

(Notes on related-party transactions)

Type	Company name	Voting rights percentage (owned)	Relationship with related party	Nature of transaction	Amount of transaction (Yen in millions)	Item	Balance at fiscal year-end (Yen in millions)
Subsidiary	Mitsui Sumitomo Aioi Life Insurance Company, Limited	Ownership Direct 100.0%	Business Management, etc.	Issuance of corporate bonds (Note)	51,000	Bonds issued	206,000

Terms and conditions for transactions and the policy for determination thereof

(Note) Interest rates of bonds issued are reasonably determined in consideration of market interest rates.

(Notes on Per Share Information)

Net assets per share: 2,230.33 yen

Net income per share: 57.72 yen

(Note) Any amount less than the stated unit is rounded down.

Audit Report by Accounting Auditor concerning Consolidated Financial Statements

Audit Report by Independent Auditor

May 18, 2020

The Board of Directors
MS&AD Insurance Group Holdings, Inc.

KPMG AZSA LLC
Tokyo Office

Hiroyuki Yamada
Designated and Engagement Partner
Certified Public Accountant

Ikuo Hirakuri
Designated and Engagement Partner
Certified Public Accountant

Fumito Hirose
Designated and Engagement Partner
Certified Public Accountant

Audit opinion

We, the auditors, under the provisions of Article 444, Paragraph 4, of the Companies Act, have audited the consolidated financial statements for MS&AD Insurance Group Holdings, Inc., namely, the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and consolidated explanatory notes for the fiscal year from April 1, 2019 through March 31, 2020.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and operating results of the corporate group comprising MS&AD Insurance Group Holdings, Inc. and its consolidated subsidiary companies for the year ended in the consolidated financial statements, in conformity with corporate accounting standards that are generally accepted in Japan.

Grounds for the audit opinion

We, the auditors, have conducted the audit in accordance with auditing standards that are generally accepted in Japan. The responsibilities of the auditors under the auditing standards are provided in “Responsibilities of auditors in audit of consolidated financial statements.” In accordance with rules related to professional ethics in Japan, the auditors are independent of the Company and its consolidated subsidiary companies. Additionally, the auditors have also fulfilled other ethical responsibilities as auditors. We believe that we have received adequate and appropriate audit evidence to form the basis for our opinion.

Responsibilities of management, Audit & Supervisory Board Members, and the Audit & Supervisory Board regarding consolidated financial statements

The responsibility of the Company’s management is to prepare and appropriately present consolidated financial statements in accordance with corporate accounting standards that are generally accepted in Japan. This includes the fact that internal controls believed to be necessary by management in order to prepare and fairly present consolidated financial statements that are free of material misrepresentation caused by fraud or error have been developed and are in operation.

When preparing consolidated financial statements, management has a responsibility to assess whether it is appropriate to prepare the consolidated financial statements based on the going concern assumption, and disclose any matters related to going concern if it is necessary to do so, in accordance with corporate accounting standards that are generally accepted in Japan.

The responsibilities of Audit & Supervisory Board Members and the Audit & Supervisory Board are to supervise the execution of duties by Directors in relation to the development and implementation of financial reporting processes.

Responsibilities of auditors in audit of consolidated financial statements

The responsibility of the auditors is to express an opinion on the consolidated financial statements from a stance of independence in an audit report based on the audit performed by the auditors, after obtaining reasonable assurance on whether the consolidated financial statements as a whole are free from material misrepresentation owing to reasons of fraud or error. Misrepresentations may be due to fraud or error, and misrepresentations are judged to be material if they may reasonably be expected to affect the decision-making of users of the consolidated financial statements, either individually or collectively.

The auditors exercise their judgment as professional experts and perform the following actions while maintaining a level of professional skepticism, through audit processes in accordance with auditing standards that are generally accepted in Japan.

- Where there is a risk of material misrepresentation owing to fraud or error, it is identified and evaluated. In addition, audit procedures suited to the risk of material misrepresentation are formulated and implemented. The auditors use their judgment when selecting and applying audit procedures. Furthermore, adequate and appropriate audit evidence to form the basis for our opinion is obtained.
- The objective of the audit of consolidated financial statements is not to express an opinion on the effectiveness of internal controls, but when carrying out risk evaluation, the auditors investigate internal controls relating to audits in order to draw up appropriate audit procedures corresponding to the situation.
- The appropriateness of the accounting principles and method of their application used by management, the reasonableness of accounting estimates made by management, and the validity of related notes are evaluated.
- A conclusion is provided concerning whether it is appropriate for management to prepare consolidated financial statements based on the going concern assumption, and whether any material uncertainty may be recognized in regard to matters or conditions that raise material doubts concerning the going concern assumption, based on the audit evidence obtained. If it is recognized that there is material uncertainty related to the going concern assumption, the auditors are required to call attention to the notes to consolidated financial statements in the audit report. Alternatively, if the notes to consolidated financial statements are not appropriate in relation to the material uncertainty, the auditors are required to express a qualified opinion with exceptions. The conclusions of the auditors are based on the audit evidence available as of the date of the audit report, but a company may become unable to continue existing as a going concern owing to future events and circumstances.
- The auditors evaluate whether the presentation of the consolidated financial statements and the notes conform with the corporate accounting standards that are generally accepted in Japan, together with an evaluation of the presentation, structure, and content of the consolidated financial statements, including related notes, and an evaluation of whether the consolidated financial statements appropriately present the transactions and accounting events forming the basis thereof.
- In order to express an opinion regarding the consolidated financial statements, adequate and appropriate audit evidence relating to the financial information of the Company and

its consolidated subsidiary companies is obtained. The auditors have a responsibility to provide guidance and supervision related to audits of consolidated financial statements, and to carry out audits of consolidated financial statements. The auditors are solely responsible for the audit opinion.

The auditors will report to Audit & Supervisory Board Members and the Audit & Supervisory Board the scope of planned audits, the timeline of the implementation of audits, any material findings in the audit, including material insufficiencies in internal controls identified through audit processes, and any other matters required under auditing standards.

The auditors will provide reports to the Audit & Supervisory Board Members and the Audit & Supervisory Board on the fact that rules related to professional ethics in Japan have been complied with in regard to independence, together with any matters that may be reasonably considered to affect the independence of the auditors, and the details of any safeguards in place to eliminate or reduce obstacles.

Interested parties

There exists no interest between the Company and its consolidated subsidiary companies and the auditors or engagement partners that must be cited according to the regulations of the Certified Public Accountants Act.

- End -

Audit Report by Accounting Auditor

Audit Report by Independent Auditor

May 18, 2020

The Board of Directors
MS&AD Insurance Group Holdings, Inc.

KPMG AZSA LLC

Tokyo Office

Hiroyuki Yamada
Designated and Engagement Partner
Certified Public Accountant

Ikuo Hirakuri
Designated and Engagement Partner
Certified Public Accountant

Fumito Hirose
Designated and Engagement Partner
Certified Public Accountant

Audit opinion

We, the auditors, under the provisions of Article 436, Paragraph 2 (1) of the Companies Act, have audited the financial statements for MS&AD Insurance Group Holdings, Inc., namely the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets and non-consolidated explanatory notes, and the supplementary schedules for the 12th fiscal year of operations from April 1, 2019 until March 31, 2020 (the “financial statements, etc.”).

In our opinion, the financial statements, etc. referred to above present fairly, in all material respects, the financial position and operating results of MS&AD Insurance Group Holdings, Inc. for the year ended in the financial statements, etc. in conformity with corporate accounting standards that are generally accepted in Japan.

Grounds for the audit opinion

We, the auditors, have conducted the audit in accordance with auditing standards that are generally accepted in Japan. The responsibilities of the auditors under the auditing standards are provided in “Responsibilities of auditors in audit of financial statements, etc.” In accordance with rules related to professional ethics in Japan, the auditors are independent of the Company. Additionally, the auditors have also fulfilled other ethical responsibilities as auditors. We believe that we have received adequate and appropriate audit evidence to form the basis for our opinion.

Responsibilities of management, Audit & Supervisory Board Members, and the Audit & Supervisory Board regarding financial statements, etc.

The responsibility of the Company’s management is to prepare and appropriately present financial statements, etc. in accordance with corporate accounting standards that are generally accepted in Japan. This includes the fact that internal controls believed to be necessary by management in order to prepare and fairly present financial statements, etc. that are free of material misrepresentation caused by fraud or error have been developed and are in operation.

When preparing financial statements, etc., management has a responsibility to assess whether it is appropriate to prepare the financial statements, etc. based on the going concern assumption, and disclose any matters related to going concern if it is necessary to do so, in accordance with corporate accounting standards that are generally accepted in Japan.

The responsibilities of Audit & Supervisory Board Members and the Audit & Supervisory Board are to supervise the execution of duties by Directors in relation to the development and implementation of financial reporting processes.

Responsibilities of auditors in audit of financial statements, etc.

The responsibility of the auditors is to express an opinion on the financial statements, etc. from a stance of independence in an audit report based on the audit performed by the auditors, after obtaining reasonable assurance on whether the financial statements, etc. as a whole are free from material misrepresentation owing to reasons of fraud or error. Misrepresentations may be due to fraud or error, and misrepresentations are judged to be material if they may reasonably be expected to affect the decision-making of users of the financial statements, etc. either individually or collectively.

The auditors exercise their judgment as professional experts and perform the following actions while maintaining a level of professional skepticism, through audit processes in accordance with auditing standards that are generally accepted in Japan.

- Where there is a risk of material misrepresentation owing to fraud or error, it is identified and evaluated. In addition, audit procedures suited to the risk of material misrepresentation are formulated and implemented. The auditors use their judgment when selecting and applying audit procedures. Furthermore, adequate and appropriate audit evidence to form the basis for our opinion is obtained.
- The objective of the audit of financial statements, etc. is not to express an opinion on the effectiveness of internal controls, but when carrying out risk evaluation, the auditors investigate internal controls relating to audits in order to draw up appropriate audit procedures corresponding to the situation.
- The appropriateness of the accounting principles and method of their application used by management, the reasonableness of accounting estimates made by management, and the validity of related notes are evaluated.
- A conclusion is provided concerning whether it is appropriate for management to prepare financial statements, etc. based on the going concern assumption, and whether any material uncertainty may be recognized in regard to matters or conditions that raise material doubts concerning the going concern assumption, based on the audit evidence obtained.

If it is recognized that there is material uncertainty related to the going concern assumption, the auditors are required to call attention to the notes to financial statements, etc. in the audit report. Alternatively, if the notes to financial statements, etc. are not appropriate in relation to the material uncertainty, the auditors are required to express a qualified opinion with exceptions. The conclusions of the auditors are based on the audit evidence available as of the date of the audit report, but a company may become unable to continue existing as a going concern owing to future events and circumstances.

- The auditors evaluate whether the presentation of the financial statements, etc. and the notes conform with the corporate accounting standards that are generally accepted in Japan, together with an evaluation of the presentation, structure, and content of the financial statements, etc., including related notes, and an evaluation of whether the financial statements, etc. appropriately present the transactions and accounting events forming the basis thereof.

The auditors will report to Audit & Supervisory Board Members and the Audit & Supervisory Board the scope of planned audits, the timeline of the implementation of audits,

any material findings in the audit, including material insufficiencies in internal controls identified through audit processes, and any other matters required under auditing standards.

The auditors will provide reports to the Audit & Supervisory Board Members and the Audit & Supervisory Board on the fact that rules related to professional ethics in Japan have been complied with in regard to independence, together with any matters that may be reasonably considered to affect the independence of the auditors, and the details of any safeguards in place to eliminate or reduce obstacles.

Interested parties

There exists no interest between the Company and the auditors or engagement partners that must be cited according to the regulations of the Certified Public Accountants Act.

- End -

Audit Report by Audit & Supervisory Board

Audit Report of Audit & Supervisory Board

The Audit & Supervisory Board hereby reports as set out below concerning the Directors' performance of their duties during the 12th fiscal year beginning April 1, 2019 and ending March 31, 2020, upon deliberations based on the audit reports prepared by each of the Audit & Supervisory Board Members.

1. Method and Content of Audit conducted by Audit & Supervisory Board Members and Audit & Supervisory Board
 - (1) The Audit & Supervisory Board formulated Audit Policy, Audit Plan and other relevant matters regarding auditing, received reports from each of the Audit & Supervisory Board Members regarding the progress and the results of their audit, received reports from the Directors and the Accounting Auditor regarding the performance of their respective duties, and requested further explanation as necessary.
 - (2) In conformity with Standards of Audit by Audit & Supervisory Board Members adopted by the Audit & Supervisory Board and in accordance with the Audit Policy and Audit plan, each of the Audit & Supervisory Board Members communicated with Directors, Executive Officers, the internal audit division, and other employees, and collected information, maintained the audit environment and conducted the audit by the following methods.
 - 1) We attended Board of Directors meetings and other important meetings, received reports from Directors, Executive Officers and other employees concerning performance of their duties, obtained explanation as necessary, examined important approval documents and inspected the operations and financial affairs of the Company. With respect to subsidiaries, we communicated and exchanged information with Directors and Audit & Supervisory Board Members of subsidiaries, and obtained reports regarding their operations as necessary.
 - 2) As concerns the resolutions of the Board of Directors to establish such systems that ensure Directors carry out their duties in accordance with laws and regulations and the Company's Articles of Incorporation and other systems to ensure appropriateness of the operations of the corporate group consisting of the Company and its subsidiaries as provided by Article 100, Sections 1 and 3 of the Ordinance for Enforcement of Companies Act and the systems established under such resolutions (internal control systems), stated in the Business Reports, Audit & Supervisory Board Members each periodically received reports from Directors, Executive Officers and employees, obtained explanation as necessary and expressed opinions concerning the status of the systems. We received reports from Directors and the Accounting Auditor, KPMG AZSA LLC, regarding assessment and audit of the internal control over financial reporting, and obtained explanation as necessary.
 - 3) We further monitored and examined whether the Accounting Auditor maintained their independence and conducted the audit in an appropriate manner, as well as received reports concerning the performance of their duties and obtained explanation as necessary from the Accounting Auditor. We also received notice and explanation from the Accounting Auditor stating that they have in place "a system to ensure performance of duties in an appropriate manner" (matters provided for by each item of Article 131 of the Corporate Accounting Regulations) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005) and other applicable standards.

On the basis of the foregoing methods, we have reviewed the Business Reports and the supplementary schedules thereto, consolidated financial statements and financial statements and the supplementary schedules thereto for the fiscal year under review.

2. Audit Results

(1) Results of Audit of Business Reports

- i. We conclude that Business Reports and the supplementary schedules thereto fairly represent the status of the Company in accordance with applicable laws and regulations and the Articles of Incorporation of the Company.
- ii. We find no misconduct or material fact constituting a violation of any laws or regulations or the Articles of Incorporation of the Company in connection with the Directors' performance of their duties.
- iii. We conclude that the resolutions adopted by the Board of Directors concerning the internal control systems (including internal control over financial reporting) are appropriate. We find nothing to be mentioned with respect to the description in the Business Reports and the Directors' performance of their duties concerning the internal control systems.

(2) Results of Audit of Consolidated Financial Statements

We conclude that the methods of the audit used and the results of the audit reached by the Accounting Auditor, KPMG AZSA LLC, are appropriate.

(3) Results of Audit of Financial Statements and Supplementary Schedules thereto

We conclude that the methods of the audit used and the results of the audit reached by the Accounting Auditor, KPMG AZSA LLC, are appropriate.

May 19, 2020

Audit & Supervisory Board, MS&AD Insurance Group Holdings, Inc.

Hidema Jinno (Seal)
Full-Time Audit & Supervisory Board Member
Tomoko Kondo (Seal)
Full-Time Audit & Supervisory Board Member
Kunio Chiyoda (Seal)
Outside Audit & Supervisory Board Member
Kyoko Uemura (Seal)
Outside Audit & Supervisory Board Member

- End -

MS&AD Insurance Group Basic Policies on Corporate Governance

MS&AD Insurance Group Holdings, Inc. (hereinafter referred to as “MS&AD” or “the Company”) has established the MS&AD Insurance Group Basic Policies on Corporate Governance for the purpose of indicating the basic approach to and framework for corporate governance.

Chapter 1: The Company’s Basic Approach to Corporate Governance

1. In line with its Corporate Philosophy (Mission), MS&AD, as a holding company overseeing all group businesses, has established a management framework that ensures transparent, fair, swift and decisive decision-making that takes into account the standpoint of all stakeholders. The Company’s objectives are to sustain stability and consistent growth over the long term by using corporate resources efficiently and managing risks properly and ultimately, to further increase corporate value.
2. To this end, the “MS&AD Insurance Group Corporate Philosophy (Mission), Corporate Vision and Code of Conduct (Values)” were formulated as something all officers and employees of the Group should adhere to in all situations. In addition to working to disseminate these principles among all officers and employees of the Company and its Group companies, the Company positions corporate governance, compliance and risk management as important management issues in the Medium-term Management Plan and actively promotes that Plan.

Chapter 2: Relationship with Stakeholders

1. In order to realize our Corporate Philosophy (Mission), the Company aims toward the sustainability of society and sustainable enhancement of corporate value by fulfilling our responsibilities to seven types of stakeholders (customers, shareholders, agents, business partners, employees, local communities/global society and the environment) based on the “Perspective of Sustainability of the MS&AD Insurance Group.”

2. **Perspective of Sustainability of the MS&AD Insurance Group**
 In order to realize our Corporate Philosophy (Mission), the MS&AD Insurance Group will create shared value and aim toward a resilient and sustainable society through corporate activities that implement “Story of Value Creation.” We will consistently strive for supreme quality that lives up to the trust and expectations upon us. Together with our stakeholders, we continue to contribute to the creation of society where anyone can pursue a stable life and boldly engage in dynamic business activities, while preserving the sustainability of the global environment and society.

3. **Efforts to engage stakeholders**
 We will fulfill our responsibilities to stakeholders and create shared value by working with them through the following efforts.

Stakeholder	Efforts
Customers	Provide products and services of high quality that meet customer trust and expectations.
Shareholders	Provide appropriate disclosure of information and appropriate return to shareholders. Strive to raise corporate value (See Chapter 2: Relationship with Shareholders).
Agents	Grow together as partners.
Business partners	Maintain sound relationships and cooperate to fulfill corporate social responsibilities.
Employees	Provide a comfortable working environment, and opportunities to have rewarding experiences and opportunities to grow.
Local communities /Global Society	As a member of society, take steps to create a resilient and sustainable society.
The environment	Secure sustainability of the Planet.

4. **Schemes for Receiving Feedback from Customers**
 The MS&AD Insurance Group has formulated a “Basic Policy for Responding to Customers’ Voices” in order to receive all customer feedback (in the form of inquiries, consultations, requests, complaints, disputes, compliments and gratitude, etc.). This feedback is used to make quality improvements.

5. **Speak Up**
 The MS&AD Insurance Group has established an environment where all employees can speak up their concerns and worries in a frank and positive way. One such initiative is a whistleblowing system enabling all employees of the Company and its subsidiaries to directly report illegal or improper behavior to internal and external contact points. All these efforts aim to receive a wide range of employee feedback and enable early detection and resolution of problems.

6. **Promotion of Diversity and Inclusion**
 In order to conduct Group management with awareness of changes in the global environment, the MS&AD Insurance Group establishes a working environment that enables employees to demonstrate their full potential regardless of gender, nationality or disability, and aims to establish a corporate culture that respects diversity and diverse values.

Chapter 3: The Company's Corporate Governance Stance

1. The Company's Organizational Structure

- As a Company with an Audit & Supervisory Board, the Company will ensure that independently appointed Audit & Supervisory Board Members appropriately act in their auditing functions as well as that the Board of Directors appropriately act in its oversight functions, and will endeavor to improve governance through strengthening of each functions and actively disclosing information.
- The Company has formed the Governance Committee (made up of all Outside Directors, the Chairperson of the Board, the Vice Chairman of the Board and the President) in addition to the Nomination Committee and Remuneration Committee (a majority of the members and a chairperson each have been appointed from among the Outside Directors) as internal committees of the Board of Directors, thus building a highly effective and transparent corporate governance system.
- The Company has introduced an Executive Officer System and is proceeding to delegate authority over business execution to these Executive Officers to ensure rapid execution.

2. Role of the Board of Directors

- (1) In addition to matters specified by laws and regulation and the Company's articles of Incorporation, the Board of Directors discusses and decides upon important matters involving Group management strategy and corporate management, including the Group's management policies, management strategies and capital policy, in addition to overseeing the duties of Directors and Executive Officers.
- (2) The Board of Directors allocates management resources according to risk appetite controlled with a balance of risk, return and capital, and aims to increase corporate value in the medium-to-long term by achieving sustainable growth and improvement in profitability and capital efficiency with a foundation of soundness.
- (3) In addition to appointing Executive Officers, the Board of Directors aims to separate management decision making and oversight by the Board of Directors from business execution by Executive Officers by clarifying their respective roles.
- (4) Executive Officers are responsible for executing business in the respective areas of business entrusted to them by the Board of Directors and report on the status of business execution to the Board of Directors.

3. Composition of the Board of Directors and Roles of Outside Directors

- (1) The Board of Directors defined in the Company's articles of Incorporation has having up to fifteen (15) members, with a balanced composition that includes diverse knowledge and expertise. Candidates for Directors are nominated by the Board of Directors based on the "Criteria for the Selection of Director Candidates and Audit & Supervisory Board Member Candidates" (see 10. Nomination Process below).

Furthermore, at least one third of the Directors are nominated as Outside Directors to incorporate perspectives independent from management, strengthen monitoring and oversight functions, and conduct highly transparent management.

- (2) Outside Directors are expected to perform the following roles.

- Provisioning of advice from a broad perspective on management policies and management improvement based on their knowledge and experience, with the aim of promoting sustainable corporate growth and increasing corporate value over the medium- to long-term.
- Supervising of management through important decision-making at the board level.
- Monitoring of conflicts of interest between the Company and related parties such as management (Note) and/or major shareholders.
- Realizing supervising function from a standpoint independent of management by fulfilling accountability for stakeholders, including shareholders.

(Note) Collectively refers to the Directors, Audit & Supervisory Board Members and Executive Officers of the Company and domestic insurance companies in the Group in which the Company has a direct investment (same applies hereinafter)

4. Operation of the Board of Directors

- (1) Resolutions of the Board of Directors

Except in cases otherwise stipulated by law, resolutions of the Board of Directors are made by a majority of the directors attending the meeting, where a majority of Directors are in attendance.

- (2) Operation of the Board of Directors

- To allow for required, adequate discussion of important decisions regarding business execution and oversight of the performance of duties, the Board of Directors defines the agenda, length of deliberation and frequency of meetings of the Board of Directors.
- To enable meaningful views, comments and questions to be presented in its meetings, the Board of Directors makes efforts to send out and explain proposals to the Board of Directors, giving adequate consideration to the time required for preparation by attendees.
- The Board of Directors determines its annual schedule and anticipated agenda items in advance.

5. Evaluation of the Board of Directors

The Board of Directors periodically analyzes and evaluates its own overall effectiveness, and publishes an overview of the results.

6. Audit & Supervisory Board Members and Audit & Supervisory Board

- (1) Responsibilities of Audit & Supervisory Board Members

As an independent entity entrusted with authority by the shareholders, the Audit & Supervisory Board Members are responsible for ensuring the sound and sustainable growth of the Company, and for establishing a good corporate governance stance in response to the public trust by supervising the performance of duties of the Directors.

- (2) Authority and Roles of Audit & Supervisory Board Members

Each Audit & Supervisory Board Member shall appropriately exercise his/her legal investigating authority, including the authority to audit operations and assets, and supervises the performance of duties of the Directors by attending meetings of the Board of Directors and other important meetings, viewing important approval documents, investigating departments within the Company, and investigating subsidiaries in accordance with the auditing policies and plans stipulated by the Audit & Supervisory Board.

(3) **Composition and Roles of the Audit & Supervisory Board**

- The Audit & Supervisory Board is defined in the Articles of Incorporation and has having up to 6 members, a majority of which shall be Outside Audit & Supervisory Board Members in accordance with the law. Candidates for Audit & Supervisory Board Member are nominated by the Board of Directors with the approval of the Audit & Supervisory Board, based on the “Criteria for the Selection of Director Candidates and Audit & Supervisory Board Member Candidates” (see 10. Nomination Process below).
- The Audit & Supervisory Board receives reports from Audit & Supervisory Board Members on the status of performance of duties, and reports from officers and employees on important matters related to auditing, and also makes decisions regarding auditing policies and auditing plans.
- The Audit & Supervisory Board makes decisions regarding proposals to be submitted to the General Shareholders Meeting on the appointment or dismissal of Accounting Auditors, and the non-reappointment of Accounting Auditors. It also has the right to consent to decisions regarding remuneration of the Accounting Auditors.

7. Accounting Auditors

The Board of Directors and the Audit & Supervisory Board endeavor to take appropriate action to ensure adequate auditing by the Accounting Auditors.

8. Support Systems for Directors and Audit & Supervisory Board Members / Training Policy

The Company has the following systems in place as required for Directors and Audit & Supervisory Board Members to effectively fulfill their roles and responsibilities.

- (1) The Company has assigned a person in the secretariat of the Board of Directors to each of the Outside Directors and Outside Audit & Supervisory Board Members (hereinafter referred to as “Outside Officers”) to provide support in areas such as providing briefings in advance.
- (2) The Company has established a system for ongoing provision of information and training at the time of appointment and during the term of Directors and Audit & Supervisory Board Members.
- (3) The Company provides appropriate opportunities for Outside Officers to share information and exchange opinions with management and senior employees.
- (4) The Company bears the expenses required to enable Outside Officers to fulfill their roles.

9. Group Management Committee

The role of the Group Management Committee is to discuss management policies, management strategies and key issues for the management of the Company and its Group companies. It also monitors specific business operations by receiving reports on matters decided upon by Executive Officers.

10. Nomination Process

- The Board of Directors appoints candidates for Directors and Audit & Supervisory Board Members, and Executive Officers based on advice from the Nomination Committee. The Audit & Supervisory Board’s consent needs to be obtained for candidates for Audit & Supervisory Board Members.
- The Nomination Committee deliberates on important management personnel matters and provides advice on these matters to the Board of Directors. Such matters include the selection of candidates for Director and Audit & Supervisory Board Member, and Executive Officer of the Company as well as the selection of Directors and Audit & Supervisory Board Members for domestic insurance companies in which the Company has direct investments.
- The Nomination Committee is made up of 3 or more members.
- A majority of members and the chairperson shall be appointed from among the Outside Directors by the Board of Directors.

11. Process of Determining Remuneration

- (1) **Remuneration of Directors**
 - The amount of remuneration for each Director is determined by the Board of Directors within the amount specified by resolution of the General Shareholders Meeting, after deliberation by the Remuneration Committee.
 - The Remuneration Committee provides advice to the Board of Directors on matters such as performance evaluations and remuneration for the Company’s Directors and Executive Officers.
 - The Remuneration Committee is made up of 3 or more members.
 - A majority of members and the chairperson have been appointed from among the Outside Directors by the Board of Directors.
- (2) **Remuneration of Audit & Supervisory Board Members**
 - The amount of remuneration of each Audit & Supervisory Board Member is determined by discussion by Audit & Supervisory Board, within the amount specified by resolution of the General Shareholders Meeting.

12. Governance Committee

The Governance Committee whose chairperson is elected by mutual vote of the Outside Directors has been established for the purpose of discussion by all Outside Directors, the Chairman, the Vice Chairman and the President regarding matters related to the status of, policies regarding and stance on corporate governance.

13. Task-Specific Committees

The Company has established the Sustainability Committee, Quality Improvement and Compliance Committee, Group Management Monitoring Committee, Digitalization Committee, Group Systems Committee, Group International Business Committee and Risk Management Committee with the aim of deliberating important management issues involving business execution, to coordinate perspectives across various departments.

Chapter 4: Group Management Structure

1. Roles of the Company (Holding Company)

- The Company has executed into business management agreements with the domestic Group insurance companies in which it has invested directly (hereinafter referred to as the “Directly Invested Companies”), and supervises management of Group companies in order to realize management strategies, improve management efficiency and ensure financial soundness and appropriate operations within the Group.
- The Company has established “Basic Policy Pertaining to System for the Group’s Internal Controls,” “The Group’s Risk Management Basic Policy,” “The Group’s Compliance Basic Policy,” “The Group’s Internal Audit Basic Policy,” “The Group’s Risk Appetite Statement,” and “The Group’s Basic Policy on Information Technology Governance.” In addition to requiring compliance with these policies by Group companies, either the approval of or reporting to the Company is required for important matters involving the Directly Invested Companies in line with the business management agreements.
- The Company establishes a group management strategy such as the Group’s Medium-term Management Plan.
- The Company provides guidance and supervision through monitoring of the progress of management plans formulated by Group companies and the status of business execution, with the aim of achieving the goals of the Group.

2. Role of Directly Invested Companies

- The Directly Invested Companies formulate their own policies and appropriately establish internal management systems based on the Group’s Basic Policies, in addition to formulating management plans in each company based on the Group’s Medium-term Management Plan to conduct management as individual companies.
- The Directly Invested Companies also appropriately supervise the management of their subsidiaries under business management agreements.

Chapter 5: Relationship with Shareholders

1. Constructive Dialogue with Shareholders

The Company has disclosed the Policy on Constructive Dialogue with Shareholders and has established the system for promoting constructive dialogue with shareholders from the perspective of enabling deeper dialogue in the medium- to long-term and enhancing corporate value.

2. Ensuring Shareholder Rights and Equality

The Company acts appropriately to effectively ensure the rights of shareholders, and endeavors to enable shareholders to appropriately exercise those rights as follows.

- The Company will take appropriate action to enable shareholders to effectively exercise their voting rights in the General Shareholders Meeting.
- The Company will provide accurate information to contribute to appropriate decision-making in the exercise of voting rights of shareholders.
- The Company provides adequate explanation of capital policies, etc., that have a material impact on the interests of shareholders.
- In the event a proposal by the Company is approved in the General Shareholders Meeting but with a considerable number of votes in opposition, the Company analyzes the reason and volume of opposing votes, and responds appropriately.

3. Prevention of Transactions that Conflict with the Interests of Shareholders

When the Company does business with a related party such as a Director or a major shareholder, prior approval of the Board of Directors is required for important or non-standard transactions to ensure they do not harm the joint interests of the Company and the Company’s shareholders.

4. Strategic Equity Holdings

The Company has disclosed the “Basic Policy on Reduction of Strategic Equity Holdings” and the Criteria for Ensuring Appropriate Handling of the Exercise of Voting Rights Pertaining to Strategic Equity Holdings from the perspective of contributing to the increase in the Company’s corporate value and that of companies in which shares are held by the Company in the medium-to long-term.

Chapter 6: Appropriate Disclosure

- The Company and the Group's domestic insurance companies conduct disclosure based on the "Basic Policy for Disclosure of Information," to ensure that they act in accordance with law and disclosure rules stipulated by financial instrument exchange, and that their stakeholders are able to fairly, correctly and promptly understand important information.
- In addition to disclosure required by law, the Company also discloses non-financial information of significant interest to shareholders, including ESG (Environment, Society, Governance) along with financial information, in an easily viewable "Integrated Report" format, intended to contribute to a constructive dialogue with stakeholders, including shareholders.
- In addition, this information is also disclosed in easily-accessible format on the Company's website, and other efforts, including the use of video, will be made to provide stakeholders with a better understanding on the website.

Supplementary Provision

Revision and abolition of this basic policies shall be determined by resolution of the Board of Directors.

END

Last Amended, April 1, 2020