

June 4, 2021

Dear Shareholders:

**Notice of Convocation of
the 13th Annual Shareholders Meeting**

MS&AD Insurance Group Holdings, Inc. (the “Company”) hereby announces that its 13th Annual Shareholders Meeting will be held as set out below.

In order to prevent the spread of the new coronavirus disease (COVID-19), we request all shareholders to make their best efforts to exercise their voting rights in advance via the Internet or in writing, and to refrain from attending the Annual Shareholders Meeting regardless of their health. We also ask that you please review the attached Reference Document for Shareholders Meeting before placing your votes.

Yours faithfully,

MS&AD Insurance Group Holdings, Inc.

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

By: Noriyuki Hara
Director, President & CEO

Particulars

1. Date and Time: 10:00 a.m., on June 28, 2021 (Monday) (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 13th fiscal year (Fiscal 2020 (from April 1, 2020 to March 31, 2021)); and
2. Report on the Non-Consolidated Financial Statements for the 13th fiscal year (Fiscal 2020 (from April 1, 2020 to March 31, 2021)).

Matters to be resolved:

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|-------------------------|---|
| <u>First Proposal:</u> | Appropriation of Surplus |
| <u>Second Proposal:</u> | Election of Ten (10) Directors |
| <u>Third Proposal:</u> | Election of Two (2) Audit & Supervisory Board Members |
| <u>Fourth Proposal:</u> | Election of One (1) Substitute Audit & Supervisory Board Member |
| <u>Fifth Proposal:</u> | Payment of Condolence Money for the Late Director Kazuhito Ikeo |

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 available on the Internet.
2. The Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements attached to this printed copy (Japanese version only) of Notice of Convocation constitute one part and not all of the Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements reviewed by the Audit & Supervisory Board Member and the Accounting Auditors in the preparation of their respective audit reports. "(3) Main offices of Corporate Group," "(4) Employees of Corporate Group," and "(5) Major Lenders of Corporate Group" under "1. Matters Concerning the Current Status of the Insurance Holding Company," "5. Matters Concerning Stock Acquisition Rights, etc.," "8. System for Ensuring Appropriateness of Operations," and "9. Matters Concerning Specified Wholly Owned Subsidiaries" of the Business Report, as well as "Consolidated Statement of Changes in Net Assets" and "Consolidated Explanatory Notes" for the consolidated financial statements and "Non-consolidated Statement of Changes in Net Assets" and "Non-Consolidated Explanatory Notes" for the non-consolidated financial statements, are posted on the Company's website in accordance with laws and regulations and provisions of Article 17 of the Company's Articles of Incorporation.
3. 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/>

[Language used and accompaniment of interpreter at the Shareholders Meeting]

Only the Japanese language will be used at this Shareholders Meeting.

The Company will not arrange for an interpreter.

Shareholders may arrange and bring an interpreter, but when making a comment, please understand the following.

- * Please follow the instructions of the chair when making a comment.
- * When a comment is allowed by the chair, the relevant shareholder speaks first and then the interpreter interprets the comment to the chair.
- * Interpreters may only interpret the comment of the relevant shareholder into Japanese.
- * Interpreters may never make a comment of their own volition instead of the relevant shareholder.
- * What the interpreter says is deemed to be a comment by the relevant shareholder.

[Attendance of beneficial shareholders]

Beneficial shareholders, i.e. shareholders who do not hold shares in their own names but rather through an institutional investor (e.g., institutional investors owning shares in the name of a trust bank), attending this Shareholders Meeting are required to obtain advance consent from the Company by prior notification to the Company (submitting necessary documents ^(Note 1)) and by bringing the specified identity verification documents ^(Note 2) on the day of the Shareholders Meeting.

- (Notes) 1. "Letter of proxy," "Certificate concerning the exercise of voting rights by proxy," "Status of the exercise of voting rights by proxy," "Certificate by standing proxy (in the case of a foreign institutional investor)"
2. "Notification of proxy," "Identity verification materials"

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 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.

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| <p>Deadline for the exercise of voting rights via the Internet No later than 5:00 p.m., on June 25, 2021 (Friday)</p> |
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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.

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| <p>Deadline for the arrival of written documents to exercise voting rights by mail No later than 5:00 p.m., on June 25, 2021 (Friday)</p> |
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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.

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| <p>Date and Time of the Annual Shareholders Meeting 10:00 a.m., on June 28, 2021 (Monday)</p> |
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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.

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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 corporate value through improvement of profitability and capital efficiency on the premise of securing financial soundness, while providing continuous and stable 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 of around 40% to 60% of its Group Adjusted Profit ^(Note) 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:

80 yen per share of common stock of the Company

Total: 44,656,808,480 yen

As a result, the annual dividend for the fiscal year under review totals 155 yen per share, including the interim dividend.

2. Effective date of dividend:

June 29, 2021

(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 Ten (10) Directors

The terms of office of all eleven (11) present Directors will expire at the close of this Annual Shareholders Meeting and one (1) Outside Director retired before the expiration of his term of office due to passing away. Therefore, we would like to request the appointment of ten (10) Directors, including four (4) Outside Directors.

The candidates for Directors are as follows:

| Candidate No. | | Name | Gender | Position and Duties at the Company | |
|---------------|--------------------|---------------------------|--|--|-----------------------------|
| 1 | Reappointment | Yasuyoshi Karasawa | Male | Chairman & Director, Chairman Executive Officer | |
| 2 | Reappointment | Yasuzo Kanasugi | Male | Representative Director, Vice Chairman & Director, Vice Chairman Executive Officer | |
| 3 | Reappointment | Noriyuki Hara | Male | Representative Director, President & CEO (Group CEO) | |
| 4 | Reappointment | Tetsuji Higuchi | Male | Representative Director, Executive Vice President 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 | Reappointment | Masahito Fukuda | Male | Director, Executive Officer In charge of Sales | |
| 6 | New Appointment | Takaoki Endo | Male | Executive Officer Assistant Management | |
| 7 | Reappointment | Mariko Bando | Outside Director Independent Director | Female | Director (Outside Director) |
| 8 | Reappointment | Akira Arima | Outside Director Independent Director | Male | Director (Outside Director) |
| 9 | Reappointment | Junichi Tobimatsu | Outside Director Independent Director | Male | Director (Outside Director) |
| 10 | Reappointment | Rochelle Kopp | Outside Director Independent Director | Female | Director (Outside Director) |

| Candi- date 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 FY2020: 12/12 (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></p> <p>Apr. 2016 Chairman & Director, Chairman Executive Officer, <i>MSI</i></p> <p>Jun. 2020 Chairman & Director, Chairman Executive Officer, <i>the Company</i> (present)</p> <p>Apr. 2021 Director, Advisor, <i>MSI</i> (present)</p> <p><Position and Duties at the Company> Chairman & Director, Chairman Executive Officer</p> <p><Important Concurrent Positions> Director, Advisor, <i>MSI</i></p> | 35,940 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 as Chairman & Director of <i>MSI</i> from 2016 to 2021. He served as President and CEO of the Company from 2014 to 2020 and has been serving as Chairman & Director of the Company since 2020. Thus, he has expertise for precisely and fairly overseeing overall management of insurance companies, etc. Therefore, we propose to reappoint him as Director.</p> | | | |
| <p>(Note) The Company has entered into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, Paragraph (1) of the Companies Act. The content of the policy is summarized in the Business Report (page 42 of this Notice). If election of Mr. Yasuyoshi Karasawa is approved, he will continue to be included as an insured under said insurance policy. Also, the Company plans to renew the said insurance policy with the same terms at the time of the next renewal.</p> | | | |

| Candi- date 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 |
|---|---|---|---|
| 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 FY2020: 12/12 (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></p> <p>Apr. 2016 President & CEO, <i>ADI</i> (present)</p> <p>Jun. 2020 Vice Chairman & Director, Vice Chairman Executive Officer, <i>the Company</i> (present)</p> <p><Position and Duties at the Company> Representative Director, Vice Chairman & Director, Vice Chairman Executive Officer</p> <p><Important Concurrent Positions> President & CEO, <i>ADI</i></p> | 43,504 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, and as Vice Chairman & Director of the Company since 2020. Thus, he has expertise for precisely and fairly overseeing overall management of insurance companies, etc. Therefore, we propose to reappoint him as Director.</p> | | | |
| <p>(Note) The Company has entered into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, Paragraph (1) of the Companies Act. The content of the policy is summarized in the Business Report (page 42 of this Notice). If election of Mr. Yasuzo Kanasugi is approved, he will continue to be included as an insured under said insurance policy. Also, the Company plans to renew the said insurance policy with the same terms at the time of the next renewal.</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;">Reappointment</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 FY2020: 12/12 (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.</i> (“<i>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> Executive Officer, <i>the Company</i></p> <p>Jun. 2016 Director, Executive Officer, <i>the Company</i></p> <p>Jun. 2020 President & CEO, <i>the Company</i> (present)</p> <p>Apr. 2021 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 & Chairman Executive Officer, <i>MSI</i></p> | 33,740 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 served as President & CEO of <i>MSI</i> from 2016 to 2021 and has been serving as Chairman & Director of <i>MSI</i> since 2021 and as President & CEO of the Company since 2020. Thus, he has expertise for precisely and fairly overseeing overall management of insurance companies, etc. Therefore, we propose to reappoint him as Director.</p> | | | |
| <p>(Note) The Company has entered into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, Paragraph (1) of the Companies Act. The content of the policy is summarized in the Business Report (page 42 of this Notice). If election of Mr. Noriyuki Hara is approved, he will continue to be included as an insured under said insurance policy. Also, the Company plans to renew the said insurance policy with the same terms at the time of the next renewal.</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 |
|--|--|---|---------------------------------------|
| 4 | <p style="text-align: center;">Reappointment</p> <p style="text-align: center;">Tetsuji Higuchi</p> <p style="text-align: center;">(Jun. 24, 1961)</p> <p>Attendance at Board of Directors meetings held in FY2020: 10/10 (100%)*</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></p> <p>Jun. 2020 Director, Senior Executive Officer, <i>the Company</i></p> <p>Apr. 2021 Director, Executive Vice President, <i>the Company</i> (present)</p> <p><Position and Duties at the Company> Representative Director, Executive Vice President, 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> | 15,663 shares |
| <p>[Reasons for selection as a candidate for Director] 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 served as Senior Executive Officer of <i>MSI</i> from 2018 to 2020 and has been serving as Executive Vice President of the Company since 2021. Thus, he has expertise for precisely and fairly overseeing overall management of insurance companies, etc. Therefore, we propose to reappoint him as Director.</p> | | | |
| <p>(Note) The Company has entered into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, Paragraph (1) of the Companies Act. The content of the policy is summarized in the Business Report (page 42 of this Notice). If election of Mr. Tetsuji Higuchi is approved, he will continue to be included as an insured under said insurance policy. Also, the Company plans to renew the said insurance policy with the same terms at the time of the next renewal.</p> <p>* Mr. Tetsuji Higuchi was newly appointed as a Director at the 12th Annual Shareholders Meeting held on June 25, 2020. The status of his attendance at the Board of Directors meeting held on or after said date is stated herein.</p> | | | |

| Candi- date 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 | <p style="text-align: center;">Reappointment</p> <p style="text-align: center;">Masahito Fukuda</p> <p style="text-align: center;">(Jun. 23, 1958)</p> <p>Attendance at Board of Directors meetings held in FY2020: 10/10 (100%)*</p> | <p>Apr. 1981 Entered Taisho Marine and Fire Insurance Co., Ltd.</p> <p>Apr. 2012 Executive Officer, General Manager of Chiba and Saitama Div., <i>Mitsui Sumitomo Insurance Co., Ltd. ("MSI")</i></p> <p>Apr. 2014 Managing Executive Officer, General Manager of Chiba and Saitama Div., <i>MSI</i></p> <p>Apr. 2015 Managing Executive Officer, General Manager of Tokyo Div., <i>MSI</i></p> <p>Apr. 2016 Director, Managing Executive Officer, General Manager of Tokyo Div., <i>MSI</i></p> <p>Apr. 2017 Director, Managing Executive Officer, <i>MSI</i></p> <p>Apr. 2018 Director, Senior Executive Officer, <i>MSI</i></p> <p>Apr. 2020 Executive Officer, <i>the Company</i></p> <p>Jun. 2020 Director, Executive Officer, <i>the Company</i> (present)</p> <p>Apr. 2021 Director, Executive Vice President, <i>MSI</i> (present)</p> <p><Position and Duties at the Company> Director, Executive Officer In charge of Sales</p> <p><Important Concurrent Positions> Director, Executive Vice President, <i>MSI</i></p> | 18,463 shares |
| <p>[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 served as Executive Vice President of <i>MSI</i> from 2021. Thus, he has expertise for precisely and fairly overseeing overall management of insurance companies, etc. Therefore, we propose to reappoint him as Director.</p> | | | |
| <p>(Note) The Company has entered into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, Paragraph (1) of the Companies Act. The content of the policy is summarized in the Business Report (page 42 of this Notice). If election of Mr. Masahito Fukuda is approved, he will continue to be included as an insured under said insurance policy. Also, the Company plans to renew the said insurance policy with the same terms at the time of the next renewal.</p> <p>*Mr. Masahito Fukuda was newly appointed as a Director at the 12th Annual Shareholders Meeting held on June 25, 2020. The status of his attendance at the Board of Directors meeting held on or after said date is stated herein.</p> | | | |

| Candi- date 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 |
|---|---|---|---|
| 6 | <p data-bbox="320 555 485 584">New Appointment</p> <p data-bbox="312 622 493 651">Takaoki Endo</p> <p data-bbox="320 696 485 725">(Sep. 30, 1960)</p> | <p data-bbox="520 275 1262 353">Apr. 1983 Entered Chiyoda Fire & Marine Insurance Co., Ltd. Apr. 2008 Executive Officer, General Manager of Planning Dept., <i>Aioi Life Insurance Co., Ltd. ("Aioi Life")</i></p> <p data-bbox="520 360 1190 439">Oct. 2011 Senior Administrative Director, General Manager of Planning Dept., <i>Mitsui Sumitomo Aioi Life Insurance Company, Limited</i></p> <p data-bbox="520 445 1238 524">Apr. 2013 Director, Executive Officer, General Manager of Planning Dept., <i>Mitsui Sumitomo Aioi Life Insurance Company, Limited</i></p> <p data-bbox="520 530 1267 560">Apr. 2014 General Manager of Corporate Planning Dept., <i>the Company</i></p> <p data-bbox="520 566 1251 645">Apr. 2015 Executive Officer, General Manager of Corporate Planning Dept., <i>the Company</i></p> <p data-bbox="520 651 1203 680">Apr. 2017 Director & President, <i>au Insurance Company, Limited</i></p> <p data-bbox="520 687 1227 766">Apr. 2019 Executive Officer, <i>Aioi Nissay Dowa Insurance Co., Ltd. ("ADI")</i></p> <p data-bbox="520 772 1078 801">Apr. 2020 Managing Executive Officer, <i>ADI</i> Executive Officer, <i>the Company</i> (present)</p> <p data-bbox="520 808 1098 837">Jun. 2020 Director, Managing Executive Officer, <i>ADI</i></p> <p data-bbox="520 844 1153 873">Apr. 2021 Director, Senior Executive Officer, <i>ADI</i> (present)</p> <p data-bbox="520 880 895 909"><Position and Duties at the Company></p> <p data-bbox="544 916 719 945">Executive Officer</p> <p data-bbox="544 952 767 981">Assistant Management</p> <p data-bbox="520 987 852 1016"><Important Concurrent Positions></p> <p data-bbox="544 1023 932 1052">Director, Senior Executive Officer, <i>ADI</i></p> | 8,007 shares |
| <p data-bbox="308 1014 794 1043">[Reasons for selection as a candidate for Director]</p> <p data-bbox="308 1050 1409 1149">Mr. Takaoki Endo has a wealth of business experience gained through his involvement in corporate planning, and marketing & sales, etc. He served as Director & President of <i>au Insurance Company, Limited</i> from 2017 to 2019 and has been serving as Senior Executive Officer of <i>ADI</i> since 2021. Thus, he has expertise for precisely and fairly overseeing overall management of insurance companies, etc. Therefore, we propose to appoint him as Director.</p> | | | |
| <p data-bbox="201 1149 1409 1283">(Note) The Company has entered into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, Paragraph (1) of the Companies Act. The content of the policy is summarized in the Business Report (page 42 of this Notice). If election of Mr. Takaoki Endo is approved, he will be included as an insured under said insurance policy. Also, the Company plans to renew the said insurance policy with the same terms at the time of the next renewal.</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 |
|--|--|--|---------------------------------------|
| 7 | <p style="text-align: center;"> Reappointment Outside Director Independent Director </p> <p style="text-align: center;">Mariko Bando</p> <p style="text-align: center;">(Aug. 17, 1946)</p> <p>Attendance at Board of Directors meetings held in FY2020: 12/12 (100%)</p> | <p>Jul. 1969 Entered the Prime Minister's Office</p> <p>Oct. 1985 Counsellor of Cabinet Secretariat, Councilor 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> | 4,700 shares |
| <p>[Reasons for selection as a candidate for Outside Director and overview of expected roles]</p> <p>Ms. Mariko Bando has gained a wealth of insight from previously serving 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. We expect to continue to draw that insight and experience and have her supervise the execution of duties of Directors and provide advice from her expert perspective, particularly in regard to promoting diversity.</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 the agreement if Ms. Mariko Bando is elected as Outside Director.
3. The Company has entered into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, Paragraph (1) of the Companies Act. The content of the policy is summarized in the Business Report (page 42 of this Notice). If election of Ms. Mariko Bando is approved, she will continue to be included as an insured under said insurance policy. Also, the Company plans to renew the said insurance policy with the same terms at the time of the next renewal.
4. Ms. Mariko Bando will have served as Outside Director for four (4) years as of the close of this Annual Shareholders Meeting.
5. 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.
6. There are transactions between the Company or its major subsidiaries and Incorporated Educational Institution Showa Women's University or Mitsubishi Research Institute, Inc., each of which accounts for less than 1% of the annual revenue from activities or annual consolidated sales of the university or Mitsubishi Research Institute, Inc., 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. Furthermore, Ms. Mariko Bando is expected to be appointed as outside director of Hokuohoku Financial Group, Inc. at their ordinary general meeting of shareholders, which is planned to be held in June 2021. There are transactions between the Company or its major subsidiaries and Hokuohoku Financial Group, Inc., which account for less than 1% of the annual consolidated sales of Hokuohoku Financial Group, 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.
7. 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 |
|--|---|---|---------------------------------------|
| 8 | <p style="text-align: center;"> <u>Reappointment</u> <u>Outside Director</u> <u>Independent Director</u> </p> <p style="text-align: center;"> Akira Arima (Aug. 25, 1949) </p> <p>Attendance at Board of Directors meetings held in FY2020: 12/12 (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> | 900 shares |
| <p>[Reasons for selection as a candidate for Outside Director and overview of expected roles] Mr. Akira Arima has a wealth of insight and experience as a management executive gained from previously serving as Director of Nippon Telegraph and Telephone Corporation, President, Chief Executive Officer of NTT Communications Corporation, etc. We expect to continue to draw that insight and experience and have him supervise the execution of duties of Directors and provide advice from his expert perspective, particularly in regard to promoting digitalization and global management.</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 the agreement if Mr. Akira Arima is elected as Outside Director.
3. The Company has entered into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, Paragraph (1) of the Companies Act. The content of the policy is summarized in the Business Report (page 42 of this Notice). If election of Mr. Akira Arima is approved, he will continue to be included as an insured under said insurance policy. Also, the Company plans to renew the said insurance policy with the same terms at the time of the next renewal.
4. Mr. Akira Arima will have served as Outside Director for three (3) years as of the close of this Annual Shareholders Meeting.
5. There are transactions between the Company or its major 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.
6. 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 |
|---|---|--|---------------------------------------|
| 9 | <p style="text-align: center;"> Reappointment Outside Director Independent Director </p> <p style="text-align: center;">Junichi Tobimatsu</p> <p style="text-align: center;">(Aug. 15, 1972)</p> <p>Attendance at Board of Directors meetings held in FY2020: 12/12 (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, amana inc. (Outside Director) Director, AI, Inc. (Outside Director (Auditor)) Auditor, CANDEAL Co., Ltd. (Outside Auditor)</p> | 0 shares |
| <p>[Reasons for selection as a candidate for Outside Director and overview of expected roles] Mr. Junichi Tobimatsu has a wealth of insight concerning overall corporate legal affairs including those of overseas companies as an attorney-at-law. We expect to continue to draw that insight and have him supervise the execution of duties of Directors and provide advice from his expert perspective, particularly in regard to securing soundness of the management of the Group.</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 the agreement if Mr. Junichi Tobimatsu is elected as Outside Director.
3. The Company has entered into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, Paragraph (1) of the Companies Act. The content of the policy is summarized in the Business Report (page 42 of this Notice). If election of Mr. Junichi Tobimatsu is approved, he will continue to be included as an insured under said insurance policy. Also, the Company plans to renew the said insurance policy with the same terms at the time of the next renewal.
4. Mr. Junichi Tobimatsu will have served as Outside Director for three (3) years as of the close of this Annual Shareholders Meeting.
5. Mr. Junichi Tobimatsu 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 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.
6. There are no transactions between the Company or its major subsidiaries and GAIEN PARTNERS, AI, Inc. There are transactions between the Company or its major subsidiaries and amana inc. or CANDEAL Co., Ltd., each of which account for less than 1% of the annual consolidated turnover of amana inc. or CANDEAL 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.
7. In April 2018, it was discovered that in amana inc., for which Mr. Junichi Tobimatsu has been appointed as an Outside Corporate Auditor from March 2009 to March 2021 and as an Outside Director since March 2021, inappropriate accounting treatment was conducted by amana inc.'s foreign consolidated subsidiary. He 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. Moreover, in November 2020, it was discovered that inappropriate accounting treatment was conducted by the aforementioned company and its domestic consolidated subsidiary. He 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 fulfilled his responsibilities through activities such as demanding that the internal controls should be further strengthened and providing necessary advice regarding measures to prevent recurrence, etc.
8. 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 |
|---|---|---|---------------------------------------|
| 10 | <p style="text-align: center;">Rochelle Kopp</p> <p style="text-align: center;">(Jun. 29, 1964)</p> <p>Attendance at Board of Directors meetings held in FY2020: 10/10 (100%)*</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>Oct. 1992 Consultant, IPC Group, Inc. Jul. 1994 Managing Principle, Japan Intercultural Consulting (present) Jan. 2015 Professor of Global Leadership Course, Business BreakThrough University Apr. 2019 Professor of Faculty of Foreign Studies, The University of Kitakyushu Jun. 2020 Director, <i>the Company</i> (present)</p> <p><Position and Duties at the Company> Director (Outside Director) <Important Concurrent Positions> Managing Principle, Japan Intercultural Consulting)</p> | 0 shares |
| <p>[Reasons for selection as a candidate for Outside Director and overview of expected roles] Ms. Rochelle Kopp has a wealth of insight into cross-cultural communication and experience in both Japan and the U.S. as a management consultant. We expect to continue to draw that insight and experience and have her supervise the execution of duties of Directors and provide advice from her expert perspective, particularly in regard to the Group's global expansion.</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 has entered into an agreement with Ms. Rochelle Kopp 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 the agreement if Ms. Rochelle Kopp is elected as Outside Director.
3. The Company has entered into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, Paragraph (1) of the Companies Act. The content of the policy is summarized in the Business Report (page 42 of this Notice). If election of Ms. Rochelle Kopp is approved, she will continue to be included as an insured under said insurance policy. Also, the Company plans to renew the said insurance policy with the same terms at the time of the next renewal.
4. Ms. Rochelle Kopp will have served as Outside Director for one (1) year as of the close of this Annual Shareholders Meeting.
5. There are no transactions between the Company or its major subsidiaries and Japan Intercultural Consulting.
6. The Company has 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.

* Ms. Rochelle Kopp was newly appointed as a Director at the 12th Annual Shareholders Meeting held on June 25, 2020. The status of her attendance at the Board of Directors meeting held on or after said date is stated herein.

Third Proposal: Election of Two (2) Audit & Supervisory Board Members

The terms of office of Audit & Supervisory Board Members Tomoko Kondo and Kyoko Uemura will expire at the close of this Annual Shareholders Meeting. Therefore, we would like to request the appointment of two (2) Audit & Supervisory Board Members, including one (1) Outside Audit & Supervisory Board Member.

The Audit & Supervisory Board has consented to this proposal.

The candidates for Audit & Supervisory Board Member are as follows:

| 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 | <div style="border: 1px solid black; padding: 2px; display: inline-block;">New Appointment</div> Atsuko Suto (May 21, 1967) | Apr. 1990 Entered Dai-Tokyo Fire & Marine Insurance Co., Ltd. Apr. 2020 Administrative Director, General Manager of Accounting Dept., <i>Aioi Nissay Dowa Insurance Co., Ltd. ("ADI")</i> Apr. 2021 Advisor, <i>ADI</i> (present) | 179 shares |
| [Reasons for selection as a candidate for Audit & Supervisory Board Member] Ms. Atsuko Suto has an actuary certification and a wealth of business experience gained through her involvement in risk management, accounting, etc. Thus, she has expertise for appropriately auditing overall operations of the Company. Therefore, we propose to appoint her as Audit & Supervisory Board Member. | | | |
| (Note) The Company has entered into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, Paragraph (1) of the Companies Act. The content of the policy is summarized in the Business Report (page 42 of this Notice). If election of Ms. Atsuko Suto is approved, she will be included as an insured under said insurance policy. Also, the Company plans to renew the said insurance policy with the same terms at the time of the next renewal. * A professional expert who mainly solves various problems related to insurance and pensions using mathematical methods such as probability and statistics. | | | |

| 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 |
|---|---|--|---------------------------------------|
| 2 | <p><u>Reappointment</u></p> <p>Outside Audit & Supervisory Board Member</p> <p><u>Independent Director</u></p> <p>Kyoko Uemura</p> <p>(Jul. 22, 1961)</p> <p>Attendance at Board of Directors meetings held in FY2020: 12/12 (100%)</p> <p>Attendance at Audit & Supervisory Board meetings held in FY2020: 11/11 (100%)</p> | <p>Apr. 1994 Assistant Judge, Osaka District Court</p> <p>Apr. 2004 Judge, Numazu Branch, Shizuoka Family Court</p> <p>Apr. 2005 Judge, Yokohama District Court</p> <p>Apr. 2008 Registered as Attorney-at-Law Attorney-at-Law, LM Law Offices</p> <p>Jun. 2017 Audit & Supervisory Board Member, <i>the Company</i> (present)</p> <p>Oct. 2018 Attorney-at-Law, Miyama, Koganemaru & Associates (present)</p> <p><Position and Duties at the Company> Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)</p> <p><Important Concurrent Positions> Attorney-at-Law, Miyama, Koganemaru & Associates Director, SoftBank Corp. (External Director) Director, MABUCHI MOTOR CO., LTD. (Outside Director (Audit & Supervisory Committee Member))</p> | 500 shares |
| <p>[Reasons for selection as a candidate for Outside Audit & Supervisory Board Member]</p> <p>As a legal professional, Ms. Kyoko Uemura has held a number of posts, including a judge and attorney-at-law. She has been stating opinions at meetings of the Company's Board of Directors and on other occasions based on her knowledge and experience. We propose to reappoint her as Outside Audit & Supervisory Board Member in order to draw on her knowledge and experience in the management of the Company.</p> | | | |
| <p>(Notes)</p> <ol style="list-style-type: none"> Ms. Kyoko Uemura is a candidate for Outside Audit & Supervisory Board Member. To enable Outside Audit & Supervisory Board Members to fully perform their expected roles, the Company has entered into an agreement with Ms. Kyoko Uemura that limits her liability for any damage to the Company caused by a failure to perform the duties of an Audit & Supervisory Board Member if she 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 the agreement if Ms. Kyoko Uemura is elected as Outside Audit & Supervisory Board Member. The Company has entered into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, Paragraph (1) of the Companies Act. The content of the policy is summarized in the Business Report (page 42 of this Notice). If election of Ms. Kyoko Uemura is approved, she will continue to be included as an insured under said insurance policy. Also, the Company plans to renew the said insurance policy with the same terms at the time of the next renewal. Ms. Kyoko Uemura will have served as Outside Audit & Supervisory Board Member for four (4) years as of the close of this Annual Shareholders Meeting. Ms. Kyoko Uemura 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 her professional knowledge and experience in the legal profession, the Company believes that she is able to perform her duties as an Outside Audit & Supervisory Board Member appropriately. There are no transactions between the Company or its major subsidiaries and Miyama, Koganemaru & Associates. There are transactions between the Company or its major subsidiaries and SoftBank Corp. or MABUCHI MOTOR CO., LTD., each of which account for less than 1% of the annual consolidated turnover of SoftBank Corp. or MABUCHI MOTOR 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 her independence. The Company has submitted to the Tokyo Stock Exchange and Nagoya Stock Exchange an Independent Director Notification, indicating that Ms. Kyoko Uemura is an Independent Director who is unlikely to have conflict of interests with general shareholders. | | | |

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

The validity of the election of the Substitute Audit & Supervisory Board Member will expire at the start of this Annual Shareholders Meeting. Therefore, we would like to request the appointment of one (1) Substitute Outside Audit & Supervisory Board Member to fill a vacancy in preparation for a shortfall in the statutory number of Audit & Supervisory Board Members.

The validity of the election under this proposal can be cancelled only before the assumption of office of the Audit & Supervisory Board Member, subject to the consent of the Audit & Supervisory Board and by resolution of the Board of Directors.

The Audit & Supervisory Board has consented to this proposal.

The candidate for Substitute 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; display: inline-block;">Substitute Outside Audit & Supervisory Board Member</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent Director</div> <p style="text-align: center;">Kozo Meguro</p> <p>(Feb. 1, 1953)</p> | <p>Sep. 1984 Entered Chuo Audit Corporation</p> <p>Oct. 1989 Registered as Certified Public Accountant</p> <p>Jul. 2002 Representative Partner, ChuoAoyama Audit Corporation</p> <p>Sep. 2006 Representative Partner, PricewaterhouseCoopers Aarata (currently, PricewaterhouseCoopers Aarata LLC)</p> <p>Jul. 2013 Certified Public Accountant, Meguro Accounting Office (present)</p> <p style="text-align: center;"><Important Concurrent Positions></p> <p>Certified Public Accountant, Meguro Accounting Office</p> | 0 shares |
| <p>[Reasons for selection as a candidate for Substitute Outside Audit & Supervisory Board Member]</p> <p>Mr. Kozo Meguro has a wealth of knowledge and experience in relation to finance and accounting gained through serving as a representative partner of audit corporations, etc. We propose to appoint him as Substitute Outside Audit & Supervisory Board Member in order to draw on his knowledge and experience in the management of the Company.</p> | | |

(Notes)

1. Mr. Kozo Meguro is a candidate for Substitute Outside Audit & Supervisory Board Member.
2. In the event that Mr. Kozo Meguro is appointed as Outside Audit & Supervisory Board Member, to enable Outside Audit & Supervisory Board Members to fully perform their expected roles, the Company plans to enter into an agreement with him 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.
3. The Company has entered into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, Paragraph 1 of the Companies Act. The content of the policy is summarized in the Business Report (page 42 of this Notice). If Mr. Kozo Meguro is appointed as Outside Audit & Supervisory Board Member, he will be included as an insured under said insurance policy. Also, the Company plans to renew the said insurance policy with the same terms at the time of the next renewal.
4. Mr. Kozo Meguro 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 finance and accounting, the Company believes that he is able to perform his duties as an Outside Audit & Supervisory Board Member appropriately.
5. There are no transactions between the Company or its major subsidiaries and Meguro Accounting Office. It should also be noted that Mr. Kozo Meguro is expected to be elected as an Outside Director (an Audit and Supervisory Committee Member) at the Annual General Meeting of Shareholders of Fujikura Ltd. scheduled to be held in June 2021. There are transactions between the Company or its major subsidiaries and Fujikura Ltd., which account for less than 1% of the annual consolidated net sales of Fujikura 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. If Mr. Kozo Meguro is appointed as Outside Audit & Supervisory Board Member, the Company plans to submit to the Tokyo Stock Exchange and Nagoya Stock Exchange an Independent Director Notification, indicating that he 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, etc.

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, etc.

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

Fifth Proposal: Payment of Condolence Money for the Late Director Kazuhito Ikeo

We would like to pay condolence money of 6 million yen to the late Director Kazuhito Ikeo who passed away on February 21, 2021, for his service while in office and leave the timing and method to the Board of Directors.

We determined this proposal is reasonable as it was decided in accordance with the regulations with respect to condolence money stipulated by the Board of Directors in advance.

Following is his career summary.

| Name | Career summary | |
|---------------|----------------|---|
| Kazuhito Ikeo | Jun. 2018 | Director, <i>the Company</i> (Outside Director) |
| | Feb. 2021 | Passed away |

BUSINESS REPORT FOR THE 13TH TERM (FY2020)

(from April 1, 2020 to March 31, 2021)

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 and Japanese economies continued to be in a difficult situation due to the impact of COVID-19 that has been spreading globally. However, we have seen a trend of recovery since the middle of the year as economic activities have gradually returned.

The MS&AD Insurance Group (“the Group”) also faced the impact of the pandemic such as increasing insurance payment in overseas countries and decreasing life insurance premiums in Japan. However, while carrying out initiatives to construct business styles in response to customers’ growing preference for contactless services, the Group took measures to increase productivity further by using teleworking, promoting paperless operations and utilizing office space effectively.

In the fiscal year under review, the Group has been making efforts for the three key strategies of “Pursue Group’s comprehensive strengths,” “Promote digitalization,” and “Reform portfolio,” in order to achieve sustainable growth and enhance corporate value by maximizing the utilization of the Group’s resources, based on the Group’s Medium-Term Management Plan “Vision 2021” (from FY2018 to FY2021).

| | |
|--|--|
| Pursue Group’s comprehensive strengths | We strengthened competitiveness by promoting measures to improve quality and productivity, including joint initiatives of the marketing & sales divisions such as sales promotion of jointly developed products, standardization and sharing of products, services, administration, systems, etc. and an increase in efficiency of printing and logistics. |
| Promote digitalization | We promoted measures to build up the foundation across the entire Group, such as three initiatives contributing to enhancing the value of customers’ actual experiences (digital transformation, digital innovation and digital globalization) and development of human resources for digitalization. |
| Reform portfolio | We promoted reform of our risk portfolio by continuing a reduction in strategic equity holdings and natural disaster risk management utilizing reinsurance and made efforts to reform our business portfolio by dispersing and diversifying our revenue source including new investment in international businesses. |

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”) made efforts to expand the sale of products mainly in the GK Series in MSI and the TOUGH Series in ADI, respectively. In addition, they jointly and aggressively promoted the sale of automobile insurance “Mimamoru automobile insurance (Drive recorder-type)” that supports safe driving by utilizing the latest telematics technologies (*1) and drive recorders. In addition, they sold products contributing to solving social issues by launching temporary closure compensation insurance products newly covering closures to prevent the spread of COVID-19 infections and the “Health and Productivity Management support insurance” that supports health management of employees from a corporate management perspective. Furthermore, in order to provide new value to customers, MSI utilized the agent sales support system “MS1 Brain” powered by artificial intelligence (AI) to provide optimum products and services to customers with perfect timing and ADI added an AI-analyzed image utilization function to the telematics claims service system to provide accident claim services in a more timely and proper manner.

Mitsui Direct General Insurance Co., Ltd. (“Mitsui Direct”), which celebrated the 20th anniversary, renewed its TV commercial under the concept of “*yasashii* (kind & easy)” for announcing even closer support for customers and made efforts to promote the use of smartphone applications for customers.

*1 Telematics technology

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

Domestic Life Insurance Business

As a shift to a “new lifestyle” is needed due to COVID-19 pandemic, Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (“Mitsui Sumitomo Aioi Life”) established a solicitation scheme utilizing web interviews and mail-order kits ahead of the competitors in the industry and took special measures such as grace periods for insurance premium payments and deemed hospitalization (*2). In addition, sales of cancer insurance through a multifunction photocopier machine in convenience stores, which was launched in June 2020, received the 2020 Nikkei MJ Award of the Nikkei Excellent Products & Services Awards. Also in March 2021, we introduced AI which responds to claims for hospitalization and surgical benefits with an automated voice via phone, the first in the industry.

Mitsui Sumitomo Primary Life Insurance Co., Ltd. (“Mitsui Sumitomo Primary Life”) has sold products which support the secure and abundant life of customers after retirement such as “Yasashisa, Tsunagu,” the special whole life insurance that can be used for advancement, and “Ashita no Yorokobi 2,” a tontine annuity (*3) to prepare for longevity risks. On top of that, Mitsui Sumitomo Primary Life promoted initiatives in response to diversifying customer values about asset succession by providing “Social Contribution Riders” under which a public interest group can be designated as a beneficiary and other services.

*2 Deemed hospitalization

A person who needs hospitalization for treatment spends time at home, in a hotel or any place other than medical institutions for the reason of no empty beds, etc., is deemed to be hospitalized, for which hospitalization benefits are paid.

*3 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.

International Business

The Group has worked to strengthen risk management of underwriting, asset management and business execution, monitoring the impact on the international business caused by the worldwide spread of COVID-19 and continued business investment contributing to sustainable growth and risk diversification as the Group's growth business as well as strengthening governance.

The Company proceeded with procedures to acquire shares in BoCommLife Insurance Company Limited (37.5%) which is a subsidiary of the Bank of Communications, Co., Ltd., one of the five major banks in China, to secure a solid business foundation in the Chinese life insurance market which is expected to grow.

Under the new structure after restructuring the international business, MSI made efforts to establish new sales channels for reaping opportunities from the growing market by promoting partnership with digital companies in Asia and strengthen earnings power by improving the loss ratio mainly of automobile insurance. MS Amlin companies has worked to improve cash flow of general insurance risk which is an issue to be addressed by exiting from unprofitable businesses and reducing operation expenses and established a business foundation which ensures steady earnings by hiring personnel who can drive future growth and strengthening the management structure.

ADI promoted the telematics and mobility services business in the five core regions: Japan, the US, Europe, China, and Southeast Asia, including expanding sales to nine countries including Japan as a result of launching sales of a driving behavior-based telematics automobile insurance in Thailand, France and Spain.

Financial Services Business

MSI launched the sale of "Typhoon Yojin" weather derivatives to lessen customers' economic losses incurred as a result of a coming typhoon or its landfall.

In addition, MSI and ADI also focused on the sale of defined contribution pension products for corporations and individuals to meet asset-building needs in a society with increasing lifespans.

Risk-related Services Business

MS&AD InterRisk Research & Consulting, Inc. enhanced services such as business continuity plans (BCP) related to COVID-19 and other infectious diseases as well as risk assessment services for sustainability, in addition to providing a broad service menu that supports measures against a wide variety of risks surrounding society, including holding various online seminars and providing news on the latest trends related to the management of various types of risk.

Promotion of Sustainability

Based on the Medium-Term Management Plan "Vision 2021," the Group made efforts to create shared value (CSV) with society, aiming at realizing the resilient (*4) and sustainable society (*5) in accordance with the Sustainable Development Goals (SDGs) as our guide.

The Group expressed a commitment to enhancing corporate value by considering sustainability in all business activities, including underwriting and lending as well as investment, deepening understanding of sustainability issues through dialogue with stakeholders and contributing to solutions. Among others, the Group has placed priority on issues about "responding to climate change," "enhancing the sustainability of natural capital, and "respecting for human rights," all of which require urgent response.

Particularly, toward realizing a decarbonized society, the Group presented specific policies of underwriting, lending, and investment for coal power plants and took measures for reducing the CO₂ emission of the Group.

In order for each and every employee of the Group to deepen understanding of CSV efforts and SDGs and incorporate these approaches into their daily operations, the Group has held the Sustainability Contest across the Group since FY2018. The Grand Prize for FY2020 went to an initiative contributing to solving issues of the livestock industry through the use of state-of-the-art IoT (*6) technologies.

These efforts were highly recognized as we were selected as an index component of the Dow Jones Sustainability Index and the ESG Index (*7) adopted by the Government Pension Investment Fund (GPIF) and included in the CDP's (*8) Climate Change A List.

*4 Resilient

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

*5 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

*6 IoT

General term for technologies connecting things to the Internet (Internet of Things)

*7 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”

*8 CDP

International NGO working on to address climate change and other environmental issues

Business Performance during the Fiscal Year under Review

The Company reported consolidated underwriting income of 3,425.3 billion yen, investment income of 1,450.7 billion yen and other ordinary income of 16.0 billion yen. Thus, the total for ordinary income was 4,892.2 billion yen, representing a decrease of 5.3% from the previous fiscal year.

Ordinary expense decreased by 8.5% to 4,585.7 billion yen from previous fiscal year as a result of the underwriting expense of 3,800.4 billion yen, investment expense of 69.6 billion yen, operating expenses and general and administrative expenses of 688.5 billion yen, and other ordinary expense of 27.0 billion yen.

As a result, the Company posted an ordinary profit of 306.5 billion yen, and after factoring in extraordinary income, extraordinary losses, income taxes – current, net income attributable to owners of the parent of 144.3 billion yen was reported, an increase of 1.3 billion yen from the previous fiscal year.

Operating results by segment were as follows:

(MSI)

MSI booked net premiums written of 1,559.5 billion yen, an increase of 0.8% from the previous fiscal year. The net loss ratio decreased by 3.5 percentage point from the previous fiscal year to 59.8%, and the net expense ratio increased by 0.7 percentage point from the previous fiscal year to 32.7%. Net income of 92.2 billion yen was recorded for this fiscal year.

(ADI)

ADI booked net premiums written of 1,281.4 billion yen, an increase of 0.4% from the previous fiscal year. The net loss ratio decreased by 3.4 percentage point from the previous fiscal year to 58.6%, and the net expense ratio increased by 0.4 percentage point from the previous fiscal year to 34.9%. Net income of 21.6 billion yen was recorded for this fiscal year.

(Mitsui Direct)

Mitsui Direct booked net premiums written of 36.4 billion yen, an increase of 0.3% from the previous fiscal year. The net loss ratio by 10.7 percentage point from the previous fiscal year to 64.2%, and the net expense ratio increased by 3.0 percentage point from the previous fiscal year to 31.3%. Net income after adjustment for equity interest (segment income) of 0.8 billion yen was recorded for this fiscal year.

(Mitsui Sumitomo Aioi Life)

Mitsui Sumitomo Aioi Life secured new policies amounting to 1,769.0 billion yen, which includes individual insurance and individual annuities, a decrease of 14.5% from the previous fiscal year. The total amount of policies in force as of the end of this fiscal year was 24,266.9 billion yen, representing a decrease of 0.8% from the previous fiscal year. Net income of 11.9 billion yen was reported for this fiscal year.

(Mitsui Sumitomo Primary Life)

Mitsui Sumitomo Primary Life secured new policies amounting to 788.2 billion yen, which includes individual insurance and individual annuities, a decrease of 10.7% from the previous fiscal year. The total amount of policies in force as of the end of this fiscal year was 6,595.8 billion yen, representing an increase of 1.3% from the previous fiscal year. Net income of 43.1 billion yen was reported for this fiscal year.

(Overseas Insurance Subsidiaries)

Net premiums written amounted to 623.5 billion yen, a decrease of 12.4% from the previous fiscal year. Net loss after adjustment for equity interest (segment income) of 3.1 billion yen was recorded for this fiscal year.

Issues to be Addressed

The global economy, including Japan, is expected to move to recovery in the future through wide distribution of COVID-19 vaccines and measures introduced by many countries. On the other hand, there are concerns about downside risk caused by a resurgence of the infection.

In the insurance industry, companies still need to fulfill their roles as a part of the social infrastructure that supports customers' daily life and a stable society, as an uncertain business environment is expected to continue due to the spread of COVID-19 and occurrence of large-scale natural disasters caused by climate change.

The Group intends to expand a range of non-face-to-face operations utilizing digital technologies and provide products and services that meet new needs while continuing insurance operations such as payment and contracting procedures, taking infection prevention measures for officers and employees, and promoting remote work.

In FY2021, the final year of the Medium-Term Management Plan "Vision 2021" which started in FY2018, we will continue to "pursue Group's comprehensive strengths," "promote digitalization" and "reform portfolio" as three key strategies. We aim to achieve the numerical management targets set forth in the Medium-Term Management Plan and realize the "business of a substantial scale and quality to be recognized as a world-leading insurance and financial services group" and furthermore, build a "resilient system that can timely respond to changes in environment" toward growth in the next stage.

The Domestic Non-life Insurance Business is the Group's core business with the largest scale in Japan. The three distinctive operating companies will address new types of risks caused by changes in the social structure and environment and the advancement of technological innovation by utilizing a wide variety of sales channels to provide safety and security to customers. In addition, we will aim to generate more synergy effects and improve quality and productivity by pursuing the Group's comprehensive strengths, while maintaining and improving the market share and profitability of automobile insurance as well as improving the profitability of fire insurance. Furthermore, we will reform our portfolio by increasing new types of insurance, etc.

The Domestic Life Insurance Business, as one of the growth businesses of the Group, will sell protection-type products that cover medical and care expenses and accidental death, asset-building products supporting life after retirement, and asset inheritance products that can be used for an inter vivos gift and succession, through the two operating companies with different business models to achieve the industry-leading growth and profitability.

We position the International Business as a growth business of the Group. We will aggressively allocate business resources including capital and personnel to strengthen existing businesses and make new business investment and realize diversification of our business portfolio in terms of geography and products.

Furthermore, in order to contribute to solving social issues including global environmental problems that have increasingly been gaining worldwide attention and new issues emerged in the age of coexisting with COVID-19 as well as build a "resilient and sustainable society" as an ideal society to be realized by 2030, we will continue focusing on creating shared value (CSV) with society, cooperating with various stakeholders.

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 2017 | Fiscal year 2018 | Fiscal year 2019 | FY2020 (Fiscal year under review) |
|---|------------------|------------------|------------------|--------------------------------------|
| Ordinary income | 5,217,835 | 5,500,438 | 5,168,361 | 4,892,244 |
| Ordinary profit | 211,548 | 290,847 | 157,701 | 306,524 |
| Net income attributable to owners of the Parent Company | 154,057 | 192,705 | 143,030 | 144,398 |
| Comprehensive income | 311,096 | (79,701) | (157,288) | 753,938 |
| Net assets | 2,968,387 | 2,778,047 | 2,494,038 | 3,126,657 |
| Total assets | 22,472,927 | 23,132,539 | 23,196,455 | 24,142,562 |

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

| Category | Fiscal year 2017 | Fiscal year 2018 | Fiscal year 2019 | FY2020 (Fiscal year under review) |
|--|-------------------|-------------------|-------------------|--------------------------------------|
| | (Yen in millions) | (Yen in millions) | (Yen in millions) | (Yen in millions) |
| Operating income | 140,287 | 117,939 | 130,128 | 216,887 |
| Dividends received | 140,141 | 117,778 | 129,968 | 216,724 |
| Subsidiaries engaged in insurance business | 140,027 | 115,573 | 128,619 | 215,825 |
| Other subsidiaries | 114 | 2,204 | 1,348 | 899 |
| Net income | 128,276 | 106,445 | 33,244 | 232,030 |
| Net income per share | 216.53 Yen | 181.58 Yen | 57.72 Yen | 411.03 Yen |
| | (Yen in millions) | (Yen in millions) | (Yen in millions) | (Yen in millions) |
| Total assets | 1,635,723 | 1,654,513 | 1,656,210 | 1,766,273 |
| Shares of subsidiaries engaged in insurance business | 1,430,635 | 1,430,635 | 1,430,635 | 1,496,497 |
| Shares of other subsidiaries | 90,077 | 120,974 | 179,149 | 42,050 |

(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 | 5-1, Koraku 2-chome, Bunkyo-ku, Tokyo | Jan. 4, 2021 |
| (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. | 409 | 423 | 14 |
| (Domestic non-life insurance business) Mitsui Sumitomo Insurance Company, Limited | 14,371 | 14,168 | (203) |
| Aioi Nissay Dowa Insurance Company, Limited | 13,775 | 13,933 | 158 |
| Mitsui Direct General Insurance Company, Limited | 552 | 559 | 7 |
| (Domestic life insurance business) Mitsui Sumitomo Aioi Life Insurance Company, Limited | 2,588 | 2,529 | (59) |
| Mitsui Sumitomo Primary Life Insurance Company, Limited | 396 | 390 | (6) |
| (Overseas business) Overseas insurance subsidiaries | 9,215 | 9,210 | (5) |
| Others | 276 | 289 | 13 |

(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 February 2021 Limited fifth series of domestic subordinated unsecured bonds with interest deferral option and early redemption option | 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. | 4 |
| (Domestic non-life insurance business) Mitsui Sumitomo Insurance Company, Limited Aioi Nissay Dowa Insurance Company, Limited Mitsui Direct General Insurance Company, Limited | 14,976 15,557 447 |
| (Domestic life insurance business) Mitsui Sumitomo Aioi Life Insurance Company, Limited Mitsui Sumitomo Primary Life Insurance Company, Limited | 592 90 |
| (Overseas business) Overseas insurance subsidiaries | 1,942 |
| Others | 54 |

b. Establishment of Major Facilities, etc.

(Yen in millions)

| Division name | Description | Amount |
|---|--|----------------|
| (Domestic non-life insurance business) Mitsui Sumitomo Insurance Company, Limited Aioi Nissay Dowa Insurance Company, Limited | Acquisition of a building related to Kanagawa Shizuoka Headquarters Acquisition of a building related to Seiseki Sakuragaoka Center | 2,025 5,154 |

(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 management business and investment advisory and agency 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 (¥101,902 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 (¥553 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 (¥553 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 (¥553 million) | 100.0% (100.0%) | - |
| DTRIC Insurance Company, Limited | Honolulu, U.S.A. | Non-life insurance business | Dec. 12, 1978 | US\$4,500 thousand (¥498 million) | 100.0% (100.0%) | - |
| DTRIC Insurance Underwriters, Limited | Honolulu, U.S.A. | Non-life insurance business | Feb. 2, 2007 | US\$2,500 thousand (¥276 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 (¥11,905 million) | 100.0% (100.0%) | - |
| Aioi Nissay Dowa Europe Limited | London, U.K. | Holding company | Nov. 8, 2017 | UK£350,010 thousand (¥53,282 million) | 100.0% (100.0%) | - |
| Aioi Nissay Dowa Insurance UK Limited | London, U.K. | Non-life insurance business | Dec. 11, 2017 | UK£75,100 thousand (¥11,432 million) | 100.0% (100.0%) | - |
| MS Amlin Corporate Member Limited | London, U.K. | Non-life insurance business | Sep. 19, 1994 | UK£1,700 thousand (¥258 million) | 100.0% (100.0%) | - |
| MS Amlin Underwriting Limited | London, U.K. | Non-life insurance business | Nov. 29, 1988 | UK£400 thousand (¥60 million) | 100.0% (100.0%) | - |
| MSI Corporate Capital Limited | London, U.K. | Non-life insurance business | Jan. 7, 2000 | UK£5,200 thousand (¥791 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 (¥12,284 million) | 100.0% (100.0%) | - |
| Leadenhall Capital Partners LLP | London, U.K. | Investment management business | Apr. 30, 2008 | US\$2,848 thousand (¥315 million) | 80.0% (80.0%) | - |
| MS Amlin AG | Zurich, Switzerland | Non-life insurance business | Aug. 19, 2010 | SFR10,000 thousand (¥1,174 million) | 100.0% (100.0%) | - |
| MSIG Insurance Europe AG | Cologne, Germany | Non-life insurance business | Apr. 20, 2012 | €84,000 thousand (¥10,903 million) | 100.0% (100.0%) | - |
| Aioi Nissay Dowa Life Insurance of Europe AG | Ismaning, Germany | Life insurance business | Dec. 8, 2005 | €5,000 thousand (¥649 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 (¥3,894 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 (¥5,435 million) | 100.0% (100.0%) | - |
| MSIG Holdings (Asia) Pte. Ltd. | Singapore, Singapore | Holding company | Sep. 23, 2004 | S\$63,195 thousand (¥5,199 million) | 100.0% (100.0%) | - |
| MSIG Insurance (Singapore) Pte. Ltd. | Singapore, Singapore | Non-life insurance business | Sep. 23, 2004 | S\$333,442 thousand (¥27,432 million) | 100.0% (100.0%) | - |
| MS First Capital Insurance Limited | Singapore, Singapore | Non-life insurance business | Dec. 9, 1950 | S\$26,500 thousand (¥2,180 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 (¥7,406 million) | 100.0% (100.0%) | - |
| Challenger Limited | Sydney, Australia | Holding company | Sep. 13, 1985 | A\$2,425 million (¥204,612 million) | 15.0% | - |

| Name of company | Location | Principal business | Date of incorporation | Paid-in capital | Percentage of voting rights (%) | Note |
|--|------------------------|-----------------------------|-----------------------|--|---------------------------------|------|
| MSIG Mingtai Insurance Co., Ltd. | Taipei, Taiwan | Non-life insurance business | Sep. 22, 1961 | NT\$2,535 million (¥9,839 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 (¥23,151 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 (¥10,525 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 (¥8,420 million) | 100.0% (100.0%) | - |
| BoComm Life Insurance Company Limited | Shanghai, P.R.C. | Life insurance business | Jul. 4, 2000 | RMB5,100 million (¥85,884 million) | 37.5% | - |
| MSIG Insurance (Vietnam) Company Limited | Hanoi, Vietnam | Non-life insurance business | Feb. 2, 2009 | VND300,000 million (¥1,440 million) | 100.0% (100.0%) | - |
| Cholamandalam MS General Insurance Company Limited | Chennai, India | Non-life insurance business | Nov. 2, 2001 | INR2,988 million (¥4,541 million) | 40.0% (40.0%) | - |
| Max Financial Services Limited | Nawanshahr, India | Holding company | Feb. 24, 1988 | INR690,065 thousand (¥1,048 million) | 21.9% (21.9%) | - |
| Max Life Insurance Company Limited | Chandigarh, India | Life insurance business | Jul. 11, 2000 | INR19,188 million (¥29,165 million) | 5.2% (5.2%) | - |
| PT. Asuransi Jiwa Sinarmas MSIG Tbk | Jakarta, Indonesia | Life insurance business | Jul. 17, 1984 | IDR210,000 million (¥1,617 million) | 80.0% (80.0%) | - |
| PT. Asuransi MSIG Indonesia | Jakarta, Indonesia | Non-life insurance business | Dec. 17, 1975 | IDR100,000 million (¥770 million) | 80.0% (80.0%) | - |
| Ceylinco Insurance PLC | Colombo, Sri Lanka | Holding company | Feb. 11, 1987 | LKR1,324 million (¥741 million) | 15.0% (15.0%) | - |
| MSIG Insurance (Thailand) Public Company Limited | Bangkok, Thailand | Non-life insurance business | Apr. 14, 1983 | THB142,666 thousand (¥505 million) | 86.4% (86.4%) | - |
| BPI/MS Insurance Corporation | Makati, Philippines | Non-life insurance business | Oct. 1, 1965 | PHP350,000 thousand (¥805 million) | 48.5% (48.5%) | - |
| MSIG Insurance (Malaysia) Bhd. | Kuala Lumpur, Malaysia | Non-life insurance business | Apr. 28, 1979 | MYR1,511 million (¥40,312 million) | 65.4% (65.4%) | - |
| Hong Leong Assurance Berhad | Kuala Lumpur, Malaysia | Life insurance business | Dec. 20, 1982 | MYR200,000 thousand (¥5,334 million) | 30.0% (30.0%) | - |
| MSIG Insurance (Lao) Co., Ltd. | Vientiane, Laos | Non-life insurance business | Sep. 18, 2009 | US\$2,000 thousand (¥221 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 |
|---------------------------|---|---|-------|
| Yasuyoshi Karasawa | Chairman & Director, Chairman Executive Officer | Chairman & Director, Chairman Executive Officer, Mitsui Sumitomo Insurance Co., Ltd. (“MSI”) | - |
| Yasuzo Kanasugi | Representative Director, Vice Chairman & Director Vice Chairman Executive Officer | Director & President, <i>ADI</i> | |
| Noriyuki Hara | Representative Director, President & Director President & CEO (Group CEO) | President, Director & CEO, <i>MSI</i> | - |
| Tetsuji Higuchi | Representative Director, 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 | - | - |
| Satoru Tamura | Director Executive Officer Assistant Management | Director, Senior Executive Officer, <i>ADI</i> | |
| Masahito Fukuda | Director Executive Officer Sales | Director, Senior Executive Officer, <i>MSI</i> | |
| Hisahito Suzuki | Director | Director & Chairman, Aioi Nissay Dowa Insurance Co., Ltd. (“ <i>ADI</i> ”) | - |
| 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) | - | - |
| Junichi Tobimatsu | Director (Outside Director) | Attorney-at-law, GAIEN PARTNERS Director, amana inc. (Outside Director) Director, AI, Inc. (Outside Director (Auditor)) Auditor, CANDEAL Co., Ltd. (Outside Auditor) | - |
| Rochelle Kopp | Director (Outside Director) | Managing Principle, Japan Intercultural Consulting | |
| Hidema Jinno | Audit & Supervisory Board Member (Full-time) | - | - |
| Tomoko Kondo | Audit & Supervisory Board Member (Full-time) | - | - |

(As of end of fiscal year)

| Name | Position and Duties | Significant concurrent positions | Other |
|----------------------|--|---|---|
| Kunio Chiyoda | Outside Audit & Supervisory Board Member | Director of Terasaki Electric Co., Ltd. (Outside Director (Audit Committee)) Director of SEIWA ELECTRIC MFG. CO., LTD. (External director (Audit and supervisory committee member)) | As a certified public 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) Director, MABUCHI MOTOR CO., LTD. (Outside Director (Audit & Supervisory Committee Member)) | - |
| Kazuhito Ikee | (Director (Outside Director)) | - | Passed away on February 21, 2021 |

(Notes)

- The Company has submitted to the Tokyo Stock Exchange and Nagoya Stock Exchange an Independent Director/Auditor Notification, indicating that Directors Mariko Bando, Akira Arima, Junichi Tobimatsu, and Rochelle Kopp, 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, 2021 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 |
| Executive Officer | Shinichiro Funabiki | Assist Management, Group Chief Digitalization Officer |
| Executive Officer | Masahiro Matsumoto | International Business |
| Executive Officer | Naomi Motojima | Diversity & Inclusion |
| Executive Officer | Yusuke Shirai | General Manager of Corporate Planning Dept. |
| Executive Officer | Hitoshi Goto | Asset Management, Financial Services Business |
| Executive Officer | Takaoki Endo | Claims Services |
| Executive Officer | Masashi Ippongi | Administration and Information Systems Group Chief Information Officer Group Chief Information Security Officer |
| Executive Officer | Keisuke Niiro | Underwriting & Reinsurance |

3. There were changes in Executive Officers as of April 1, 2021. Executive Officers as of April 1, 2021 are as follows:

| | | |
|-------------------------------------|----------------------|--|
| Chairman | Yasuyoshi Karasawa | |
| Executive Officer | | |
| Vice Chairman | Yasuzo Kanasugi | |
| Executive Officer | | |
| President & CEO | Noriyuki Hara | Group CEO |
| Executive Vice President | 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 CFO |
| 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 |
| Executive Officer | Shinichiro Funabiki | Assist Management |
| Executive Officer | Naomi Motojima | Diversity & Inclusion |
| Executive Officer | Masahito Fukuda | Sales |
| Executive Officer | Hitoshi Goto | Asset Management, Financial Services Business |
| Executive Officer | Takaoki Endo | Assist Management |
| Executive Officer | Masashi Ippongi | Group Chief Digitalization Officer Group Chief Information Officer Group Chief Information Security Officer, Administration and Information Systems |
| Executive Officer | Keisuke Niiro | Underwriting & Reinsurance |
| Executive Officer (New Appointment) | Wakana Hitotsuyanagi | Claims Services |
| Executive Officer (New Appointment) | Tamaki Kawate | International Business |
| Executive Officer (New Appointment) | Tomoyuki Shimazu | Assist Management |

4. 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 |
|---|-----------------|

(2) Remuneration to officers

- 1) Total amount of remuneration for each type of officer, total amount of each type of remuneration, and number of officers who are eligible to receive payment of remuneration

(Yen in millions)

| Category | Number of recipients | Total amount of remuneration | Total amount of each type of remuneration | | |
|-----------------------------------|----------------------|------------------------------|---|---------------------------------|--|
| | | | Fixed remuneration | Performance-linked remuneration | |
| | | | | Monetary remuneration | Non-monetary remuneration (stock-based remuneration) |
| Directors | 16 | 308 | 219 | 47 | 42 |
| Audit & Supervisory Board Members | 4 | 80 | 80 | - | - |
| Total | 20 | 389 | 299 | 47 | 42 |

(Notes)

1. The number of recipients to be paid includes five (5) Directors who retired during this fiscal year.
2. Fixed remuneration includes remuneration for five (5) Directors who retired during this fiscal year.
3. The performance-linked remuneration of seven (7) Directors paid by the business year resulted in a difference of 1 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.

2) Policies for determining the content of individual remuneration for Directors, etc.

The Board of Directors of the Company passed the following resolution on policies for determining the content of individual remuneration for Directors, etc. at its meetings held on February 14, 2019, May 20, 2019 and May 20, 2021 after deliberation by the Remuneration Committee of which a majority of the members are Outside Directors.

a. Basic policy

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

b. Decision process

(a) Remuneration 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 Outside Directors, within a range determined by resolution of the Shareholders Meeting.
- The Remuneration Committee provides advice to the Board of Directors on the amount of remuneration for Directors and policies regarding decisions on the determination of officer remuneration.
- The Board of Directors respects the advice of the Remuneration Committee to the maximum possible extent. And the amount of remuneration is determined after confirmation that it is in line with the remuneration system established by resolution of the Board of Directors.

Furthermore, the Board of Directors has confirmed that, in regard to the individual remuneration of Directors for the relevant fiscal year, the advice of the Remuneration Committee has been respected to the maximum possible extent and it is in line with the remuneration system established by resolution of the Board of Directors. The Board of Directors has therefore judged that it is in line with this basic policy for determining the remuneration of Directors.

(b) Remuneration for Audit & Supervisory Board Members

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

c. Overview of remuneration

(a) 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.
- Fixed remuneration is determined in accordance with officers' position.
- Performance-linked remuneration is determined based on business performance.
- Performance-linked remuneration is composed of monetary remuneration and stock-based remuneration.
- Fixed remuneration is paid on a monthly basis, and performance-linked remuneration is paid after the end of each fiscal year.
- The standard proportions of the components of officer remuneration differ depending on the officer's position, as shown below. (This excludes Outside Directors and Audit & Supervisory Board Members.)

<President & Director>

The proportion of performance-linked remuneration is higher than for other positions.

(Standard ratios)

| | | |
|-----------------------------|---|--|
| [Fixed remuneration] 50% | [Performance-linked remuneration] Monetary remuneration 25% | [Performance-linked remuneration] Stock-based remuneration 25% |
|-----------------------------|---|--|

<Other positions>

The composition is such that the proportions of fixed remuneration and performance-linked remuneration differ depending on the officer's position

(Standard ratios)

| | | |
|---|---|--|
| [Fixed remuneration] Approx. 60% - approx. 70% | [Performance-linked remuneration] Monetary remuneration Approx. 20% | [Performance-linked remuneration] Stock-based remuneration Approx. 10% - approx. 20% |
|---|---|--|

(b) Contents of stock-based remuneration

- 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.

| Overview of restricted stock remuneration plan | |
|--|--|
| Eligible Directors | Directors excluding Outside Directors |
| Amount of monetary remuneration to be provided (maximum) | 200 million yen per year |
| Type of shares to be allotted | Common shares (with transfer restrictions under a restricted stock allotment agreement) |
| Number of shares to be allotted (maximum) | 130,000 shares per year |
| Transfer restricted period | Period from the allotment date to the date on which the related Eligible Director resigns or retires as the Company's Director or from another position which the Board of Directors has determined. |

d. Key performance indicators pertaining to performance-linked remuneration

- Performance-linked remuneration shall be linked with the business performance of the Company and determined based on financial and non-financial indicators.
- Financial and non-financial indicators have been selected after taking into consideration the Group's Medium-Term Management Plan, "Vision 2021," and the details of indicators and reasons for their selection are as follows.

(a) Financial indicators

- Financial indicators are indicators that are used to reflect business performance in a single fiscal year in officer remuneration.

| Indicator | Reasons for selection |
|------------------------------|--|
| • Group Adjusted Profit (*1) | These indicators have been selected based on the fact that Group Adjusted Profit and Group Adjusted ROE are given as numerical targets in the Group Medium-Term Management Plan, "Vision 2021," as well as the fact that Consolidated Net Income is a key indicator of business performance for the Group. |
| • Consolidated Net Income | |
| • Group Adjusted ROE (*2) | |

*1: Group Adjusted Profit

Consolidated net income + provision for catastrophe loss reserve and others - other incidental factors (amortization of goodwill and other intangible fixed assets, and others) + equity in earnings of the non-consolidated group companies

*2: Group Adjusted ROE

Group Adjusted Profit ÷ average of beginning and ending amounts on BS of adjusted net assets (consolidated net assets + catastrophe reserves, and others - goodwill and other intangible fixed assets)

(b) Non-financial indicators

- Non-financial indicators are indicators that are used to reflect initiatives contributing to medium- to long-term business performance in officer remuneration.

| Evaluation item | | Reasons for selection |
|-----------------|---|---|
| Sustainability | <ul style="list-style-type: none"> ○ Key sustainability issues <ul style="list-style-type: none"> • Deal with new risks • Create comfortable mobility society without accidents • Strive for resilient community development • Support “good health and longevity” • Contribute to climate change mitigation and adaptation • Strive to improve sustainability of natural capital • Work toward realization of “leaving no one behind” ○ Quality that earns the trust of society ○ Management platforms that enable employees to play active roles | These indicators have been selected as non-financial evaluation items in order to ensure that, under the “key sustainability issues” raised in “Vision 2021,” officers contribute to the creation of “quality that earns the trust of society” and “management platforms that enable employees to play active roles,” as well as to create shared value with society. |
| Key Strategies | <ul style="list-style-type: none"> ○ Pursue the Group’s comprehensive strengths ○ Promote digitalization ○ Reform portfolio | The three items on the left have been selected as non-financial evaluation items because they are “Key Strategies” under “Vision 2021.” |

(c) Application methods for financial and non-financial indicators

- The standard ratio between financial and non-financial indicators used in the calculation of performance-linked remuneration shall be “50:50.”
- The application coefficients for financial and non-financial indicators shall vary within ranges of 0 to 3.0 and 0.5 to 1.5, respectively, with 1.0 as the standard.
- The monetary remuneration and stock-based remuneration components of performance-linked remuneration shall each be calculated as follows, based on standard amounts for each position.

Monetary remuneration: Standard amount per position × business performance coefficient (financial indicators × 80% + non-financial indicators × 20%)

Stock-based remuneration: Standard amount per position × business performance coefficient (financial indicators × 20% + non-financial indicators × 80%)

- Monetary remuneration is structured such that it more strongly reflects business performance in a single fiscal year, by having a higher ratio for financial indicators than non-financial indicators.
- Stock-based remuneration is structured such that it more strongly reflects an evaluation of initiatives contributing to the enhancement of corporate value over the medium- to long-term, by having a higher ratio for non-financial indicators than financial indicators.

(d) Actual financial and non-financial indicators in the fiscal year under review

<Financial indicators>

| | Actual | Target | Vs. target |
|-------------------------|----------------|----------------|------------|
| Group Adjusted Profit | ¥214.6 billion | ¥204.4 billion | 104.9% |
| Consolidated Net Income | ¥144.3 billion | ¥136.1 billion | 106.0% |
| Group Adjusted ROE | 6.7% | 6.8% | -0.1 point |

<Non-financial Indicators>

| Evaluation item | Results of evaluation |
|-----------------|---|
| Sustainability | As a result of evaluation based mainly on the following points, performance is evaluated to be at a standard level: <ul style="list-style-type: none"> • Development and provision of products and services that correspond to new risks and businesses • Development and provision of products and services that contribute to safe driving and the prevention of accidents • Customer satisfaction, etc. |
| Key Strategies | As a result of evaluation based mainly on the following points, performance is evaluated to be at a standard level: <ul style="list-style-type: none"> • Promotion of synergy initiatives (products, claim services, etc.) that capitalize on the knowhow of group companies • Progress in digitalization initiatives • Portfolio transformation, etc. |

e. Resolutions related to officer remuneration at the Shareholders Meeting

<Remuneration of Directors>

| |
|--|
| Shareholders Meeting held on June 25, 2018 [10th Annual Shareholders Meeting] Resolved that the maximum amount of remuneration of Directors in total (exclusive of wages as an employee payable to a Director also serving as an employee) shall be 500 million yen per year (of which remuneration for Outside Directors shall be no more than 100 million yen per year). The number of Directors was twelve (12) (including five (5) Outside Directors) as at the close of the Annual Shareholders Meeting. |
| Shareholders Meeting held on June 24, 2019 [11th Annual Shareholders Meeting] Resolved to introduce a new restricted stock remuneration plan with delayed delivery and that the total amount of monetary remuneration receivables to be paid for the allotment of restricted stock to Directors other than Outside Directors shall be up to 200 million yen per year. The number of Directors other than Outside Directors was seven (7) as at the close of the Annual Shareholders Meeting. |

<Remuneration of Audit & Supervisory Board Members>

| |
|--|
| Shareholders Meeting held on June 25, 2009 [1st Annual Shareholders Meeting] Resolved that remuneration shall be up to 110 million yen per year. The number of Audit & Supervisory Board Members was four (4) as at the close of the Annual Shareholders Meeting. |
|--|

(3) Limited liability agreements and indemnity agreements

| Name | Summary of content in limited liability agreements and indemnity agreements |
|--|---|
| (Outside Directors) Mariko Bando Akira Arima Junichi Tobimatsu Rochelle Kopp | [Outline of limited liability agreements] 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 each items of Article 425, Paragraph 1 of the Companies Act. |
| (Outside Audit & Supervisory Board Members) Kunio Chiyoda Kyoko Uemura | [Outline of indemnity agreements] No matters to report. |

(Note) The Company had also concluded a limited liability agreement with the same content with Mr. Kazuhito Ikee, who retired due to passing away on February 21, 2021.

(4) Directors and officers liability insurance policy

| Scope of insureds | Outline of directors and officers liability insurance policy |
|--|--|
| Directors, Audit & Supervisory Board Members, and Executive Officers, etc. of the Company and other important subsidiaries, etc. | The Company has entered into a directors and officers liability insurance policy with an insurance company as provided in Article 430-3, Paragraph 1 of the Companies Act. The insured do not bear any insurance premiums. Under this insurance policy, the insurer will cover any damages arising as a result of the insured assuming liability or receiving a claim for the pursuit of liability in relation to the execution of his or her duties. This policy is renewed annually. |

3. Matters Concerning Outside Officers

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

Please refer to “2. Matters Concerning Officers, (1) Status of officers” above for information on the concurrent positions of Outside Officers.

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. |
|---|--------------------------|--|--|
| Mariko Bando (Outside Director) | 3 years and 9 months | Attended all 12 meetings of the Board of Directors held during fiscal year 2020. | She has fulfilled the roles and responsibilities required of her as an Outside Director, including supervising management and providing advice on all aspects of management, based on her extensive knowledge and experience in areas such as administration, education, and the promotion of diversity. As chairperson of the Remuneration Committee, she participated in deliberations concerning the remuneration of officers at meetings held during the fiscal year under review, and contributed to enhancing the corporate governance of the Company. |
| Akira Arima (Outside Director) | 2 years and 9 months | Attended all 12 meetings of the Board of Directors held during fiscal year 2020. | He has fulfilled the roles and responsibilities required of him as an Outside Director, including supervising management and providing advice on all aspects of management, based on his extensive knowledge concerning the telecommunications business and experience as a management executive. As chairperson of the Nomination Committee, he participated in deliberations concerning the nomination of officers at meetings held during the fiscal year under review, and contributed to enhancing the corporate governance of the Company. |

| Name | Length of time in office | Attendance at Board of Directors meetings etc. | Major activities including the remarks made at board meetings etc. |
|--|-----------------------------|--|---|
| <p>Kazuhito Ikeo (Outside Director)</p> | <p>2 years and 8 months</p> | <p>Attended 8 of 10 meetings of the Board of Directors held during fiscal year 2020, until the date of his retirement due to passing away (February 21, 2021).</p> | <p>He has fulfilled the roles and responsibilities required of him as an Outside Director, including supervising management and providing advice on all aspects of management, based on his knowledge and experience concerning economic and fiscal fields as well as financial administration. As chairperson of the Governance Committee, he provided necessary advice as appropriate drawing from his deep knowledge of corporate governance at meetings held during the fiscal year under review, and contributed to the medium- to long-term enhancement of the corporate value of the Company.</p> |
| <p>Junichi Tobimatsu (Outside Director)</p> | <p>2 years and 9 months</p> | <p>Attended all 12 meetings of the Board of Directors held during fiscal year 2020.</p> | <p>He has fulfilled the roles and responsibilities required of him as an Outside Director, including supervising management and providing advice on all aspects of management, based on his extensive knowledge and experience as an attorney-at-law mainly in the area of corporate legal affairs in general both in Japan and overseas. As chairperson of the Quality Improvement and Compliance Committee, he provided appropriate advice from the perspective of legal compliance at meetings held during the fiscal year under review, and contributed to the enhancement of the corporate value of the Company.</p> |
| <p>Rochelle Kopp (Outside Director)</p> | <p>9 months</p> | <p>Attended all 10 meetings of the Board of Directors held during fiscal year 2020 since she assumed the office of Director.</p> | <p>She has fulfilled the roles and responsibilities required of her as an Outside Director, including supervising management and providing advice on all aspects of management, based on her extensive knowledge concerning cross-cultural communication and experience as a management consultant in Japan and overseas.</p> |
| <p>Kunio Chiyoda (Outside Audit & Supervisory Board Member)</p> | <p>4 years and 9 months</p> | <p>Attended 11 of 12 meetings of the Board of Directors and 10 of 11 meetings of the Audit & Supervisory Board held during fiscal year 2020.</p> | <p>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.</p> |

| Name | Length of time in office | Attendance at Board of Directors meetings etc. | Major activities including the remarks made at board meetings etc. |
|---|--------------------------|---|--|
| Kyoko Uemura (Outside Audit & Supervisory Board Member) | 3 years and 9 months | Attended all 12 meetings of the Board of Directors and all 11 meetings of the Audit & Supervisory Board held during fiscal year 2020. | 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. |

(Note) The period of office of each individual is from the date of their assumption of office to March 31, 2021 (or the date of their retirement).

(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 | 8 | 94 | - |

(Notes)

1. The number of recipients includes two Outside Officers who retired during this fiscal year.
2. The remuneration from the insurance holding company includes remuneration of two Outside Officers who retired during this fiscal year.
3. The breakdown of remuneration from insurance holding companies is 70 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 593,473 thousand shares

(Note) The total number of shares issued increased by 181 thousand shares compared with the end of the previous fiscal year, owing to the issuance of common stock as restricted stock remuneration on July 22, 2020.

(2) Number of shareholders at the end of fiscal year 2020 72,003

(3) Major shareholders

| Names of shareholders | Investment in the Company | |
|--|-------------------------------------|-----------------------------|
| | Number of shares held (Thousand) | Ratio of shares held (%) |
| Toyota Motor Corporation | 52,610 | 9.4 |
| The Master Trust Bank of Japan, Ltd. (Trust account) | 49,540 | 8.9 |
| Nippon Life Insurance Company | 36,325 | 6.5 |
| Custody Bank of Japan, Ltd. (Trust account) | 27,942 | 5.0 |
| Custody Bank of Japan, Ltd. (Trust account 7) | 14,847 | 2.7 |
| State Street Bank West Client – Treaty 505234 | 8,742 | 1.6 |
| JP MORGAN CHASE BANK 380055 | 8,525 | 1.5 |
| Custody Bank of Japan, Ltd. (Trust account 4) | 7,455 | 1.3 |
| SMBC Nikko Securities Inc. | 7,438 | 1.3 |
| Custody Bank of Japan, Ltd. (Trust account 5) | 7,344 | 1.3 |

(Notes)

1. The Company owns 35,263 thousand treasury shares, but is omitted from the major shareholders above.
2. The ratio of shares held is calculated after deducting treasury shares.

(4) Shares of the Company delivered to officers during the fiscal year under review

| | Number of shares | Number of persons to whom shares were delivered |
|---|------------------|---|
| Directors (excluding Outside Officers.) | 13,568 | 8 |
| Outside Directors (Outside Officers) | – | – |
| Officers other than Directors | – | – |

(Notes)

1. An outline of the stock-based remuneration plan of the Company is provided in “2. Matters Concerning Officers (2) Remuneration to officers.”
2. The number of shares includes the shares delivered to two (2) Directors (excluding Outside Officers) who retired during this fiscal year.
3. The number of persons to whom shares were delivered includes two (2) Directors (excluding Outside Officers) who retired during this fiscal year.
4. The shares shown in the table above were delivered to the Directors of the Company (excluding Outside Directors) as consideration for the execution of their duties as Directors and Executive Officers of the Company. In addition, 39,834 shares were delivered to them as consideration for the execution of their duties as Directors and Executive Officers of main subsidiaries of the Company.

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 Officers) | 2016 First Stock Options as Equity Compensation | |
| | Stock acquisition right allotment date: July 29, 2016 | 3 |
| | Total number of stock acquisition rights: 2,384 (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: 2,384 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 | 4 |
| | Total number of stock acquisition rights: 1,952 (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 1,952 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: 2,029 (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 2,029 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 | 6 | |
| Total number of stock acquisition rights: | | |

| | | |
|---|--|---|
| | <p>6,113 (Number of shares underlying each stock acquisition right is one share per unit)</p> <p>Type and number of shares underlying stock acquisition rights: Common stock of the Company 6,113 shares</p> <p>Exercise period for stock acquisition rights: From Aug. 2, 2019 to Aug. 1, 2049</p> <p>Exercise value (per share): ¥1</p> <p>Conditions on exercise of stock acquisition rights (Note 2.)</p> | |
| Outside Directors (Outside Officers) | — | — |
| Officers other than Directors | 2016 First Stock Options as Equity Compensation | |
| | <p>Stock acquisition right allotment date: July 29, 2016</p> <p>Total number of stock acquisition rights: 1,206 (Number of shares underlying each stock acquisition right is one share per unit)</p> <p>Type and number of shares underlying stock acquisition rights: Common stock of the Company: 1,206 shares</p> <p>Exercise period for stock acquisition rights: From July 30, 2016 to July 29, 2046</p> <p>Exercise value (per share): ¥1</p> <p>Conditions on exercise of stock acquisition rights: (Note 2.)</p> | 1 |
| | 2017 First Stock Options as Equity Compensation | |
| | <p>Stock acquisition right allotment date: Aug. 1, 2017</p> <p>Total number of stock acquisition rights: 844 (Number of shares underlying each stock acquisition right is one share per unit)</p> <p>Type and number of shares underlying stock acquisition rights: Common stock of the Company 844 shares</p> <p>Exercise period for stock acquisition rights: From Aug. 2, 2017 to Aug. 1, 2047</p> <p>Exercise value (per share): ¥1</p> <p>Conditions on exercise of stock acquisition rights (Note 2.)</p> | 1 |
| Officers other than Directors | 2018 First Stock Options as Equity Compensation | |
| | <p>Stock acquisition right allotment date: Aug. 1, 2018</p> <p>Total number of stock acquisition rights: 767 (Number of shares underlying each stock acquisition right is one share per unit)</p> <p>Type and number of shares underlying stock acquisition rights: Common stock of the Company 767 shares</p> <p>Exercise period for stock acquisition rights: From Aug. 2, 2018 to Aug. 1, 2048</p> <p>Exercise value (per share): ¥1</p> | 1 |

| | | |
|--|---|--|
| | Conditions on exercise of stock acquisition rights (Note 2.) | |
|--|---|--|

(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 Officers of the Company hold stock acquisition rights granted in consideration for the execution of their duties as the Company's Directors or Executive Officers, the number of which is shown in the table above. In addition to this, the Directors of the Company (excluding Outside Officers) hold stock acquisition rights granted in consideration for the execution of their duties as 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: 10,475
 - Number of stock acquisition rights issued as of August 2017: 8,166
 - Number of stock acquisition rights issued as of August 2018: 8,418
 - Number of stock acquisition rights issued as of August 2019: 27,900

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

Not applicable.

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 | 77 | 1. Apart from work under Article 2, Paragraph 1 of the Certified Public Accountants Act, the Company has paid the Accounting Auditor remuneration for compliance support operation. 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 684 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 and indemnity 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 the establishment of the above system is as set out below.

| |
|--|
| <p style="text-align: center;">MS&AD Insurance Group Basic Policy Pertaining to System for Internal Controls</p> <p>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.</p> <p>1. Group Management Structure (System for Assuring the Proper Conduct of Business at the Corporate Group Consisting of the Holding Company and Its Subsidiaries)</p> <p>(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).</p> <p>(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.</p> <p>(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).</p> <p>(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.</p> <p>(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.</p> <p>(ii) System to Assure the Efficient Execution of Duties by Directors of The Directly Invested Companies (mentioned in 2. below)</p> <p>(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)</p> |
|--|

(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 ERM 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 ERM 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 ERM Committee shall check the propriety of information disclosure.
- (5) In accordance with the Financial Instruments and Exchange Act, the Holding Company, through the ERM 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 ERM 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)

The Company works to ensure the further penetration of its Corporate Philosophy (Mission), Corporate Vision, and Code of Conduct (Values) (hereinafter referred to as the “MVV”), by creating a deeper understanding of the MS&AD “Story of Value Creation” and putting it into practice. Under the MS&AD “Story of Value Creation,” the Group continuously creates shared value with society through the day-to-day activities of its employees, which contributes to sustainable growth and the enhancement of corporate value. The Company, five (5) insurance companies, and affiliates in which the Company conducts direct investment (including subsidiaries and affiliates of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance), as well as Group offices overseas, conducted employee awareness surveys related to the MVV, etc., and the Board of Directors received reports on the status of the creation of corporate culture and its implementation at each Group company.

The Company has established the Group Basic Policies, and demands that each of directly invested companies obtain the approval of the Company and report to the Company regarding compliance with the Group Basic Policies and decisions on important matters, in accordance with the business management agreements, etc. that it has executed with these companies. For overseas subsidiaries, the Company has, in itself, consolidated functions for verifying the status of the development of management systems and functions for supporting the development of compliance systems at the overseas offices of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance, as part of efforts to monitor management systems and promote 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)

To incorporate outside perspectives independent from management, strengthen monitoring and supervisory functions, and conduct highly transparent management, four (4) of the 11 Directors, over one-third, are Outside Directors (including two (2) women) (as of March 31, 2021). Outside Directors receive advance briefings concerning agenda documents for meetings of the Board of Directors from the managers responsible.

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.

The Company will continue to aim to ensure soundness, enhance its ratio of risk to returns, and improve capital efficiency, positioning the ERM cycle as the base of Group management.

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 awareness of compliance and high ethical standards, 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 Company has established internal and external contact points as well as a system for providing reports to Audit & Supervisory Board Members via the Group Speak Up System, thereby ensuring a system is in place that enables officers and employees of the Holding Company and Group companies to make reports. 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 (ERM Committee from fiscal FY2021), 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 receives regular reports on the results of quantitative checks of integrated risk management by the officer responsible for risk management, and the results of deliberations by the Risk Management Committee concerning factors such as the status of progress toward targets for important risk management initiatives of the Group and the status of monitoring indicators for important risks faced by the Group. In this way, the Board of Directors of the Company confirms the status of risks and the risk management initiatives of the Group, and takes measures to avoid and eliminate risks as necessary.

In accordance with the “Standards Related to the Management of Important Group Risks, Material Group Risks, and Emerging Group Risks,” the status of progress toward targets for important risk management initiatives of the Group, the effectiveness of these initiatives, and the status of monitoring indicators are confirmed every six months, and based on the results of deliberation and coordination among the Risk Management Committee, etc., the officer responsible for risk management provides reports to the Board of Directors every six months.

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 Company and the domestic insurance companies of the Group formulate internal audit plans that cover all aspects of the Group’s business activities and are tailored to the amount and types of risks faced, while important operational processes are also verified in a cross-departmental manner. Through such measures, the Group conducts efficient and effective internal audits. The Company has developed systems that use monitoring and other means to verify and promote the improvement of internal audit systems and internal management systems at the domestic insurance companies of the Group. In addition, the Board of Directors receives annual reports on circumstances at each company.

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

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 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. In addition, the Chairman & Director, Vice Chairman & Director, President & Director, and Representative Directors hold regular meetings to exchange opinions with 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 2020 |
|---|---|--|
| 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 2020 amounted to 1,766,273 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.

FY2020 CONSOLIDATED BALANCE SHEET (As of March 31, 2021)

(Yen in millions)

| Item | Amount | Item | Amount |
|--|-------------------|--|-------------------|
| (Assets) | | (Liabilities) | |
| Cash, deposits and savings | 2,057,789 | Policy liabilities: | 18,107,028 |
| Receivables under resale agreements | 1,999 | Outstanding claims | 2,256,900 |
| Monetary claims bought | 175,740 | Underwriting reserves | 15,850,128 |
| Money trusts | 1,717,804 | Bonds issued | 809,093 |
| Securities | 16,793,584 | Other liabilities | 1,602,349 |
| Loans | 960,174 | Liabilities for pension and retirement benefits | 160,828 |
| Tangible fixed assets: | 494,818 | Reserve for retirement benefits for officers | 241 |
| Land | 228,230 | Accrued bonuses for employees | 28,256 |
| Buildings | 195,825 | Reserves under the special laws: | 244,975 |
| Lease assets | 27,531 | Reserve for price fluctuation | 244,975 |
| Construction in progress | 6,598 | Deferred tax liabilities | 34,630 |
| Other tangible fixed assets | 36,631 | Acceptances and guarantees | 28,500 |
| Intangible fixed assets: | 431,929 | Total liabilities | 21,015,905 |
| Software | 127,921 | (Net Assets) | |
| Goodwill | 122,617 | Common stock: | 100,276 |
| Lease assets | 217 | Capital surplus | 553,428 |
| Other intangible fixed assets | 181,172 | Retained earnings | 1,078,850 |
| Other assets | 1,436,401 | Treasury stock | (119,267) |
| Assets for retirement benefits | 26,768 | Total shareholders' equity | 1,613,287 |
| Deferred tax assets | 30,549 | Net unrealized gains/(losses) on securities | 1,630,325 |
| Customers' liabilities under acceptances and guarantees | 28,500 | Net deferred gains/(losses) on hedges | 14,997 |
| Bad debt reserve | (13,498) | Foreign currency translation adjustments | (178,080) |
| | | Accumulated actuarial gains/(losses) on retirement benefits | 3,819 |
| | | Total accumulated other comprehensive income/(loss) | 1,471,062 |
| | | Stock acquisition rights | 1,019 |
| | | Non-controlling interests | 41,288 |
| | | Total net assets | 3,126,657 |
| Total assets | 24,142,562 | Total liabilities and net assets | 24,142,562 |

FY2020 CONSOLIDATED STATEMENT OF INCOME

(from: April 1, 2020 to: March 31, 2021)

(Yen in millions)

| Item | Amount | Item | Amount |
|--|------------------|--|-----------------|
| Ordinary income | 4,892,244 | Extraordinary income: | 15,920 |
| Underwriting income: | 3,425,364 | Gains on sales of fixed assets | 7,717 |
| Net premiums written | 3,500,996 | Gain on change in equity interests | 89 |
| Deposit premiums from policyholders | 72,635 | Reversal of reserve for losses on sales of shares of associates | 8,113 |
| Investment income on deposit premiums from policyholders | 36,384 | | |
| Life insurance premiums | (202,321) | Extraordinary losses: | 120,717 |
| Other underwriting income | 17,669 | Losses on sales of fixed assets | 6,071 |
| Investment income: | 1,450,793 | Impairment losses on fixed assets | 1,949 |
| Interest and dividends income | 293,587 | Provision of reserves under special laws | 107,575 |
| Investment gains on money trusts | 212,824 | Reserve for price fluctuation | 107,575 |
| Investment gains on trading securities | 35,605 | Loss on tax purpose reduction entry of real estate | 3 |
| Gains on sales of securities | 233,371 | Loss on change in equity interests | 1,685 |
| Gains on redemption of securities | 2,567 | Other extraordinary losses | 3,432 |
| Investment gain on separate accounts | 311,765 | | |
| Other investment income | 397,456 | Income/ (loss) before income taxes | 201,727 |
| Transfer of investment income on deposit premiums from policyholders | (36,384) | Income taxes – current | 93,223 |
| Other ordinary income | 16,085 | Income taxes – deferred | (39,167) |
| | | Total income taxes | 54,056 |
| | | Net income/ (loss) | 147,670 |
| Ordinary expenses | 4,585,719 | Net income /(loss) attributable to non-controlling interests | 3,272 |
| Underwriting expenses: | 3,800,437 | Net income/ (loss) attributable to owners of the parent | 144,398 |
| Net claims paid | 1,902,248 | | |
| Loss adjustment expenses | 188,784 | | |
| Commissions and collection expenses | 735,307 | | |
| Maturity refunds to policyholders | 221,162 | | |
| Dividends to policyholders | 73 | | |
| Life insurance claims | 405,474 | | |
| Provision for outstanding claims | 133,130 | | |
| Provision for underwriting reserves | 208,901 | | |
| Other underwriting expenses | 5,353 | | |
| Investment expenses: | 69,695 | | |
| Investment losses on money trusts | 9 | | |
| Losses on sales of securities | 8,096 | | |
| Impairment losses on securities | 7,100 | | |
| Losses on redemption of securities | 738 | | |
| Losses on derivative transactions | 46,838 | | |
| Other investment expenses | 6,911 | | |

| | | | |
|---|----------------|--|--|
| Operating expenses and general and administrative expenses | 688,576 | | |
| Other ordinary expenses: | 27,010 | | |
| Interest expense | 14,599 | | |
| Provision for bad debt reserve | 1,474 | | |
| Losses on bad debts | 137 | | |
| Losses on equity method investments | 6,601 | | |
| Other ordinary expenses | 4,197 | | |
| Ordinary profit | 306,524 | | |

FY2020 CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(from: April 1, 2020 to: March 31, 2021)

(Yen in millions)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Beginning balance | 100,000 | 553,163 | 1,019,468 | (84,432) | 1,588,199 |
| Changes for the year: | | | | | |
| Issuance of new shares | 276 | 276 | | | 552 |
| Dividends paid | | | (85,017) | | (85,017) |
| Net income/ (loss) attributable to owners of the parent | | | 144,398 | | 144,398 |
| Repurchase of treasury stock | | | | (35,036) | (35,036) |
| Disposal of treasury stock | | (11) | | 201 | 189 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes for the year | 276 | 264 | 59,381 | (34,835) | 25,087 |
| Ending balance | 100,276 | 553,428 | 1,078,850 | (119,267) | 1,613,287 |

| | Accumulated other comprehensive income/ (loss) | | | | | Stock acquisition rights | Non-controlling interests | Total net assets |
|---|--|--|--|--|--|--------------------------|---------------------------|------------------|
| | Net unrealized gains/ (losses) on securities | Net deferred gains/ (losses) on hedges | Foreign currency translation adjustments | Accumulated actuarial gains/ (losses) on retirement benefits | Total accumulated other comprehensive income/ (loss) | | | |
| Beginning balance | 982,042 | 30,916 | (140,106) | (9,381) | 863,470 | 1,206 | 41,161 | 2,494,038 |
| Changes for the year: | | | | | | | | |
| Issuance of new shares | | | | | | | | 552 |
| Dividends paid | | | | | | | | (85,017) |
| Net income/ (loss) attributable to owners of the parent | | | | | | | | 144,398 |
| Repurchase of treasury stock | | | | | | | | (35,036) |
| Disposal of treasury stock | | | | | | | | 189 |
| Net changes of items other than shareholders' equity | 648,283 | (15,918) | (37,974) | 13,201 | 607,591 | (187) | 126 | 607,530 |
| Total changes for the year | 648,283 | (15,918) | (37,974) | 13,201 | 607,591 | (187) | 126 | 632,618 |
| Ending balance | 1,630,325 | 14,997 | (178,080) | 3,819 | 1,471,062 | 1,019 | 41,288 | 3,126,657 |

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: 84 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

Leadenhall Capital Partners GP has been included in the scope of consolidation since the current fiscal year as it has become the Company's subsidiaries due to acquisition of shares, etc.

As AUA Insolvency Risk Services Limited and three other companies are no longer subsidiaries due to sale of their shares, etc., these subsidiaries have been excluded from the scope of consolidation since the current fiscal year.

(2) Unconsolidated subsidiaries

Major unconsolidated subsidiaries are as follows:

MS&AD GRAND ASSISTANCE 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
14 companies

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

Sumitomo Mitsui DS Asset Management Company, Limited
Challenger Limited

Changes in scope of application of equity method

- As Max Financial Services Limited, BoCommLife Insurance Company Limited and one other company became associates due to acquisition of shares, etc., these companies have been included in the scope of application of equity method since the current fiscal year.
 - As ReAssure Group Plc and one other company were excluded from the associates due to sale of shares, etc. 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. MS&AD GRAND ASSISTANCE 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 77 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 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.

(9) Accounting for insurance policies

At our domestic consolidated insurance subsidiaries, insurance policies including premiums, outstanding claims, and underwriting reserves are accounted for in compliance with the provisions of the Insurance Business Act and other applicable laws and regulations. At our overseas consolidated insurance subsidiaries, they are accounted for in compliance with the International Financial Reporting Standards or US Financial Accounting Standards Board based on PITF No. 18 “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements” (Accounting Standards Board of Japan, June 28, 2019).

5. Goodwill

Goodwill is amortized over an effective period from 15 to 20 years on a straight-line basis. Insignificant amounts of goodwill are charged to expenses as incurred

6. Accounting estimates

(1) Goodwill impairment

(i) Amount stated in the consolidated financial statements for the fiscal year under review
Goodwill of 122,617 million yen is stated in the consolidated balance sheet for the fiscal year under review. The amount of investments in securities stated in the consolidated balance sheet for the fiscal year under review includes goodwill of 43,303 million yen associated with entities accounted for using equity method.

(ii) Information to facilitate the understanding of accounting estimates

a. Calculation method

Goodwill is subject to impairment accounting and is re-measured to reflect its recoverability under certain conditions if the amount of investment is no longer expected to be recoverable due to a decline in earnings potential. More specifically, in accordance with the “Accounting Standard for Impairment of Fixed Assets” (Business Accounting Council, August 9, 2002), the Company monitors any indication of impairment, such as losses in the underlying business in consecutive years and a significant deterioration of the business environment, and if there is an indication of impairment, the Company determines whether to recognize an impairment loss by comparing the total amount of undiscounted future cash flows of the underlying business and book value. For goodwill on which an impairment loss needs to be recognized, the Company wrote down the book value to the recoverable amount and recognizes the amount of write-down as an impairment loss. As the recoverable amount represents the present value of future cash flows expected to arise from the continued use and the disposition after use of the underlying asset, the Company relies on reasonable assumptions and the estimation of future cash flows based on forecast in determining the amount of impairment loss on goodwill.

b. Impact on the consolidated financial statements for the next fiscal year

Impairment loss may occur in the event that future cash flow estimates decrease significantly due to a decline in profitability because of changes to the business environment of the underlying business.

(2) Outstanding claims

- (i) Amount stated in the consolidated financial statements for the fiscal year under review
Outstanding claims of 2,256,900 million yen are stated in the consolidated balance sheet for the fiscal year under review. Outstanding claims in the non-life insurance business account for a significant share of the total outstanding claims.
- (ii) Information to facilitate the understanding of accounting estimates
Pursuant to the provisions of Article 117 of the Insurance Business Act and Articles 72 and 73 of the Regulation for Enforcement of the Insurance Business Act, domestic consolidated insurance subsidiaries estimate the amount of insurance claims that have not been paid among those for which payment obligations have arisen or are determined to have arisen under the relevant insurance policies and reserve the amount as outstanding claims. Overseas consolidated insurance subsidiaries also estimate such an amount and reserve it as outstanding claims in the same manner.
 - a. Calculation method
For insurance policies for which a cause for payment of claims is reported to have arisen, an estimated amount of payment is recognized on an individual basis based on the contents of such reports, the terms and conditions of the underlying insurance policy, and the result of damage investigation. For insurance policies for which a cause for payment of claims has already arisen, but has not been reported to have arisen, an estimated amount of payment is recognized based on, among others, an estimated amount of final damage, which is calculated in consideration of past payment experience.
 - b. Impact on the consolidated financial statements for the next fiscal year
The amount of payment of claims and the recognized amount of outstanding claims may change from the initial estimate as a result of such factors as a progress in damage investigation, court decisions, and changes in foreign exchange markets.
In particular, the estimation of outstanding claims is subject to increasing uncertainties in recent years due to, for example, an increase in the magnitude and frequency of natural disasters in Japan and overseas and claims payment obligations arising particularly from profit insurance in overseas markets under the COVID-19 pandemic.

7. Changes in presentation method

(Application of “Accounting Standard for Disclosure of Accounting Estimates”)

The “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020) has been applied since the fiscal year under review, and notes on significant accounting estimates are posted.

8. Additional information

(Accounting for the introduction of the consolidated tax return filing system)

The Company and some of its domestic consolidated subsidiaries are scheduled to apply the consolidated tax return filing system from the next fiscal year onward. For this reason, it has adopted, since the fiscal year under review, accounting treatments that assume the future application of the consolidated tax return filing system based on PITF No. 5 “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)” (Accounting Standards Board of Japan, January 16, 2015) and PITF No. 7 “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)” (Accounting Standards Board of Japan, January 16, 2015). As a result, the amount of income taxes - deferred for the fiscal year under review decreased by 20,282 million yen.

(Application of tax effect accounting for the transition from the consolidated tax return filing system to the group tax sharing system)

As for items regarding the transition to the group tax sharing system introduced in the “Act Partially Amending the Income Tax Act” (Act No. 8 of 2020) and items revised on non-consolidated tax return filing system in connection with the transition to the group tax sharing system, the Company has not applied the provisions of paragraph 44 of the “Guidance on Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan Guidance No. 28, February 16, 2018) as allowed by the provisions of paragraph 3 of the “Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (ASBJ PITF No. 39, March 31, 2020). Accordingly, amounts of deferred tax assets and deferred tax liabilities are determined in accordance with the provisions of the tax law before revision.

(Consolidated Balance Sheet)

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

| | (Yen in millions) |
|--------------------------|-------------------|
| | March 31, 2021 |
| Accumulated depreciation | 399,742 |
| Accelerated depreciation | 13,431 |

The amount of accelerated depreciation that was deducted from the acquisition cost due to the receipt of national subsidies, etc. was 3 million yen.

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

| | (Yen in millions) |
|--|-------------------|
| | March 31, 2021 |
| Investments in securities (Domestic stocks) | 27,995 |
| Investments in securities (Foreign securities) | 237,290 |
| Investments in securities (Other securities) | 19,426 |

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, 2021 |
| Loans to borrowers in bankruptcy | 0 |
| Overdue loans | 201 |
| Loans overdue for three months or more | 277 |
| Restructured loans | 1,088 |
| Total | 1,567 |

(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).
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.
- (2) 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.
- (3) 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)

| | March 31, 2021 |
|----------------------------|----------------|
| Pledged assets: | |
| Investments in securities | 562,337 |
| Cash, deposits and savings | 4,361 |
| Money trusts | 2,280 |

(Note) The amounts in the above table primarily consist of collateral assets required for payables under repurchase agreements of 110,343 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:

(Yen in millions)

| | March 31, 2021 |
|--|----------------|
| | 737,523 |

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

(Yen in millions)

| | March 31, 2021 |
|-------------------|----------------|
| Securities | 41,934 |
| Commercial papers | 1,999 |

(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:

(Yen in millions)

| | March 31, 2021 |
|--|----------------|
| | 2,060,062 |

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 65,565 million yen in a negative liability position as of March 31, 2021. 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)

| | March 31, 2021 |
|--|----------------|
| | 16,362 |

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, 2021. 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 | 2,057,789 | 2,058,555 | 765 |
| (ii) Receivables under resale agreements | 1,999 | 1,999 | - |
| (iii) Monetary claims bought | 175,740 | 175,740 | - |
| (iv) Money trusts | 1,717,804 | 1,717,804 | - |
| (v) Investments in securities: | | | |
| Trading securities | 2,900,644 | 2,900,644 | - |
| Held-to-maturity securities | 1,218,781 | 1,400,491 | 181,710 |
| Debt securities earmarked for underwriting reserves | 2,295,541 | 2,367,903 | 72,362 |
| Stocks in subsidiaries and associates | 78,742 | 156,628 | 77,886 |
| Available-for-sale securities | 9,828,797 | 9,828,797 | - |
| (vi) Loans | 960,174 | | |
| Bad debt reserve (*1) | (73) | | |
| | 960,101 | 987,893 | 27,792 |
| Total assets | 21,235,942 | 21,596,460 | 360,517 |
| Bonds issued | 809,093 | 818,950 | 9,857 |
| Total liabilities | 809,093 | 818,950 | 9,857 |
| Derivative transactions (*2): | | | |
| Hedge accounting not applied | 12,705 | 12,705 | - |
| Hedge accounting applied | (25,330) | (25,330) | - |
| Total derivative transactions | (12,624) | (12,624) | - |

(*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, and an amount enclosed in parentheses () indicates a net liability position.

(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, 2021 |
| Unlisted stocks and other assets invested in non-listed subsidiaries and associates | 205,970 |
| Other unlisted stocks | 91,576 |
| Unlisted investment trusts | 88,791 |
| Unlisted convertible bonds | 39,608 |
| Partnership investments comprised of unlisted stocks | 45,130 |
| Total | 471,077 |

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, 2021 |
| Carrying amount | 77,113 |
| Fair value | 141,853 |

(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. The amounts of net assets per share are as follows:

| | March 31, 2021 |
|--|----------------|
| Net assets per share (in Yen) | 5,525.42 |
| Stock acquisition rights deducted from net assets (Yen in millions) | 1,019 |
| Non-controlling interests deducted from net assets (Yen in millions) | 41,288 |
| Outstanding common shares (in thousands of shares) | 558,210 |

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

(Consolidated Statement of Income)

- Life insurance premiums are presented on a net basis after deducting the amount of refunds upon surrender (hereinafter referred to as “surrender value”) and reinsurance premiums paid from premium income. The amount of life insurance premiums is negative for the fiscal year under review as the amount of surrender value and reinsurance premiums paid was greater than the amount of premium income.
- The amounts of income on derivatives other than for trading or hedging to reduce the currency risks of foreign currency reinsurance transactions, included in other underwriting income, are as follows:

(Yen in millions)
 For the year ended
 March 31, 2021
 800

- The amounts of foreign exchange gains included in other investment income are as follows:

(Yen in millions)
 For the year ended
 March 31, 2021
 395,788

- Major components of business expenses are as follows:

(Yen in millions)

| For the year ended March 31, 2021 | |
|-----------------------------------|---------|
| Commission expenses | 697,860 |
| Salaries | 302,091 |

(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.

- Impairment losses recognized on fixed assets are as follows:

(Yen in millions)

| Use | Category | Description | Impairment losses on fixed assets | | |
|---|--------------------|--|-----------------------------------|-----------|-----------|
| | | | | Breakdown | |
| Investment properties | Buildings | 3 properties, including a building for rent in Ibaraki | | 121 | Buildings |
| Idle real estate and real estate for sale | Land and buildings | 14 properties including a training center in Kanagawa | 1,828 | Land | 1,263 |
| | | | | Buildings | 565 |

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 Company plans to sell the assets shown above, the Company wrote down the book value of them to its recoverable amount and recognized the amount of write-down as impairment losses on fixed assets under extraordinary losses.

The recoverable amount of the assets that the Company plans to sell is measured at their net sales value. The net sales value is calculated based on appraisal value provided by qualified appraisers.

- Other extraordinary losses mainly represent extra retirement payments relating to workforce reduction at overseas consolidated subsidiaries.

7. The amounts of net income/(loss) attributable to owners of the parent per share are as follows:

| | For the year ended March 31, 2021 |
|--|-----------------------------------|
| Basic net income/(loss) attributable to owners of the parent per share (in Yen) | 255.79 |
| Diluted net income/(loss) attributable to owners of the parent per share (in Yen) | 255.65 |
| (Notes) The basis of calculation is as follows: | |
| | For the year ended March 31, 2021 |
| Net income/(loss) attributable to owners of the parent (Yen in millions) | 144,398 |
| Average outstanding common stock during the year (in thousands of shares) | 564,504 |
| 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 |

8. 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 | 181 | - | 593,473 |
| Total | 593,291 | 181 | - | 593,473 |
| Treasury stock: | | | | |
| Common stock | 24,244 | 11,076 | 58 | 35,263 |
| Total | 24,244 | 11,076 | 58 | 35,263 |

(Notes)

- The increase of 181 thousand shares in the total number of common stock shares issued is attributable to the issuance of restricted stock.
- The increase in the number of treasury common stock during the year was 11,076 thousand shares, as a result of market purchase of 11,064 thousand shares and repurchases of fractional stock of 12 thousand shares.
- The decrease in the number of treasury common stock during the year was 58 thousand shares, as a result of exercise of stock acquisition rights of 57 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 | 1,019 |
| Total | | 1,019 |

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 25, 2020 Annual shareholders meeting | Common stock | 42,678 | 75 | March 31, 2020 | June 26, 2020 |
| November 19, 2020 Board of Directors Meeting | Common stock | 42,338 | 75 | September 30, 2020 | December 7, 2020 |

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

(2) Dividends declared effective after March 31, 2021 for which the date of record is in the year ended March 31, 2021

| 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 28, 2021 Annual shareholders meeting | Common stock | 44,656 | Retained earnings | 80 | March 31, 2021 | June 29, 2021 |

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

FY2020 NON-CONSOLIDATED BALANCE SHEET (as of March 31, 2021)

(Yen in millions)

| Item | Amount | Item | Amount |
|---|------------------|---|------------------|
| (Assets) | | (Liabilities) | |
| Current assets | 50,512 | Current liabilities | 3,142 |
| Cash and deposits | 2,813 | Accounts payable | 1,569 |
| Deposits paid in affiliates | 2,962 | Accrued expenses | 889 |
| Prepaid expenses | 47 | Accrued income taxes | 4 |
| Income taxes receivable | 44,548 | Accrued consumption taxes | 218 |
| Other | 141 | Deposits | 12 |
| | | Unearned revenue | 19 |
| Fixed assets | 1,715,760 | Accrued bonuses for employees | 429 |
| Tangible fixed assets | 293 | | |
| Buildings | 265 | Non-current liabilities | 362,723 |
| Tools, furniture & fixtures | 27 | Bonds issued | 361,000 |
| | | Asset retirement obligations | 238 |
| Intangible fixed assets: | 514 | Deferred tax liabilities | 1,484 |
| Software | 496 | | |
| Software in progress | 18 | | |
| | | Total liabilities | 365,866 |
| Investments and other assets | 1,714,952 | | |
| Investment securities | 162,567 | (Net Assets) | |
| Shares of subsidiaries and associates | 1,472,685 | Shareholders' equity | 1,381,921 |
| Investments in capital of subsidiaries and associates | 65,862 | Common stock | 100,276 |
| Deferred tax assets | 13,836 | Capital surplus | 1,079,272 |
| Other | 0 | Additional paid-in capital | 729,532 |
| | | Other capital surplus | 349,740 |
| | | | |
| | | Retained earnings | 321,639 |
| | | Other retained earnings | 321,639 |
| | | Retained earnings carried forward | 321,639 |
| | | | |
| | | Treasury stock | (119,267) |
| | | | |
| | | Valuation and translation adjustments | 17,466 |
| | | Net unrealized gains/ (losses) on investments in securities | 17,466 |
| | | | |
| | | Stock acquisition rights | 1,019 |
| | | | |
| | | Total net assets | 1,400,406 |
| Total assets | 1,766,273 | Total liabilities and net assets | 1,766,273 |

FY2020 NON-CONSOLIDATED STATEMENT OF INCOME

(from: April 1, 2020 to: March 31, 2021)

(Yen in millions)

| Item | Amount | |
|--|----------|-----------------|
| Operating income | | |
| Dividends paid by affiliates | 216,724 | |
| Commissions earned from affiliates | 162 | 216,887 |
| Operating expenses | | |
| Sales and general administrative expenses | 11,738 | 11,738 |
| Operating profit | | 205,148 |
| Non-operating income | | |
| Dividends income | 4,747 | |
| Gains on forfeiture of unclaimed dividends | 81 | |
| Other | 91 | 4,919 |
| Non-operating expenses | | |
| Interest on bonds | 4,207 | |
| Other | 1,222 | 5,429 |
| Ordinary profit | | 204,638 |
| Extraordinary income | | |
| Reversal of provision for losses on sales of shares of subsidiaries and associates | 8,113 | 8,113 |
| Extraordinary loss | | |
| Loss on retirement of fixed assets | 0 | |
| Loss on valuation of shares of subsidiaries and associates | 770 | 770 |
| Income before income taxes | | 211,981 |
| Income taxes-current | 4 | |
| Income taxes - deferred | (20,053) | (20,049) |
| Net income/ (loss) | | 232,030 |

FY2020 NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(from: April 1, 2020 to: March 31, 2021)

(Yen in millions)

| | Shareholders' equity | | | | | | | |
|--|----------------------|----------------------------|-----------------------|-----------------------|-------------------------|-------------------------|----------------|----------------------------|
| | Common stock | Capital surplus | | | Retained earnings | | Treasury stock | Total shareholders' equity |
| | | Additional paid-in capital | Other capital surplus | Total capital surplus | Other retained earnings | Total retained earnings | | |
| Beginning balance | 100,000 | 729,255 | 349,751 | 1,079,007 | 174,626 | 174,626 | (84,432) | 1,269,202 |
| Changes for the year: | | | | | | | | |
| Issuance of new shares | 276 | 276 | | 276 | | | | 552 |
| Dividends paid | | | | | (85,017) | (85,017) | | (85,017) |
| Net income/ (loss) | | | | | 232,030 | 232,030 | | 232,030 |
| Repurchase of treasury stock | | | | | | | (35,036) | (35,036) |
| Disposal of treasury stock | | | (11) | (11) | | | 201 | 189 |
| Net changes of items other than shareholders' equity | | | | | | | | |
| Total changes for the year | 276 | 276 | (11) | 264 | 147,012 | 147,012 | (34,835) | 112,718 |
| Ending balance | 100,276 | 729,532 | 349,740 | 1,079,272 | 321,639 | 321,639 | (119,267) | 1,381,921 |

| | 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 | (18) | (19) | (37) | 1,206 | 1,270,371 |
| Changes for the year: | | | | | |
| Issuance of new shares | | | | | 552 |
| Dividends paid | | | | | (85,017) |
| Net income/ (loss) | | | | | 232,030 |
| Repurchase of treasury stock | | | | | (35,036) |
| Disposal of treasury stock | | | | | 189 |
| Net changes of items other than shareholders' equity | 17,484 | 19 | 17,504 | (187) | 17,316 |
| Total changes for the year | 17,484 | 19 | 17,504 | (187) | 130,035 |
| Ending balance | 17,466 | - | 17,466 | 1,019 | 1,400,406 |

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

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.

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.

7. Additional information

(Accounting for the introduction of the consolidated tax return filing system)

The Company is scheduled to apply the consolidated tax return filing system from the next fiscal year onward. For this reason, it has adopted, since the fiscal year under review, accounting treatments that assume the future application of the consolidated tax return filing system based on PITF No. 5 “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)” (Accounting Standards Board of Japan, January 16, 2015) and PITF No. 7 “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)” (Accounting Standards Board of Japan, January 16, 2015). As a result, the amount of income taxes - deferred for the fiscal year under review decreased by 20,053 million yen.

(Application of tax effect accounting for the transition from the consolidated tax return filing system to the group tax sharing system)

As for items regarding the transition to the group tax sharing system introduced in the “Act Partially Amending the Income Tax Act” (Act No. 8 of 2020) and items revised on non-consolidated tax return filing system in connection with the transition to the group tax sharing system, the Company has not applied the provisions of paragraph 44 of the “Guidance on Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan Guidance No. 28, February 16, 2018) as allowed by the provisions of paragraph 3 of the “Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (ASBJ PITF No. 39, March 31, 2020). Accordingly, amounts of deferred tax assets and deferred tax liabilities are determined in accordance with the provisions of the tax law before revision.

(Notes on Balance Sheet)

1. Amount of accumulated depreciation of tangible fixed assets: 522 million yen
2. Amounts receivable from and payable to affiliates

| | |
|-------------------------------|---------------------|
| Short-term loans receivables: | 3,140 million yen |
| Short-term loans payable: | 793 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: | 216,887 million yen |
| Operating expenses: | 1,123 million yen |
| Volume in non-operating transactions: | 2,526 million yen |

(Notes on Statement of Changes in Net Assets)

| | |
|---|-------------------|
| Class and number of treasury stock as of March 31, 2021 | |
| Common stock | 35,263,101 shares |

(Notes on Tax Effect Accounting)

The breakdown of deferred tax assets and deferred tax liabilities by major category of cause is as follows:

(Yen in millions)

| March 31, 2021 | |
|--|----------|
| Deferred tax assets | |
| Carryforward of unused tax losses | 22,996 |
| Shares of subsidiaries and associates | 6,109 |
| Software | 473 |
| Other | 519 |
| Subtotal: deferred tax assets | 30,098 |
| Valuation allowance for carryforward of unused tax losses | (3,757) |
| Valuation allowance for total deductible temporary differences | (6,287) |
| Subtotal: valuation allowance | (10,045) |
| Total deferred tax assets | 20,053 |
| Deferred tax liabilities | |
| Valuation difference on available-for-sale securities | (7,701) |
| Total deferred tax liabilities | (7,701) |
| Net amount of deferred tax assets | 12,352 |

(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) | - | 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: | 2,506.91 yen |
| Net income per share: | 411.03 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 17, 2021

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, 2020 through March 31, 2021.

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 17, 2021

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 13th fiscal year of operations from April 1, 2020 until March 31, 2021 (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 13th fiscal year beginning April 1, 2020 and ending March 31, 2021, 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, 2021

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, Digitalization Committee, Group Systems Committee, Group International Business Committee and ERM 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, 2021