

# Supplement to Notice of Convocation of the 13th Annual Shareholders Meeting

· Group Medium-term Management Plan “Vision 2021”	P1
· Shareholder Returns Policy	P3
· Analysis and Evaluation of the Board of Directors’ Effectiveness	P4
· Strategic Equity Holdings	P5
· Succession Plan	P6

---

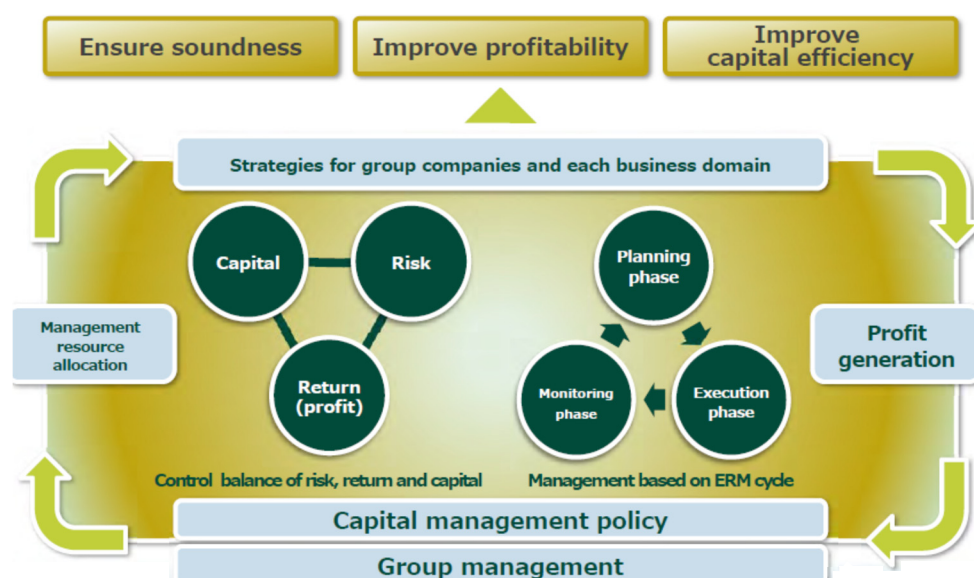
## Group Medium-term Management Plan “Vision 2021”

In the Group Medium-term Management Plan “Vision 2021” the final year of which was FY2021, the Group has set forth its aim to use the four years beginning from FY2018 to achieve its medium-term vision of the Group and build a resilient system capable of swiftly responding to changes in the environment.

In Stage 1 (FY2018 and FY2019), the Company worked to build a system for responding to changes in the environment, including creating specialist teams to address the digitalization of society and reforms in mobility businesses. In Stage 2 (FY2020 and FY2021), the Company has been building a resilient system tailored to changes in the environment, including a response to the social issues of climate change, increasingly frequent and large-scale natural disasters, and the spread of COVID-19, as well as the acceleration of social changes in the digital and ESG spheres.

The Group's medium-term vision is “to create a world-leading insurance and financial services group that consistently pursues sustainable growth and the enhancement of corporate value,” and we intend to achieve business of a substantial scale and quality to be recognized by our stakeholders, as represented by our shareholders and customers.

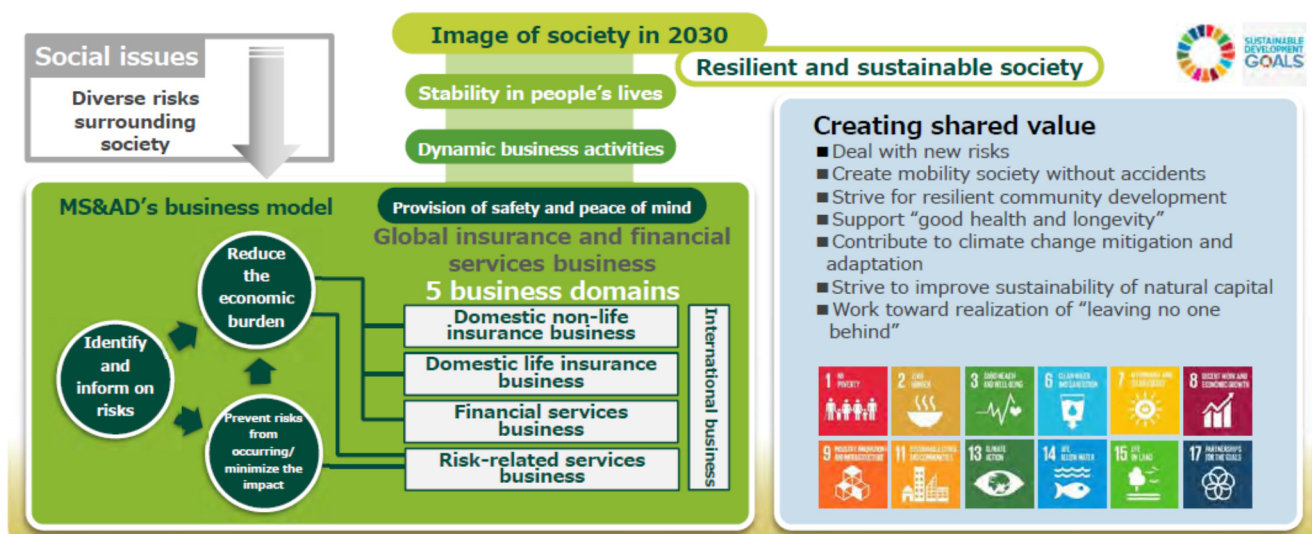
### Framework of Group Management



Since setting forth our vision for society as a “resilient and sustainable society” in “Vision 2021,” the Group has focused on creating shared value (CSV) with a society that contributes to the SDGs (sustainable development goals). Looking ahead, the Group will continue to achieve sustainable growth together with society through corporate activities that implement our business model, a “Story of Value Creation.”

## Story of Value Creation

Mission: The Group strives to provide security and safety through global insurance and financial services and to support vibrant growth for society and a healthy future for the earth.



## Main Numerical Management Targets of the Group

(billions of yen)

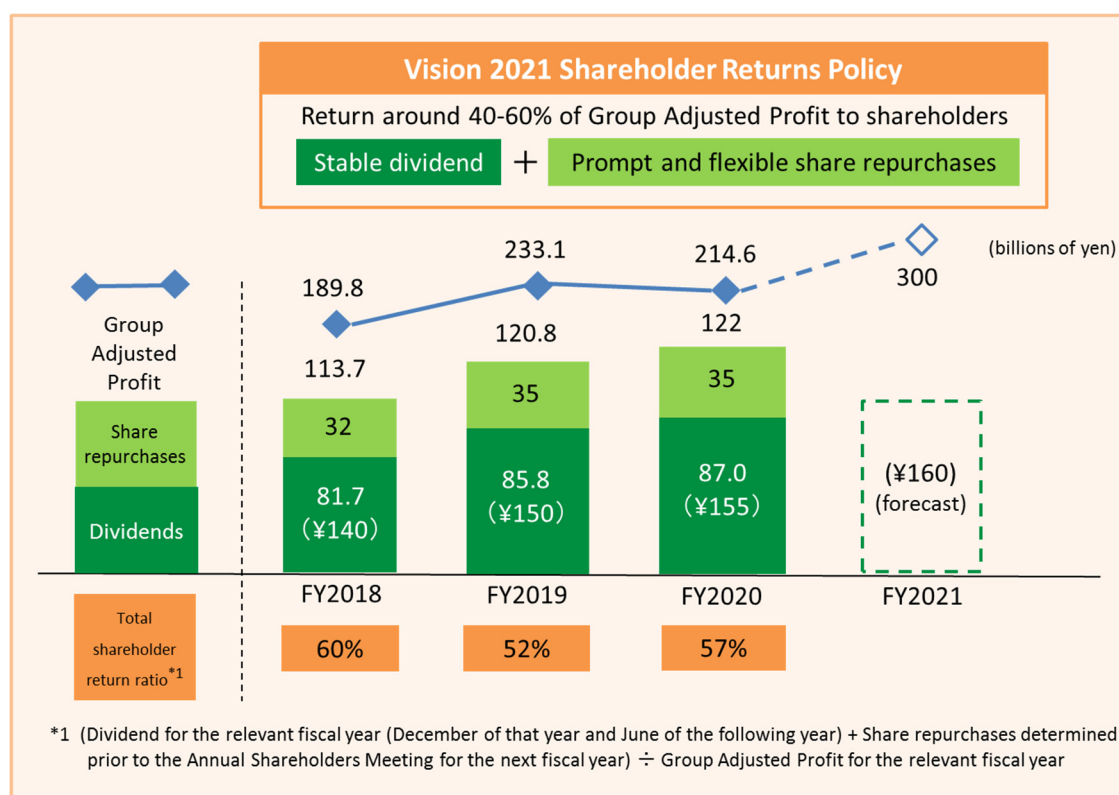
	FY2021 Target
Group Adjusted Profit	300
Domestic non-life insurance business	177
Domestic life insurance business	41
International business	75
Financial services business and risk-related services business	7
Group Adjusted ROE	10.0%
Net premiums written	3,580
Life insurance premiums (Gross premiums written)	1,000
Mitsui Sumitomo Aioi Life EEV <sup>*1</sup>	962
ESR (Economic Solvency Ratio) <sup>*2</sup>	180%~220%

<sup>\*1</sup> An indicator that shows the enterprise value of life insurance companies by adding future profits from policies in force to the current value of net assets.

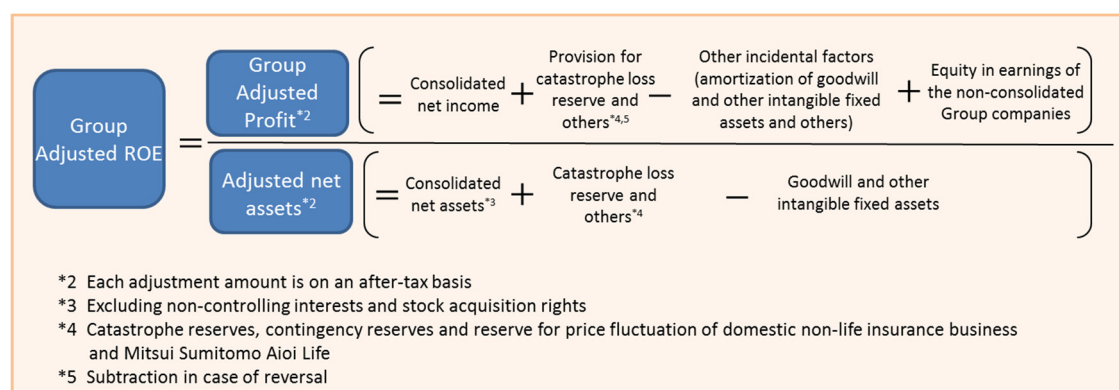
<sup>\*2</sup> An indicator that shows that adequacy of capital against the amount of risk.

## Shareholder Returns Policy

In Stage 2 of the Group Medium-term Management Plan “Vision 2021,” the Company will return around 40-60% of Group Adjusted Profit (see below) to shareholders. While maintaining a basic policy of paying a stable dividend, the Company will repurchase shares in a prompt and flexible manner, taking into consideration the market environment and the capital status of the Company.



## Vision 2021 Group Adjusted Profit and Group Adjusted ROE



## Analysis and Evaluation of the Board of Directors' Effectiveness

As noted in the "MS&AD Insurance Group Basic Policies on Corporate Governance," an analysis and evaluation of the overall effectiveness of the Board of Directors is conducted annually.

An outline of the analysis and evaluation for FY2020 is as follows.

### 1. Analysis and Evaluation Process

#### Questionnaires conducted for Directors' self-evaluation and its summary

- ↓
  - A questionnaire consisting of 11 questions (concerning the roles and responsibilities of the Board of Directors, its operation, etc.) was distributed to each Director in advance and the secretariat conducted an interview with each Director based on the questionnaire.
  - Evaluation mainly focused on whether initiatives to enhance the effectiveness of the Board of Directors were implemented in accordance with the improvement measures (measures for improving capabilities to be implemented in FY2020) which had been formulated based on the evaluation of the Board of Directors in FY2019.

#### Exchange of opinions at the Outside Director Council

- ↓
  - At a meeting of the Outside Director Council (consisting of all the Outside Directors), Outside Directors exchanged opinions about analysis and evaluation based on the results of the questionnaire.

#### Analysis and evaluation by the Governance Committee and formulation of measures for improving capabilities

- ↓
  - The Governance Committee (consisting of all the Outside Directors, the Chairman & Director, the Vice Chairman & Director, and the President & CEO) conducted analysis and evaluation and formulated measures for improving capabilities by identifying issues to be addressed in FY2021.

#### Implementation of improvement measures (measures for improving capabilities) based on results

### 2. Summary of the Results of Analysis and Evaluation

The Company analyzed and evaluated the effectiveness of the Board of Directors as follows, taking into consideration factors such as the content of deliberations at meetings of the Board of Directors, the fulfillment of functions by the Board of Directors, its operation, and efforts to train and provide information to Outside Officers in FY2020.

Improved	<ul style="list-style-type: none"> <li>• Sufficient opportunities and time are secured for deliberations concerning management strategies, and constructive deliberations aimed at improving medium- to long-term corporate value are held.</li> <li>• The results of employee awareness surveys are regularly reported to the Board of Directors, and the permeation of the Company's Mission, Vision, Value, and other factors are appropriately supervised.</li> <li>• Employees are focusing on sustainability with increasing strength of awareness, as shown by an expansion in the scope and number of applications to contests that have been set up to recognize the outstanding efforts of employees who are working to find solutions for sustainability related issues.</li> <li>• Deliberations at meetings of the Board of Directors are being conducted efficiently and effectively, including the advance distribution of documents, the use of paperless documents, and advance explanations.</li> <li>• Sufficient opportunities for training, etc. are being provided to Outside Officers, contributing to deeper understanding by Outside Officers.</li> </ul>
To be improved from now on	<ul style="list-style-type: none"> <li>• Utilize opportunities for strategic deliberations outside of meetings of the Board of Directors, as part of efforts to formulate the next Medium-term Management Plan.</li> <li>• Share the specific details and results of initiatives targeting sustainability issues both internally and externally, in a manner that is easy to understand, with a focus on climate change risks, a top priority issue.</li> <li>• Continue to implement initiatives aimed at making deliberations more sophisticated, such as making documents simple and compact in order to clarify the agenda items to be deliberated.</li> </ul>

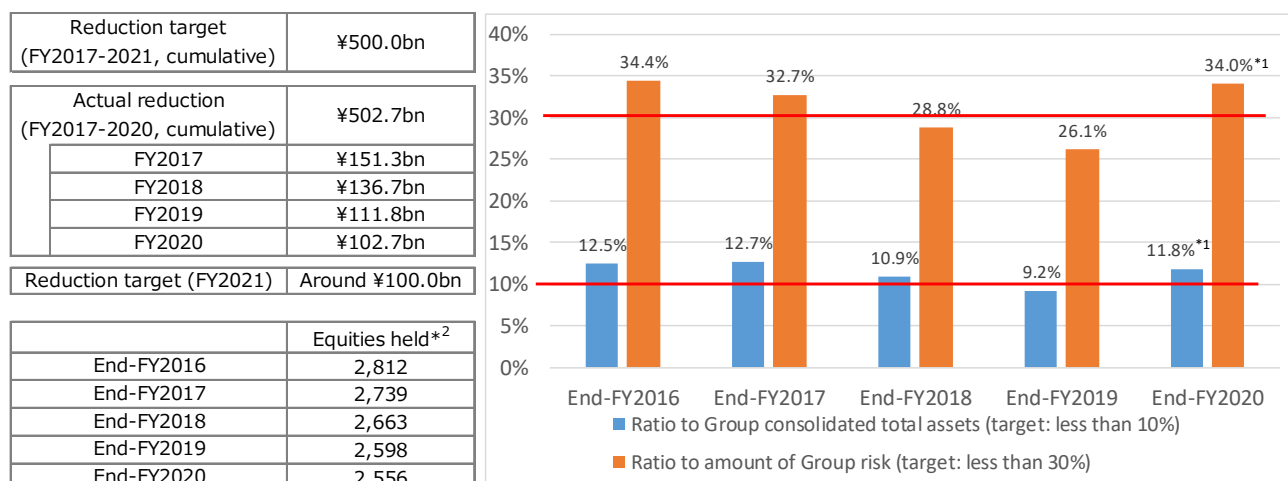
## Strategic Equity Holdings

### 1. MS&AD Insurance Group Basic Policy for Reduction of Strategic Equity Holdings

Strategic equity holdings are shares held under the assumption of long-term holding for the purpose of maintaining and strengthening comprehensive business relationships.

We have adopted a policy to reduce the aggregate amount of our strategic equity holdings, aiming to build a solid financial base less affected by fluctuations in stock prices, etc.

The Group's target is to reduce strategic equity holdings by 500.0 billion yen over the five years from FY2017 to FY2021. The results of efforts to reduce strategic equity holdings over the four years through FY2020 are shown below, and the balance of market value of strategic equity holdings held by the Company as of March 31, 2021 is 2,837.5 billion yen. In addition, the current Medium-term Management Plan sets forth the Company's aim to limit the "ratio of strategic equity holdings to Group consolidated total assets\*" to less than 10%, and the "ratio of strategic equity holdings to the amount of Group risk\*\*" to less than 30%. Trends in these ratios are as follows.



\*1 These ratios had increased as of the end of FY2020 compared with the end of FY2019, but this was due to an increase in the market value of shares held.

\*2 Simple sum of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

### 2. Verification of Propriety of Strategic Equity Holdings and Reduction Efforts

Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance examine the propriety of their strategic holdings by each equity based on income generated from holding the equity and balance of insurance contract as to whether the purpose of the holding is appropriate and whether the benefits and risks associated with the holding are commensurate with the capital cost. The results of these examinations are confirmed by the Company's Board of Directors.

Based on the results of the examinations of each equity, constructive dialogue takes place with regard to equities that do not meet the objective of the rationale and are particularly in need of improvement. The equity will continue to be held in the event that an improvement is anticipated, and sale negotiations will be entered into in the event that an improvement is not anticipated. We may sell our holdings even when the rationale for holding the equity is recognized, taking into consideration the market environment and our business and financial strategies.

### 3. Criteria for Ensuring Appropriate Handling of the Exercise of Voting Rights Pertaining to Strategic Equity Holdings

Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance have expressed their acceptance of Japan's Stewardship Code, and these companies published reports providing an overview of their measures to address Japan's Stewardship Code and their stewardship activities. The exercise of voting rights is seen to be an important means of influencing the management and improving the enterprise value of investee companies. Therefore, decisions are not made uniformly based on formulaic short-term criteria, but rather in terms of enhancement of enterprise value in the long term and improvement in shareholder returns, among others, based on dialogue with investee companies.

When exercising voting rights, the Company has established specific standards and guidelines for making judgments on items such as whether the company in question is managed with an emphasis on growth of the company and the interests of shareholders, and whether the company is engaged in any antisocial behavior. Proposals are also judged based on the results of dialogue with the company concerned following a detailed examination of individual issues as required, including cases that meet the Company's standards and guidelines.



---

## Succession Plan

As part of its aim to achieve sustainable growth and enhance the corporate value of the Group, the Company positions the selection and dismissal of the Group CEO (hereinafter referred to as the “CEO”) and the fostering as successors as a key management issue, and has thus formulated a succession plan.

The outline of the plan is as follows.

### 1. Criteria for CEO selection

- Ability to embody the Group’s mission, vision and values, and having the concept of creating shared value (CSV) with society in his/her own system of values
- Ability to plan and build future visions
- Fairness and impartiality
- Ability to develop human assets
- Ability to demonstrate leadership
- Global response capability
- Acting in the Group’s best interest

### 2. CEO Selection Process

- (1) Recommendation by current CEO
  - The current CEO prioritizes the candidates and recommends them to the Nomination Committee (the majority of whose members and the chairperson are appointed from among Outside Directors).
  - Candidates may be from within the Group as well as outside the Group.
- (2) Deliberation by the Nomination Committee
  - The Nomination Committee deliberates on candidates recommended by the CEO.
  - Outside Directors can recommend other candidates.
- (3) Resolution by the Board of Directors
  - After (1) and (2) above, the Nomination Committee advises the Board of Directors which makes the final decision.

### 3. Development Plan for CEO Candidates

The CEO must position the development of a large number of candidates as an important role for him/her and provide the candidates from inside the Group with the following experience as needed.

- Multiple departments (management, operations, international, sales, claims services, systems, etc.)
- Management of domestic operating companies and overseas subsidiaries

### 4. CEO Dismissal Process

- (1) When an Outside Director deems it necessary to discuss dismissal, such as when the CEO is subject to the prohibitions stipulated in the Executive Officers Rules (violating obligations set forth in the Companies Act and other laws and regulations or company regulations, etc.) or when it is determined that it is difficult for the CEO to properly continue his/her duties due to health reasons or other reasons, the Outside Director shall deliberate on his/her own initiative with members of the Nomination Committee excluding the CEO.

Based on the results of the deliberation, necessary procedures are carried out in accordance with the Companies Act and internal regulations.

- (2) Directors who are not Outside Directors may request a meeting of the Board of Directors to be convened in accordance with the Rules of the Board of Directors and submit proposals for dismissal of Directors at the Shareholders Meeting.