

June 3, 2022

Dear Shareholders:

**Notice of Convocation of
the 14th Annual Shareholders Meeting**

MS&AD Insurance Group Holdings, Inc. (the “Company”) hereby announces that its 14th 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. We also ask that you please review the attached Reference Documents 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 27, 2022 (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 14th fiscal year (Fiscal 2021 (from April 1, 2021 to March 31, 2022)); and
2. Report on the Non-Consolidated Financial Statements for the 14th fiscal year (Fiscal 2021 (from April 1, 2021 to March 31, 2022)).

Matters to be resolved:

| | |
|-------------------------|---|
| <u>First Proposal:</u> | Appropriation of Surplus |
| <u>Second Proposal:</u> | Amendments to the Articles of Incorporation |
| <u>Third Proposal:</u> | Election of Eleven (11) Directors |

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. Of documents to be attached to this Notice of Convocation, the following matters 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.
 - i) "(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
 - ii) "Consolidated Statement of Changes in Net Assets" and "Consolidated Explanatory Notes" for the consolidated financial statements
 - iii) "Non-consolidated Statement of Changes in Net Assets" and "Non-Consolidated Explanatory Notes" for the non-consolidated financial statements
4. This Notice of Convocation, the Reference Documents 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

Scanning the QR Code

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. Once you log in to the website, please indicate your approval or disapproval to each of the proposals as instructed on the display screen.

Entering the “Vote Exercise Code” and “Password”

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, entering the “Vote Exercise Code” and “Password” printed on the enclosed Voting Right Exercise Form.

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

| |
|---|
| Deadline for the exercise of voting rights via the Internet No later than 5:00 p.m., on June 24, 2022 (Friday) |
|---|

Exercise of voting rights by mailing of written documents

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

| |
|---|
| Deadline for the arrival of written documents to exercise voting rights by mail No later than 5:00 p.m., on June 24, 2022 (Friday) |
|---|

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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|---|
| Date and Time of the Annual Shareholders Meeting 10:00 a.m., on June 27, 2022 (Monday) |
|---|

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, Limited**

For institutional investors:

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

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

- End -

Reference Documents 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 sustainable growth on the premise of securing financial soundness, while providing continuous and stable returns to shareholders.

In view of the above, it is the Company's policy to secure consistently stable dividends per share in the former Medium-Term Management Plan "Vision 2021" ^(*) and to provide returns to shareholders in the amount equivalent to around 40% to 60% of its Group Adjusted Profit ^(*) by shareholder dividends and repurchase of our own shares.

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

Matters concerning the year-end dividend:

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

97.50 yen per share of common stock of the Company

Total: 53,375,972,033 yen

As a result, the annual dividend for the fiscal year under review totals 180 yen per share, including the interim dividend.

2. Effective date of dividend:

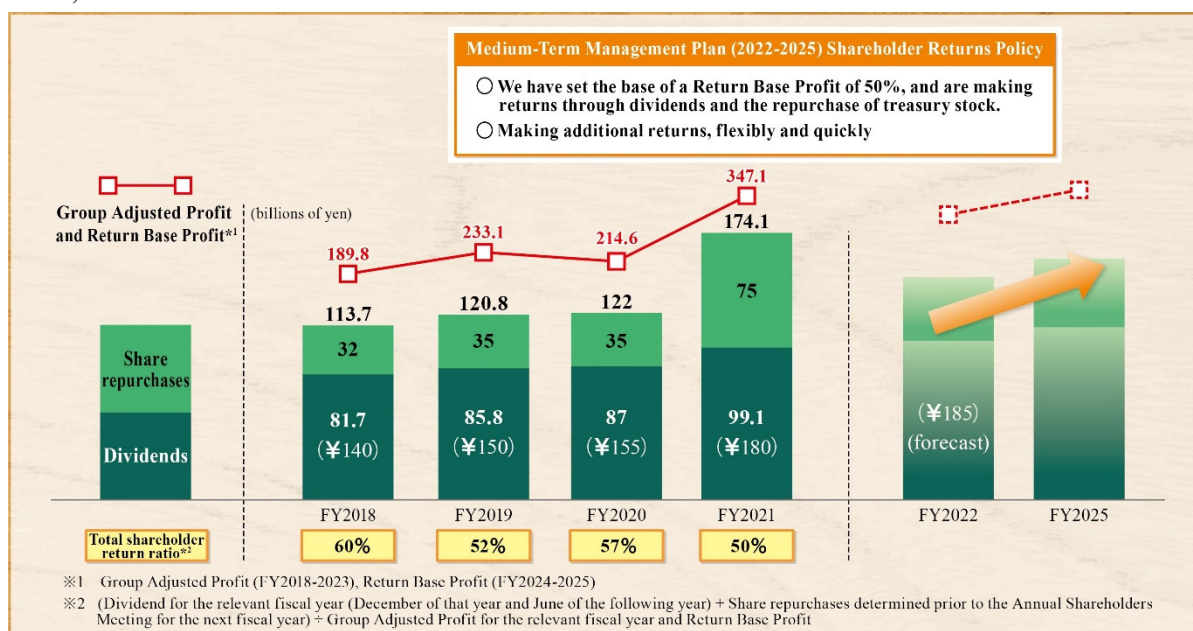
June 28, 2022

(Notes)

1. For our shareholder return policy under the current Medium-Term Management Plan, please refer to "(Reference) Shareholder Return Policy" shown on the next page.
2. 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.

(Reference) Shareholder Returns Policy

In the Group's Medium-Term Management Plan (2022-2025), we have set the base of a Group Adjusted Profit of 50% in Stage 1 (FY2022-2023), and Return Base Profit of 50% in Stage 2 (FY2024-2025). We are making returns through dividends and the repurchase of treasury stock. Furthermore, we will make additional returns both flexibly and quickly, based on market trends, the business environment, capital position, and other factors.



Group Adjusted Profit: Calculation method

$$\text{Group Adjusted Profit}^{※3} = \text{Consolidated net income} + \text{Provision for catastrophe loss reserve and others}^{※4,5} - \text{Other incidental factors (amortization of goodwill and other intangible fixed assets and others)} + \text{Equity in earnings of the non-consolidated Group companies}$$

※3 Each adjustment amount is on an after-tax basis

※4 Catastrophe reserves, contingency reserves and reserve for price fluctuation of domestic non-life insurance business and Mitsui Sumitomo Aioi Life Insurance Co., Ltd

※5 Subtraction in case of reversal

Return Base Profit: Calculation method

$$\text{Return Base Profit} = \text{IFRS Net income} - \text{Reconciliation items from IFRS Net income}^{※6} + \text{gains/losses from sales of strategic equity holdings}$$

※6 Effect of changes in market conditions, effect of deferred expenses of new contracts, profit/loss on disadvantageous contracts, amortization of intangible fixed assets, impairment of goodwill

Second Proposal: Amendments to the Articles of Incorporation

1. Reason for the amendments

(1) Amendment to the business purpose (Article 2)

As a result of revisions to the Insurance Business Act, the scope of business in which an insurance holding company may engage in has been expanded. Accordingly, the Company proposes to amend its Articles of Incorporation in order to be able to respond flexibly to this change.

(2) Introduction of the system for providing reference documents for shareholders meeting, etc. in electronic format (Article 17)

The Company proposes to make the following changes to its Articles of Incorporation in preparation for the introduction of the system for providing informational materials for the shareholders meeting in electronic format.

- i) Article 17, paragraph 1 in “Proposed Amendments” below will stipulate that the Company shall take measures for providing information that constitutes the content of reference documents for shareholders meeting, etc. in electronic format.
- ii) Article 17, paragraph 2 in “Proposed Amendments” below will establish the provision to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents.
- iii) Since the provisions for Reference Documents for Shareholders Meeting, Etc. Deemed Provided (Article 17 of the current Articles of Incorporation) will no longer be required, they will be deleted.
- iv) Accompanying the aforementioned establishment and deletion of provisions, supplementary provisions regarding the effective date, etc. will be established.

2. Details of amendments

The amendments are shown in the following “Comparison Table of the Current and Amended Articles of Incorporation.”

Comparison Table of the Current and Amended Articles of Incorporation

(Amendments are underlined)

| Current Articles of Incorporation | Proposed Amendments |
|--|--|
| (Purpose) Article 2 The purpose of the Company shall be to engage in the following businesses as an insurance holding company: (1) management and administration of non-life insurance companies, life insurance companies and companies that it may own as its subsidiaries under the Insurance Business <u>Law</u> ; and (2) <u>any other business incidental to the business provided for in the preceding item.</u> | (Purpose) Article 2 The purpose of the Company shall be to engage in the following businesses as an insurance holding company: (1) management and administration of non-life insurance companies, life insurance companies and companies that it may own as its subsidiaries under the Insurance Business <u>Act</u> , and business incidental thereto; and (2) <u>in addition to the business provided for in the preceding item, business in which an insurance holding company may engage in under the Insurance Business Act.</u> |

| Current Articles of Incorporation | Proposed Amendments |
|---|---|
| (Reference Documents for Shareholders Meeting, Etc. Deemed Provided) | (Deleted) |
| <p>Article 17 The Company may deem information relating to matters required to be specified or recorded in reference documents for shareholders meetings, business reports, financial statements, and consolidated financial statements as having being provided to shareholders when such information is disclosed via the Internet in accordance with laws and regulations.</p> | |
| (Newly established) | (Measures, etc. for Providing Information in Electronic Format) |
| | Article 17 |
| | <p>1. When the Company convenes a shareholders meeting, it shall take measures for providing information that constitutes the content of reference documents for shareholders meeting, etc. in electronic format.</p> |
| | <p>2. Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</p> |
| | |
| | Supplementary Provisions |
| | <p>1. The deletion of Article 17 (Reference Documents for Shareholders Meeting, Etc. Deemed Provided) in the pre-amended Articles of Incorporation and the establishment of the new Article 17 (Measures, etc. for Providing Information in Electronic Format) in the amended Articles of Incorporation shall be effective from September 1, 2022, which is the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the “Date of Enforcement”).</p> |
| | <p>2. Notwithstanding the provision of the preceding paragraph, Article 17 (Reference Documents for Shareholders Meeting, Etc. Deemed Provided) of the pre-amended Articles of Incorporation shall remain effective regarding any general shareholders meeting held on a date within six (6) months from the Date of Enforcement.</p> |
| | <p>3. These Supplementary Provisions shall be deleted on the date when six (6) months have elapsed from the Date of Enforcement or three (3) months have elapsed from the date of the general shareholders meeting in the preceding paragraph, whichever is later.</p> |
| | |
| (Newly established) | |

Third Proposal: Election of Eleven (11) Directors

The terms of office of all ten (10) Directors will expire at the close of this Annual Shareholders Meeting. Therefore, we would like to request the election of eleven (11) Directors, including five (5) Outside Directors by increasing the number of Outside Director by one (1) to enhance the management supervisory function.

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., Digital Innovation Dept. (vice in charge), Global Business Development Dept., Corporate Communications and Investor Relations Dept., International Supervisory Dept., International Life Insurance Business Dept., Internal Audit Dept., Capital Policy, Sustainability, Group CFO |
| 5 | Reappointment | Masahito Fukuda | Male | Director, Executive Officer In charge of Sales |
| 6 | New Appointment | Yusuke Shirai | 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) |
| 11 | New Appointment | Akemi Ishiwata Outside Director Independent Director | Female | |

| Candidate No. | Name (Date of birth) | Career summary, position and duties at the Company and important concurrent positions, if any | Number of shares of the Company owned |
|---------------|--|--|---------------------------------------|
| 1 | <p>Reappointment</p> <p>Yasuyoshi Karasawa</p> <p>(Oct. 27, 1950)</p> <p>Attendance at Board of Directors meetings held in FY2021: 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 & 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></p> <p>Jun. 2021 Advisor, <i>MSI</i> (present)</p> <p><Position and Duties at the Company> Chairman & Director, Chairman Executive Officer</p> | 46,046 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 & 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> | | |
| (Note) | "Notes commonly applicable to more than one candidate" on page 21 are applicable to Mr. Yasuyoshi Karasawa. | | |

| 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>Yasuzo Kanasugi (May 29, 1956)</p> <p>Attendance at Board of Directors meetings held in FY2021: 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></p> <p>Jun. 2020 Vice Chairman & Director, Vice Chairman Executive Officer, <i>the Company</i> (present)</p> <p>Apr. 2022 Chairman & Director, <i>ADI</i> (present)</p> <p><Position and Duties at the Company> Representative Director, Vice Chairman & Director, Vice Chairman Executive Officer</p> <p><Important Concurrent Positions> Chairman & Director, <i>ADI</i></p> | 53,691 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 served as President & CEO of <i>ADI</i> from 2016 to 2022, and has been serving as Chairman & Director of <i>ADI</i> since 2022, 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> | | | |
| (Note) | "Notes commonly applicable to more than one candidate" on page 21 are applicable to Mr. Yasuzo Kanasugi. | | |

| 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>Reappointment</p> <p>Noriyuki Hara</p> <p>(Jul. 21, 1955)</p> <p>Attendance at Board of Directors meetings held in FY2021: 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. ("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 & Director, Chairman Executive Officer, <i>MSI</i></p> | 45,246 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> | | | |
| (Note) "Notes commonly applicable to more than one candidate" on page 21 are applicable to Mr. Noriyuki Hara. | | | |

| 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 |
|-----------------------|---|--|---|---|
| 4 | <div>Reappointment</div> <div>Tetsuji Higuchi</div> <div>(Jun. 24, 1961)</div> <div>Attendance at Board of Directors meetings held in FY2021: 12/12 (100%)</div> | <div>Apr. 1984</div> <div>Apr. 2014</div> <div>Apr. 2015</div> <div>Apr. 2016</div> <div>Apr. 2017</div> <div>Apr. 2018</div> <div>Apr. 2020</div> <div>Jun. 2020</div> <div>Apr. 2021</div> | <div>Entered The Sumitomo Marine and Fire Insurance Co., Ltd.</div> <div>Executive Officer, General Manager of Tokyo Div., <i>Mitsui Sumitomo Insurance Co., Ltd. (“MSI”)</i></div> <div>Executive Officer, General Manager of Corporate Planning Dept., <i>MSI</i></div> <div>Director, Managing Executive Officer, <i>MSI</i></div> <div>Executive Officer, <i>the Company</i></div> <div>Director, Senior Executive Officer, <i>MSI</i></div> <div>Senior Executive Officer, <i>the Company</i></div> <div>Director, Senior Executive Officer, <i>the Company</i></div> <div>Director, Executive Vice President, <i>the Company</i> (present)</div> <div><Position and Duties at the Company></div> <div>Representative Director, Executive Vice President, In charge of Corporate Planning Dept., Digital Innovation Dept. (vice in charge), Global Business Development Dept., Corporate Communications and Investor Relations Dept., International Supervisory Dept., International Life Insurance Business Dept., Internal Audit Dept., Capital Policy, Sustainability, Group CFO</div> | <div>18,307 shares</div> |
| | <div>[Reasons for selection as a candidate for Director]</div> <div>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.</div> | | | |
| (Note) | “Notes commonly applicable to more than one candidate” on page 21 are applicable to Mr. Tetsuji Higuchi. | | | |

| Candidate No. | Name (Date of birth) | Career summary, position and duties at the Company and important concurrent positions, if any | Number of shares of the Company owned |
|---|--|--|---------------------------------------|
| 5 | <p>Reappointment</p> <p>Masahito Fukuda</p> <p>(Jun. 23, 1958)</p> <p>Attendance at Board of Directors meetings held in FY2021: 12/12 (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> | 21,387 shares |
| <p>[Reasons for selection as a candidate for Director]</p> <p>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> | | | |
| (Note) | "Notes commonly applicable to more than one candidate" on page 21 are applicable to Mr. Masahito Fukuda. | | |

| 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 |
|---------------|--|--|---------------------------------------|
| 6 | <div>New Appointment</div> <p>Yusuke Shirai</p> <p>(Jun. 13, 1964)</p> | <p>Apr. 1988 Entered Dai-Tokyo Fire & Marine Insurance Co., Ltd.</p> <p>Apr. 2019 Executive Officer, General Manager of Corporate Planning Dept., the Company</p> <p>Apr. 2021 Managing Executive Officer, <i>Aioi Nissay Dowa Insurance Co., Ltd. ("ADI")</i></p> <p>Apr. 2022 Director, Managing Executive Officer, <i>ADI</i> (present) Executive Officer, <i>the Company</i> (present)</p> <p><Position and Duties at the Company> Executive Officer Assistant Management</p> <p><Important Concurrent Positions> Director, Managing Executive Officer, <i>ADI</i></p> | 8,195 shares |
| | <p>[Reasons for selection as a candidate for Director]</p> <p>Mr. Yusuke Shirai has a wealth of business experience gained through his involvement in corporate planning, compliance, etc. He has been serving as Managing Executive Officer of <i>ADI</i> from 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> | | |
| (Note) | “Notes commonly applicable to more than one candidate” on page 21 are applicable to Yusuke Shirai. | | |

| 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 | <div> <div>Reappointment</div> <div>Outside Director</div> <div>Independent Director</div> </div> <p>Mariko Bando</p> <p>(Aug. 17, 1946)</p> <p>Attendance at Board of Directors meetings held in FY2021: 12/12 (100%)</p> <p>Years since the assumption of office as Outside Director: 5 years (at the close of this Annual Shareholders Meeting)</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> | 5,700 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 and experience in the administrative and educational fields as well as diversity promotion 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 management and provide advice on management overall from her expert perspective, particularly in regard to promoting diversity. 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 insight 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.</p> | | | |

(Notes)

- 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. There are also no other reasons to impact her independence with regard to the Company.
- "Notes commonly applicable to more than one candidate" on page 21 are applicable to Ms. Mariko Bando.

| Candidate No. | Name (Date of birth) | Career summary, position and duties at the Company and important concurrent positions, if any | Number of shares of the Company owned |
|--|---|---|---------------------------------------|
| 8 | <div> <div>Reappointment</div> <div>Outside Director</div> <div>Independent Director</div> </div> <p>Akira Arima (Aug. 25, 1949)</p> <p>Attendance at Board of Directors meetings held in FY2021: 12/12 (100%)</p> <p>Years since the assumption of office as Outside Director: 4 years (at the close of this Annual Shareholders Meeting)</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</p> <p>Jun. 2018 Director, <i>the Company</i> (present)</p> <p>Jun. 2021 Senior Advisor, NTT Communications Corporation (present)</p> <p><Position and Duties at the Company> Director (Outside Director)</p> | 1,300 shares |
| <p>[Reasons for selection as a candidate for Outside Director and overview of expected roles]</p> <p>Mr. Akira Arima has a wealth of insight and experience concerning telecommunications business as a management executive gained from previously serving as Director of Nippon Telegraph and Telephone Corporation, President, Chief Executive Officer, Representative Director of NTT Communications Corporation, etc. We expect to continue to draw that insight and experience and have him supervise management and provide advice on management overall from his expert perspective, particularly in regard to promoting digitalization and global management.</p> | | | |

(Notes)

- 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 are also no other reasons to impact his independence with regard to the Company.
- “Notes commonly applicable to more than one candidate” on page 21 are applicable to Mr. Akira Arima.

| 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 | <div> <div>Reappointment</div> <div>Outside Director</div> <div>Independent Director</div> </div> <p>Junichi Tobimatsu (Aug. 15, 1972)</p> <p>Attendance at Board of Directors meetings held in FY2021: 12/12 (100%)</p> <p>Years since the assumption of office as Outside Director: 4 years (at the close of this Annual Shareholders Meeting)</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 (Audit and Supervisory Committee Member)) Director, AI, Inc. (Outside Director (Audit and Supervisory Committee Member)) Director, CANDEAL Co., Ltd. (Outside Director (Auditor))</p> | 0 shares |
| <p>[Reasons for selection as a candidate for Outside Director and overview of expected roles]</p> <p>Mr. Junichi Tobimatsu has a wealth of insight and experience 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 management and provide advice on management overall from his expert perspective, particularly in regard to securing soundness of the management of the Group. 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 insight and experience as an attorney-at-law, and the Company believes that he is able to perform his duties as an Outside Director appropriately.</p> | | | |

(Notes)

- 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 are also no other reasons to impact his independence with regard to the Company.
- 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.
- "Notes commonly applicable to more than one candidate" on page 21 are applicable to Mr. Junichi Tobimatsu.

| Candidate No. | Name (Date of birth) | Career summary, position and duties at the Company and important concurrent positions, if any | Number of shares of the Company owned |
|--|--|--|---------------------------------------|
| 10 | <div> <div>Reappointment</div> <div>Outside Director</div> <div>Independent Director</div> </div> <p>Rochelle Kopp</p> <p>(Jun. 29, 1964)</p> <p>Attendance at Board of Directors meetings held in FY2021: 12/12 (100%)</p> <p>Years since the assumption of office as Outside Director: 2 years (at the close of this Annual Shareholders Meeting)</p> | <p>Jun. 1986 Business analyst, ZS Associates International, Inc.</p> <p>Jun. 1987 Senior Business analyst, ZS Associates International, Inc.</p> <p>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.</p> <p>Jul. 1994 Managing Principle, Japan Intercultural Consulting (present)</p> <p>Jan. 2015 Professor of Global Leadership Course, Business BreakThrough University</p> <p>Apr. 2019 Professor of Faculty of Foreign Studies, The University of Kitakyushu</p> <p>Jun. 2020 Director, <i>the Company</i> (present)</p> <p><Position and Duties at the Company> Director (Outside Director)</p> <p><Important Concurrent Positions> Managing Principle, Japan Intercultural Consulting) Director (Outside Director), Lightworks Corporation</p> | 0 shares |
| <p>[Reasons for selection as a candidate for Outside Director and overview of expected roles]</p> <p>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 management and provide advice on management overall from her expert perspective, particularly in regard to the Group's global expansion.</p> | | | |

(Notes)

- There are no transactions between the Company or its major subsidiaries and Japan Intercultural Consulting. There are transactions between the Company or its major subsidiaries and Lightworks Corporation, but the amount of such transactions is less than 1% of each company's annual consolidated net sales for the most recent fiscal year. Furthermore, the amount of the transactions is less than 1% of the Company's consolidated net premiums written for the most recent fiscal year. There are no other reasons that may affect the independence of Ms. Rochelle Kopp from the Company.
- "Notes commonly applicable to more than one candidate" on page 21 are applicable to Ms. Rochelle Kopp.

| Candidate No. | Name (Date of birth) | Career summary, position and duties at the Company and important concurrent positions, if any | Number of shares of the Company owned |
|---|--|---|---------------------------------------|
| 11 | <div> <div>New Appointment</div> <div>Outside Director</div> <div>Independent Director</div> </div> <p>Akemi Ishiwata (Aug. 23, 1960)</p> | <p>Apr. 1983 Entered Bristol-Myers Company</p> <p>Dec. 1985 Entered Kao Corporation (“Kao”) Assigned to Kao Life Science Laboratory</p> <p>Mar. 2003 Product Development Manager, Household Business Division, Kao</p> <p>Dec. 2005 Section Chief, Consumer Research Center, Kao</p> <p>Mar. 2010 General Manager, Consumer Research Center, Kao</p> <p>Mar. 2015 Executive Officer, Supervisor of Corporate Communications Division, Kao</p> <p>Jan. 2021 Executive Fellow, Kao</p> <p>Jan. 2022 Special Mission Fellow, Kao (present)</p> | 0 shares |
| <p>[Reasons for selection as a candidate for Outside Director and overview of expected roles]</p> <p>Ms. Akemi Ishiwata has a wealth of insight on sustainability gained from previously serving as Executive Officer of Kao Corporation, leading its ESG activities. She also has experience as a general manager in charge of public relations and corporate branding. We expect to draw that insight and experience and have her supervise management and provide advice on management overall from her broad perspective.</p> | | | |

(Notes)

1. There are transactions between the Company and its major subsidiaries and Kao Corporation, which account for less than 1% of the annual consolidated sales of Kao 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 are also no other reasons to impact her independence with regard to the Company.
2. “Notes commonly applicable to more than one candidate” on page 21 are applicable to Ms. Akemi Ishiwata.

Notes applicable to multiple candidates

1. There is no special interest between any of the candidates and the Company.
2. Ms. Mariko Bando, Mr. Akira Arima, Mr. Junichi Tobimatsu, Ms. Rochelle Kopp, and Ms. Akemi Ishiwata are candidates for Outside Director.
3. The Company has submitted to the Tokyo Stock Exchange and Nagoya Stock Exchange an Independent Director Notification, indicating that Ms. Mariko Bando, Mr. Akira Arima, Mr. Junichi Tobimatsu, and Ms. Rochelle Kopp are the Independent Director who are unlikely to have conflict of interests with general shareholders. The Company plans to submit notification indicating that Ms. Akemi Ishiwata is also an Independent Director who is unlikely to have conflict of interests with general shareholders.
4. The Company has entered into an agreement with Ms. Mariko Bando, Mr. Akira Arima, Mr. Junichi Tobimatsu, and Ms. Rochelle Kopp that limits their liability for any damage to the Company caused by a failure to perform the duties of a Director if they as Outside Directors have 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 they are elected as Outside Directors. Additionally, if Ms. Akemi Ishiwata is elected, the Company will enter into the limited liability agreement with her.
5. 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 policy will cover Directors, Audit & Supervisory Board Members, Executive Officers, etc. of the Company and of its main subsidiaries, and the content of the policy is summarized in the Business Report (page 52 of this Notice). If each candidate is reappointed or appointed, they will be included as the insured in the insurance policy. Furthermore, the Company plans to renew such insurance policies at the next term of renewal with the same terms and conditions.

<Reference> Skills matrix of Directors and Audit & Supervisory Board Members expected after the close of this Annual Shareholders Meeting

From the perspective of making decisions on important matters, such as management strategies, and supervising the execution of duties, the Company has determined that the following skills (knowledge, experience, and competence) are necessary for ensuring that the Board of Directors functions effectively:

- i) Basic skills that are generally required
“Corporate management,” “personnel affairs / HR development,” “legal and compliance,” “risk management,” “finance / accounting”
- ii) Relevant skills given that the Group’s core business is insurance business and the Group is operated globally
“Insurance business,” “international”
- iii) Skills necessary for business transformation and addressing issues that are considered important by the market, in view of the current business environment of the Company
“IT / digital,” “sustainability”

For Audit & Supervisory Board Members, we have determined that “finance / accounting” skills are important.

The Company believes that the Board of Directors as a whole has the necessary skills, as shown in the skills matrix below.

| Skill | | Corporate management | International | IT / digital | Sustainability | Personnel affairs / HR development | Legal and compliance | Risk management | Finance / accounting | Insurance business |
|--------------------|----------------------------------|----------------------|---------------|--------------|----------------|------------------------------------|----------------------|-----------------|----------------------|--------------------|
| Officers | | | | | | | | | | |
| Yasuyoshi Karasawa | Director | ○ | ○ | | ○ | ○ | ○ | ○ | ○ | ○ |
| Yasuzo Kanasugi | Director | ○ | ○ | | ○ | ○ | ○ | | | ○ |
| Noriyuki Hara | Director | ○ | ○ | | ○ | ○ | | ○ | | ○ |
| Tetsuji Higuchi | Director | ○ | ○ | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| Masahito Fukuda | Director | | | | | ○ | ○ | | | ○ |
| Yusuke Shirai | Director | | | | ○ | | ○ | ○ | | ○ |
| Mariko Bando | Outside Director | ○ | ○ | | ○ | ○ | ○ | | | |
| Akira Arima | Outside Director | ○ | ○ | ○ | ○ | ○ | | | | |
| Junichi Tobimatsu | Outside Director | | ○ | | | | ○ | | | |
| Rochelle Kopp | Outside Director | ○ | ○ | | ○ | ○ | | | | |
| Akemi Ishiwata | Outside Director | | | | ○ | | | | | |
| Hidema Jinno | Audit & Supervisory Board Member | | | | | | ○ | ○ | ○ | ○ |

| | | | | | | | | | | |
|---------------|--|--|---|--|--|--|---|---|---|---|
| Atsuko Suto | Audit & Supervisory Board Member | | | | | | | ○ | ○ | ○ |
| Kunio Chiyoda | Outside Audit & Supervisory Board Member | | ○ | | | | | | ○ | |
| Kyoko Uemura | Outside Audit & Supervisory Board Member | | | | | | ○ | | | |

(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.

(Reference) 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.

(Reference) Ratio of Strategic Equity Holdings

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

With the core business of insurance, the Group carries out diversified investment in a variety of investment assets (securities and shares). We are building a strong financial base by steadily acquiring asset management revenue. Strategic equity holdings are investments in shares that are held for the long term to maintain and strengthen our overall transactional relationships. The dividends of those investments are a major management method, which accounts for around 40% of the interest and dividend revenue of domestic non-life insurance subsidiaries. We are also continually working on reducing the total amount of strategic equity holdings, so as to lessen the impact of stock price fluctuations from large stock holdings and to build a strong financial base.

The ratio of strategic equity holdings is set at a proportion of the balance of the Group's total assets (net assets and liabilities), based on the fact that investment assets account for a large proportion of total assets. The ratio is set at less than 10% of the Group's consolidated total assets, and less than 30% of the Group's risk amount.

Since the Group's launch in 2010 until FY2021, we have achieved a cumulative reduction of 1,490 billion yen. In the five years since FY2017, we have surpassed our target of 500 billion yen and achieved a reduction of 620.8 billion yen. As of March 31, 2022, the fair value balance of strategic equity holdings was 2,834.9 billion yen. In FY2019, we achieved our targets for the ratio of the Group's consolidated total assets and the Group's risk amount. However, since FY2020 the balances have grown to be more than the reduction amounts due to the rising price of stock holdings. As a result, as of March 31, 2022, the ratio was 11.3% of the Group's consolidated total assets and 32.5% of the Group's risk amount. Although these ratios are slightly above the targets, we are steadily reducing the number of brand stock holdings. As we work toward achieving our targets going forward, in the four years of the Medium-Term Management Plan (FY2022-2025) we will continue to reduce holdings by 400 billion yen.

| | End-FY2016 | End-FY2017 | End-FY2018 | End-FY2019 | End-FY2020 | End-FY2021 |
|--|------------|------------|------------|------------|------------|------------|
| Ratio to Group consolidated total assets (target: less than 10%) | 12.5% | 12.7% | 10.9% | 9.2% | 11.8% | 11.3% |
| Ratio to amount of Group risk (target: less than 30%) | 34.4% | 32.7% | 28.8% | 26.1% | 34.0% | 32.5% |

| | | FY2017-2021 | | | | |
|------------------|-------------------|-------------|----------|----------|----------|----------|
| Reduction target | 5-year cumulative | ¥500.0bn | | | | |
| Actual reduction | 5-year cumulative | ¥620.8bn | | | | |
| | Each fiscal year | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
| | | ¥151.3bn | ¥136.7bn | ¥111.8bn | ¥102.7bn | ¥118.1bn |

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 medium- to 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.

BUSINESS REPORT FOR THE 14TH TERM (FY2021)

(from April 1, 2021 to March 31, 2022)

1. Matters Concerning the Current Status of the Insurance Holding Company**(1) Progress and results of business of the corporate group**

During the fiscal year under review, the global economy saw gradual improvements in the difficult situation due to the impact of COVID-19 that has been spreading globally. On the other hand, an inflationary trend emerged on the back of the rise in raw material prices and supply constraints.

In the fiscal year under review, the final year of the Medium-Term Management Plan “Vision 2021” which started in FY2018, the Group has been making efforts for the three key strategies of “Pursue Group’s comprehensive strengths,” “Promote digitalization,” and “Reform portfolio,” aiming to realize “a world-leading insurance and financial services group” and build a “resilient system that can timely respond to changes in environment.” As a result, the Group successfully maintained its business scale that ranks among the top 10 non-life insurance groups in the world, while meeting the profit level exceeding its target (Group Adjusted Profit of 300.0 billion yen) of 347.1 billion yen. From the perspective of financial soundness, the Group’s ESR was 228%, exceeding the target (180% - 220%). However, from the perspective of capital efficiency, Group Adjusted ROE was 9.5%, falling short of the target (10%), due to the impacts of an increase in asset value.

| | |
|--|---|
| Pursue Group’s comprehensive strengths | <p>The Group promoted various measures that leverages its diversity, such as sales expansion of jointly developed products by MSI and ADI, the Group’s two core non-life insurance companies, sales promotion of the products of Mitsui Sumitomo Primary Life through the sales network of Mitsui Sumitomo Aioi Life, and the expansion of concurrent selling of life insurance and non-life insurance products. Meanwhile, we worked to improve quality and productivity through such measures as the implementation of a new claims service system to provide high-quality accident claim services and the standardization of products and administration. At the same time, we pushed forward with business style reform, including the maximum utilization of the renewed online system to support agent operations (insurance estimation, preparation of application forms, contracting and change procedures, etc.) and the active utilization of teleworking, such as working from home, to achieve a cost reduction of 54.0 billion yen for two years, which is above the initial plan.</p> |
| Promote digitalization | <p>While promoting the initiatives listed below, we implemented the “CSV (*1) x DX” strategy to resolve social issues with digital technologies, and as part of this strategy, we developed and provided products and services with functions to prevent accidents and disasters and to minimize and quickly recover any damage, as well as to compensate for damages.</p> <p>Digital transformation (DX)</p> <ul style="list-style-type: none"> ■ Use of process automation tools to support internal business operations |

| | |
|------------------|--|
| | <ul style="list-style-type: none"> ■ Enhancement of remote functions in response to the “new lifestyle,” such as chat and web interview using a smartphone and non-face-to-face contracting procedure <p>Digital innovation (DI)</p> <ul style="list-style-type: none"> ■ Provision of services to support road maintenance services provided by local governments and road repair companies ■ Sales of built-in insurance (*2) in collaboration with digital business operators and digitalization of insurance sales through small-amount and short-term insurance providers. <p>Digital globalization (DG)</p> <ul style="list-style-type: none"> ■ Overseas expansion of MS1 Brain (*3) and RisTech (*4) ■ Business investment in overseas InsurTech companies and others |
| Reform portfolio | <p>In the Domestic Non-life Insurance Business, we strengthened measures to improve the profitability of fire insurance and new types of insurance. In the Domestic Life Insurance Business, we significantly reduced interest rate risk, while strengthening product profitability and asset management capability. As a result, profit remained strong.</p> <p>In the International Business, we worked to improve the profitability of MS Amlin and to expand sales in Asian markets that are expected to grow, although profit failed to grow mainly due to the impact of large scale natural disasters overseas and spread of COVID-19.</p> <p>We made a steady progress in reducing strategic equity holdings and have already exceeded the target by FY2021.</p> |

*1 CSV
Creating Shared Value

*2 Built-in insurance

A type of insurance products that help EC website (website that sells products and services) users “easily purchase the insurance they need at the time they need it” while purchasing products or using services by integrating insurance product offers into the series of user operations on EC websites.

*3 MS1 Brain

An agent sales support system, which assists the provision of high-quality products and services to customers based on big data analysis results provided by AI.

*4 RisTech

A service that uses big data and the latest analysis algorithms to visualize and optimize the risks that surround companies, helping them to solve issues.

The Group's consolidated business performance for the fiscal year under review was as follows.
(Yen in billions)

| Category | Fiscal year 2020 | FY2021 (Fiscal year under review) | Change (%) |
|---|------------------|---|------------|
| Ordinary income | 4,892.2 | 5,132.0 | 4.9 |
| Ordinary profit | 306.5 | 390.4 | 27.4 |
| Net income attributable to owners of the Parent Company | 144.3 | 262.7 | 82.0 |

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”), core non-life insurance companies of the Group, made efforts to expand the sale of “service-inclusive products” with such functions as to prevent accident and disasters and to reduce the impact of and support the recovery from accidents and disasters, in addition to the original function of insurance to prepare for economic losses, under the “CSV × DX” strategy, which aims to solve social issues with technological innovation, such as digital technologies. For example, MSI enhanced the lineup of “Mimamoru automobile insurance” by adding a premium drive recorder-type which provides such functions as to shoot 360-degree photos of surroundings and to record the impact detection time while the car is parked. ADI offers telematics (*5) automobile insurance aimed to reduce traffic accidents in cooperation with customers by, for example, discounting insurance premium based on their safe driving scores computed from the driving characteristics of speeding, sudden acceleration and sudden braking, and the number of cars covered by this insurance exceeded 1 million on a cumulative basis. Both of these companies worked to expand the sales of products that contribute to the resolution of social issues and started to sell cyber insurance that provides countermeasures against cyberattack, recovery support, and damage coverage in one package.

Furthermore, in order to provide new values to customers, MSI expanded the scope of contracting procedure that can be completed on the website for AI-powered agent sales support system “MSI Brain” as part of its efforts to provide the most suitable products and services to customers on a timely basis, while responding to the “new lifestyle.” ADI enhanced the functions of “cmap,” a website and an app that forecast and publish disaster areas, the number of damaged buildings, and damage rate due to typhoon, heavy rain, and earthquake in real time to help disaster prevention and mitigation.

Mitsui Direct General Insurance Co., Ltd. (“Mitsui Direct”) aired TV commercials under the concept of our desire to provide closer support for customers and provided meticulous products and services including the launch of a sign language call service.

*5 Telematics

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

Operating results by segment were as follows:

[MSI]

(Yen in billions)

| Category | Fiscal year 2020 | Fiscal year 2021 |
|----------------------|------------------|------------------|
| Net premiums written | 1,559.5 | 1,579.3 |
| Net income | 92.2 | 145.7 |

[ADI]

(Yen in billions)

| Category | Fiscal year 2020 | Fiscal year 2021 |
|----------------------|------------------|------------------|
| Net premiums written | 1,281.4 | 1,291.3 |
| Net income | 21.6 | 53.9 |

[Mitsui Direct]

(Yen in billions)

| Category | Fiscal year 2020 | Fiscal year 2021 |
|--|------------------|------------------|
| Net premiums written | 36.4 | 35.4 |
| Net income after adjustment for equity interest (segment income) | 0.8 | 0.7 |

Domestic Life Insurance Business

Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (“Mitsui Sumitomo Aioi Life”) provided products and services designed to support healthy and safe living. For example, in relation to income guarantee insurance to cover living expenses at the time of death or inability to work, Mitsui Sumitomo Aioi Life expanded the coverage of care expenses such as nursing care and dementia, and introduced a new plan to discount insurance premium depending on the results of health checkup. By making use of digital transformation, Mitsui Sumitomo Aioi Life also started to provide “Ubie’s AI-powered medical consultation” services, through which users can easily receive consultation based on their symptoms of concern. In addition, Mitsui Sumitomo Aioi Life made efforts to improve customer convenience by providing a solicitation system that enables the users to complete the procedures from insurance estimation to insurance application via Internet using a smartphone or other devices.

Mitsui Sumitomo Primary Life Insurance Co., Ltd. (“Mitsui Sumitomo Primary Life”) expanded its product lineup by launching such products as “Yasashisa, Tsunagu 2,” a whole life insurance of which living benefits can be used for advancement to be paid to the insured person’s family member on a specified date; “Okina, Magokoro 2,” a new increasing whole life insurance that provides a withdrawal option to meet the needs of the insured person to use benefits for him/herself; and “Minori 10 Years,” an index-linked annuity insurance whose accumulated benefit can be expected to increase. Mitsui Sumitomo Primary Life also strove to improve customer services by, for example, starting “Heartful Line Service,” which allows calls from elderly customers to be directly connected to the operator without going through the voice guidance.

Operating results by segment were as follows:

[Mitsui Sumitomo Aioi Life]

(Yen in billions)

| Category | Fiscal year 2020 | Fiscal year 2021 |
|-----------------------------------|------------------|------------------|
| New policies | 1,769.0 | 1,690.4 |
| Total amount of policies in force | 24,266.9 | 23,847.7 |
| Net income | 11.9 | 21.0 |

[Mitsui Sumitomo Primary Life]

(Yen in billions)

| Category | Fiscal year 2020 | Fiscal year 2021 |
|-----------------------------------|------------------|------------------|
| New policies | 788.2 | 819.6 |
| Total amount of policies in force | 6,595.8 | 6,803.6 |
| Net income | 43.1 | 53.0 |

International Business

Given the global climate change, the Group reduced the underwriting of natural disaster risk and increased the underwriting of general risks other than natural disaster risk in order to

stabilize revenue. In addition, we strengthened the group management system, such as governance and risk management, to achieve sustainable growth in the International Business.

MSI continued the efforts to improve earnings of the MS Amlin business, such as the leveling of profit fluctuations caused by natural disasters, highly selective underwriting, and increases in insurance premiums, to establish the foundation toward profit contribution in the next Medium-Term Management Plan. In Asia, MSI worked to develop the retail market by utilizing digital technologies and the corporate market in cooperation with MS First Capital Insurance Limited, while striving to strengthen earnings power focusing on automobile insurance. In addition, as the first step to build the foundation for growth in the US market, it acquired an MGA (*7) which has strong expertise in specialty (*6) risks.

ADI promoted the telematics and mobility services business in the five core regions: Japan, the US, Europe, China, and Southeast Asia. In Southeast Asia, ADI started the preparation for the launch of driving behavior-based telematics automobile insurance in the Philippines following the launch in Thailand.

*6 Specialty

The collective term for the fields that require strong expertise and experience for insurance underwriting, such as directors and officers liability insurance, professional liability insurance, and marine and transportation insurance. The term may be used also to include special sales techniques and customized services in addition to such insurance products.

*7 MGA (Managing General Agent)

An agent authorized by an insurance company to underwrite insurance and to certify and assess damage amount, in addition to insurance solicitation.

The results of overseas insurance subsidiaries were as follows:

| (Yen in billions) | | |
|---|------------------|------------------|
| Category | Fiscal year 2020 | Fiscal year 2021 |
| Net premiums written | 623.5 | 703.0 |
| Net income (loss) after adjustment for equity interest (segment income) | (3.1) | 24.5 |

Financial Services Business

MSI focused on the sales of weather derivatives to lessen customers' economic losses incurred as a result of natural disasters and abnormal weather. For example, it started to sell weather index insurance for farmers in Australia and developed a new service to respond to the rising interest in social welfare and retirement savings called "100-year-life Lounge," which provides income and expenditure simulation specific to each company and optimal information based on simulation results.

In addition, MSI and ADI continued 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. ("InterRisk") and other group companies enhanced the information services related to cyber risk and started to provide consulting services to support carbon neutral initiatives. In view of the spread of COVID-19, the Group also gave seminars on infection control and provided such services as survey on measures to reduce cluster risk of infectious diseases, which checks up the status of countermeasures against the infectious disease in premises and workplaces and propose measures to prevent infectious disease clusters in companies.

Promotion of Sustainability

Based on the Medium-Term Management Plan “Vision 2021,” the Group promoted efforts to create shared value (CSV) with society, aiming at realizing the resilient and sustainable society. Among others, we have placed priority on issues about “mitigating and adapting to climate change,” “enhancing the sustainability of natural capital,” and “respecting for human rights.”

| | |
|---|---|
| Mitigating and adapting to climate change | Setting a new goal to reduce greenhouse gas emissions to substantially zero by 2050, we announced our commitment to transition to a decarbonized society in cooperation with our stakeholders and the discontinuation of underwriting, lending, and investment for coal power plants that will be planned from now on. The Group also started to sell “Carbon Neutral Support Special Clause” for corporate fire insurance to cover additional cost for adopting those facilities and equipment that will lead to a reduction in CO2 emissions to replace damaged buildings and other facilities. |
| Enhancing the sustainability of natural capital | The Company participated in the activities of the Taskforce on Climate-related Financial Disclosures (TNFD), an international organization established to create a corporate risk management and disclosure framework related to natural capital. |
| Respecting for human rights | Based on human rights due diligence, the Group conducted an assessment on this matter including its supply chain again and identified as priority issues “fair and just customer services,” “consideration for human rights responses by our underwriting customers, investees, borrowers, and external contractors,” and “consideration for the health of employees and work environment without discrimination.” Furthermore, we produced and utilized video contents on business and human rights to promote the understanding of Group employees. |

In order to increase the awareness of and support for CSV efforts within the Group, the Group held the Sustainability Contest again this year continuing from the previous year, which attracted many competitors from domestic and overseas group companies, including initiatives on climate change and diversity & inclusion (D&I).

These efforts were highly recognized as we were selected as an index component of the Dow Jones Sustainability Index (*8) and included in the CDP’s (*9) Climate Change A List.

*8 Dow Jones Sustainability Index

A world-leading ESG investment index whose component is determined based on the evaluation from the perspectives of governance, environment, and society

*9 CDP

International NGO working on to address climate change and other environmental issues. It assesses the contents of information disclosure on climate change risk.

Issues to be Addressed

The Group is expected to continue to face a challenging business environment going forward marked by, among others, extreme weather due to climate change, intensifying natural disasters, the rapid digitalization of society, and the declining birth rates and aging population in Japan, in addition to the concerns about the COVID-19 and rising geopolitical risks.

Under such conditions, the Group has started a new four-year Medium-Term Management Plan starting from FY2022. The central theme of the new Medium-Term Management Plan is to “Growing Together with Society as a Risk Solution Platformer.” We will work to become an enterprise group that supports a resilient and sustainable society under the basic strategies of “Value (value creation),” “Transformation (business transformation),” and “Synergy (group synergy),” which are supported by the foundation of “Sustainability,” “Quality,” “Human Assets,” and “ERM.”

| | | |
|------------------|---|--|
| Basic strategies | Value (Value creation) | By expanding the “CSV×DX” initiative globally, we will contribute to solving social issues such as climate change. We will also upgrade risk consulting that utilizes data and digital technologies and develop more products and services that come before and after coverage and protection to strengthen our earnings base. |
| | Transformation (Business transformation) | We will transform mainly our product, business, and risk portfolios to create a structure that will withstand the occurrence of a large-scale natural disaster, pandemics, etc. |
| | Synergy (Group synergy) | We will promote group standardization, collaboration, and integration under the “One Platform Strategy.” While promoting synergy between life insurance and non-life insurance businesses, we will also pursue global synergy arising from the group-wide, mutual sharing of knowhow and the like of each group company both in Japan and overseas, in order to achieve further growth by leveraging the diversity of the Group and strengthening cooperation. |

| | | | | |
|------------|--|--|---|--|
| Foundation | Sustainability | Quality | Human Assets | ERM |
| | We will tackle social issues of high importance to both stakeholders and the Group, “Planetary Health (coexistence with the global environment),” “Resilience (a safe and secure society),” and “Well-being (the well-being of diverse people).” | While securing the trust of society and customer satisfaction, we will practice highly transparent and effective corporate governance. | We will secure human assets to support implementation of basic strategies and create an environment in which employees can demonstrate their abilities, skills, and motivation to the fullest extent. | We will strive to improve profitability and capital efficiency through the integrated management of risk, return, and capital, while reducing strategic equity holdings. |

Our implementation plans by major business area are as follows.

In the Domestic Non-life Insurance Business, we will increase revenue and generate stable profit by leveraging our strengths of having three non-life insurance companies with

distinctive characteristics, one of the largest sales networks in Japan, and a close relationship with one of the leading enterprise groups in Japan. We will also realize growth through the maintenance and expansion of automobile insurance revenue, the improvement of fire insurance revenue, and the revenue expansion of new types of insurance. At the same time, we will boldly push forward with the “One Platform Strategy” to promote the standardization, collaboration, and integration of the middle and back divisions of MSI and ADI in order to reduce operating expenses and increase productivity.

In the Domestic Life Insurance Business, we will strengthen the customer marketing approach that leverages the sales channels (non-life agents and sales through financial institutions) of Mitsui Sumitomo Aioi Life and Mitsui Sumitomo Primary Life, which are their strengths, to increase revenue. We will also strive to strengthen earnings power by increasing investment income as well as improving operational efficiency and productivity. At the same time, we will provide products and services to address the “extension of healthy life expectancy” and the “extension of asset life,” which are social issues in the 100-year-life era, thereby providing values to our stakeholders.

In the International Business, we will make efforts to increase the revenue of Lloyd’s business and reinsurance business, while capturing market growth opportunities in Asia where we have a strong franchise. We will also strive to achieve risk diversification and capital efficiency improvement through business investments in the US where there is much room for further development of our business and in Asian and emerging countries whose markets are expected to grow going forward.

In the Risk-related Services Business, we will provide seamless risk management services by strengthening the services to reduce accidents and disasters and to lessen the impact of and support the recovery from accidents and disasters, through the integrated operation on a group-wide basis orchestrated by InterRisk.

Furthermore, in order to build a “resilient and sustainable society” as an ideal society to be realized by 2030, we will continue focusing on addressing social issues, 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 2018 | Fiscal year 2019 | Fiscal year 2020 | FY2021 (Fiscal year under review) |
|---|------------------|------------------|------------------|--------------------------------------|
| Ordinary income | 5,500,438 | 5,168,361 | 4,892,244 | 5,132,042 |
| Ordinary profit | 290,847 | 157,701 | 306,524 | 390,499 |
| Net income attributable to owners of the Parent Company | 192,705 | 143,030 | 144,398 | 262,799 |
| Comprehensive income | (79,701) | (157,288) | 753,938 | 310,470 |
| Net assets | 2,778,047 | 2,494,038 | 3,126,657 | 3,302,749 |
| Total assets | 23,132,539 | 23,196,455 | 24,142,562 | 25,033,846 |

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

| Category | Fiscal year 2018 | Fiscal year 2019 | Fiscal year 2020 | FY2021 (Fiscal year under review) |
|--|-------------------|-------------------|-------------------|--------------------------------------|
| | (Yen in millions) | (Yen in millions) | (Yen in millions) | (Yen in millions) |
| Operating income | 117,939 | 130,128 | 216,887 | 124,693 |
| Dividends received | 117,778 | 129,968 | 216,724 | 124,536 |
| Subsidiaries engaged in insurance business | 115,573 | 128,619 | 215,825 | 122,657 |
| Other subsidiaries | 2,204 | 1,348 | 899 | 1,878 |
| Net income | 106,445 | 33,244 | 232,030 | 117,016 |
| Net income per share | 181.58 Yen | 57.72 Yen | 411.03 Yen | 211.25 Yen |
| | (Yen in millions) | (Yen in millions) | (Yen in millions) | (Yen in millions) |
| Total assets | 1,654,513 | 1,656,210 | 1,766,273 | 1,700,359 |
| Shares of subsidiaries engaged in insurance business | 1,430,635 | 1,430,635 | 1,496,497 | 1,422,745 |
| Shares of other subsidiaries | 120,974 | 179,149 | 42,050 | 47,321 |

(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. | 423 | 401 | (22) |
| (Domestic non-life insurance business) Mitsui Sumitomo Insurance Company, Limited | 14,168 | 13,453 | (715) |
| Aioi Nissay Dowa Insurance Company, Limited | 13,933 | 13,503 | (430) |
| Mitsui Direct General Insurance Company, Limited | 559 | 528 | (31) |
| (Domestic life insurance business) Mitsui Sumitomo Aioi Life Insurance Company, Limited | 2,529 | 2,436 | (93) |
| Mitsui Sumitomo Primary Life Insurance Company, Limited | 390 | 403 | 13 |
| (Overseas business) Overseas insurance subsidiaries | 9,210 | 8,913 | (297) |
| Others | 289 | 325 | 36 |

(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 November 2021 7th Series of Unsecured Bonds (with limited inter-bond pari-passu clause) | 150,000 |

(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. | 0 |
| (Domestic non-life insurance business) | |
| Mitsui Sumitomo Insurance Company, Limited | 14,546 |
| Aioi Nissay Dowa Insurance Company, Limited | 10,054 |
| Mitsui Direct General Insurance Company, Limited | 36 |
| (Domestic life insurance business) | |
| Mitsui Sumitomo Aioi Life Insurance Company, Limited | 121 |
| Mitsui Sumitomo Primary Life Insurance Company, Limited | 91 |
| (Overseas business) | |
| Overseas insurance subsidiaries | 2,353 |
| Others | 432 |

b. Establishment of Major Facilities, etc.

(Yen in millions)

| Division name | Description | Amount |
|--|---|--------|
| (Domestic non-life insurance business) | | |
| Mitsui Sumitomo Insurance Company, Limited | Acquisition of a building related to Kanagawa Shizuoka Headquarters | 2,075 |
| | Renovation of a building related to Chiba New Town Center | 2,082 |

(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% | - |
| Little Family SS Insurance Co., Ltd. | Shinagawa -ku, Tokyo | Small-amount, short-term insurance business | Aug. 1, 2019 | ¥75 million | 95.0% (95.0%) | - |
| 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 (¥112,652 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 (¥611 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 (¥611 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 (¥611 million) | 100.0% (100.0%) | - |
| DTRIC Insurance Company, Limited | Honolulu, U.S.A. | Non-life insurance business | Dec. 12, 1978 | US\$4,500 thousand (¥550 million) | 100.0% (100.0%) | - |
| DTRIC Insurance Underwriters, Limited | Honolulu, U.S.A. | Non-life insurance business | Feb. 2, 2007 | US\$2,500 thousand (¥305 million) | 100.0% (100.0%) | - |
| Mitsui Sumitomo Seguros S/A. | Sao Paulo, Brazil | Non-life insurance business | Dec. 15, 1965 | BRL619,756 thousand (¥15,896 million) | 100.0% (100.0%) | - |
| Aioi Nissay Dowa Europe Limited | London, U.K. | Holding company | Nov. 8, 2017 | UK£350,010 thousand (¥56,313 million) | 100.0% (100.0%) | - |

| Name of company | Location | Principal business | Date of incorporation | Paid-in capital | Percentage of voting rights (%) | Note |
|--|---------------------------|--------------------------------|-----------------------|--|---------------------------------|------|
| Aioi Nissay Dowa Insurance UK Limited | London, U.K. | Non-life insurance business | Dec. 11, 2017 | UK£75,100 thousand (¥12,082 million) | 100.0% (100.0%) | - |
| MS Amlin Corporate Member Limited | London, U.K. | Non-life insurance business | Sep. 19, 1994 | UK£1,700 thousand (¥273 million) | 100.0% (100.0%) | - |
| MS Amlin Underwriting Limited | London, U.K. | Non-life insurance business | Nov. 29, 1988 | UK£400 thousand (¥64 million) | 100.0% (100.0%) | - |
| MSI Corporate Capital Limited | London, U.K. | Non-life insurance business | Jan. 7, 2000 | UK£5,200 thousand (¥836 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 (¥12,983 million) | 100.0% (100.0%) | - |
| Leadenhall Capital Partners LLP | London, U.K. | Investment management business | Apr. 30, 2008 | US\$2,848 thousand (¥348 million) | 80.0% (80.0%) | - |
| MS Amlin AG | Zurich, Switzerland | Non-life insurance business | Aug. 19, 2010 | SFR10,000 thousand (¥1,325 million) | 100.0% (100.0%) | - |
| MSIG Insurance Europe AG | Cologne, Germany | Non-life insurance business | Apr. 20, 2012 | €84,000 thousand (¥11,482 million) | 100.0% (100.0%) | - |
| Aioi Nissay Dowa Life Insurance of Europe AG | Ismaning, Germany | Life insurance business | Dec. 8, 2005 | €5,000 thousand (¥683 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 | €140,000 thousand (¥19,138 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 (¥5,724 million) | 100.0% (100.0%) | - |
| MSIG Asia Pte. Ltd. | Singapore, Singapore | Holding company | Sep. 23, 2004 | S\$63,195 thousand (¥5,718 million) | 100.0% (100.0%) | - |
| MSIG Insurance (Singapore) Pte. Ltd. | Singapore, Singapore | Non-life insurance business | Sep. 23, 2004 | S\$333,442 thousand (¥30,173 million) | 100.0% (100.0%) | - |
| MS First Capital Insurance Limited | Singapore, Singapore | Non-life insurance business | Dec. 9, 1950 | S\$26,500 thousand (¥2,397 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 (¥8,077 million) | 100.0% (100.0%) | - |
| Challenger Limited | Sydney, Australia | Holding company | Sep. 13, 1985 | A\$2,453 million (¥225,723 million) | 15.2% | - |
| MSIG Mingtai Insurance Co., Ltd. | Taipei, Taiwan | Non-life insurance business | Sep. 22, 1961 | NT\$2,535 million (¥10,879 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 (¥25,428 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 (¥12,037 million) | 100.0% (100.0%) | - |

| Name of company | Location | Principal business | Date of incorporation | Paid-in capital | Percentage of voting rights (%) | Note |
|--|------------------------|-----------------------------|-----------------------|---|---------------------------------|------|
| Mitsui Sumitomo Insurance (China) Company Limited | Shanghai, P.R.C. | Non-life insurance business | Sep. 6, 2007 | RMB500,000 thousand (¥9,630 million) | 100.0% (100.0%) | - |
| BOCOM MSIG Life Insurance Company Limited | Shanghai, P.R.C. | Life insurance business | Jul. 4, 2000 | RMB5,100 million (¥98,226 million) | 37.5% | - |
| MSIG Insurance (Vietnam) Company Limited | Hanoi, Vietnam | Non-life insurance business | Feb. 2, 2009 | VND300,000 million (¥1,620 million) | 100.0% (100.0%) | - |
| Cholamandalam MS General Insurance Company Limited | Chennai, India | Non-life insurance business | Nov. 2, 2001 | INR2,988 million (¥4,870 million) | 40.0% (40.0%) | - |
| Max Financial Services Limited | Nawanshahr, India | Holding company | Feb. 24, 1988 | INR690,065 thousand (¥1,124 million) | 21.9% (21.9%) | - |
| Max Life Insurance Company Limited | Chandigarh, India | Life insurance business | Jul. 11, 2000 | INR19,188 million (¥31,276 million) | 5.2% (5.2%) | - |
| PT. Asuransi Jiwa Sinarmas MSIG Tbk | Jakarta, Indonesia | Life insurance business | Jul. 17, 1984 | IDR210,000 million (¥1,806 million) | 80.0% (80.0%) | - |
| PT. Asuransi MSIG Indonesia | Jakarta, Indonesia | Non-life insurance business | Dec. 17, 1975 | IDR100,000 million (¥860 million) | 80.0% (80.0%) | - |
| Ceylinco Insurance PLC | Colombo, Sri Lanka | Holding company | Feb. 11, 1987 | LKR1,324 million (¥543 million) | 15.0% (15.0%) | - |
| MSIG Insurance (Thailand) Public Company Limited | Bangkok, Thailand | Non-life insurance business | Apr. 14, 1983 | THB142,666 thousand (¥525 million) | 86.4% (86.4%) | - |
| BPI/MS Insurance Corporation | Makati, Philippines | Non-life insurance business | Oct. 1, 1965 | PHP350,000 thousand (¥829 million) | 48.5% (48.5%) | - |
| MSIG Insurance (Malaysia) Bhd. | Kuala Lumpur, Malaysia | Non-life insurance business | Apr. 28, 1979 | MYR1,511 million (¥44,001 million) | 65.4% (65.4%) | - |
| Hong Leong Assurance Berhad | Kuala Lumpur, Malaysia | Life insurance business | Dec. 20, 1982 | MYR200,000 thousand (¥5,822 million) | 30.0% (30.0%) | - |
| MSIG Insurance (Lao) Co., Ltd. | Vientiane, Laos | Non-life insurance business | Sep. 18, 2009 | US\$2,000 thousand (¥244 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 | - | - |
| Yasuzo Kanasugi | Representative Director, Vice Chairman & Director Vice Chairman Executive Officer | Director & President, Aioi Nissay Dowa Insurance Co., Ltd. (“ADI”) | - |
| Noriyuki Hara | Representative Director, President & Director President & CEO (Group CEO) | Chairman & Director, Chairman Executive Officer, Mitsui Sumitomo Insurance Co., Ltd. (“MSI”) | - |
| Tetsuji Higuchi | Representative Director, Executive Vice President In charge of Corporate Planning Dept., in sub-charge of Digital Innovation Dept., in charge of Data Management Dept., Information Technology Planning Dept., Global Business Development Dept., Corporate Communications and Investor Relations Dept., International Supervisory Dept., International Life Insurance Business Dept., Internal Audit Dept., Capital Policy, Sustainability, Group CFO | - | - |
| Masahito Fukuda | Director Executive Officer Sales | Director, Executive Vice President, MSI | - |
| Takaoki Endo | Director Executive Officer Assist Management | Director, Senior Executive Officer, ADI | - |
| 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 (Audit and Supervisory Committee Member)) Director, CANDEAL Co., Ltd. (Outside Director (Audit and Supervisory Committee Member)) | - |
| Rochelle Kopp | Director (Outside Director) | Managing Principal, Japan Intercultural Consulting Director, Lightworks Corporation (Outside Director) | - |

(As of end of fiscal year)

| Name | Position and Duties | Significant concurrent positions | Other |
|----------------------|--|---|---|
| Hidema Jinno | Audit & Supervisory Board Member (Full-time) | - | - |
| Atsuko Suto | Audit & Supervisory Board Member (Full-time) | - | - |
| Kunio Chiyoda | Outside Audit & Supervisory Board Member | Director, Terasaki Electric Co., Ltd. (Outside Director (Audit Committee)) Director, 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)) | - |

(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, 2022 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 |
| Executive Officer | Naomi Motojima | Diversity & Inclusion |
| Executive Officer | Hitoshi Goto | Asset Management, Financial Services Business |
| Executive Officer | Masashi Ippongi | Digital Innovation Dept. Group Chief Digitalization Officer Group Chief Information Officer Group Chief Information Security Officer Administration and Information Systems |
| Executive Officer | Keisuke Niino | Underwriting & Reinsurance |
| Executive Officer | Wakana Hitotsuyanagi | Claims Services |
| Executive Officer | Tamaki Kawate | International Business |
| Executive Officer | Tomoyuki Shimazu | Assist Management |

3. There were changes in Executive Officers as of April 1, 2022. Executive Officers as of April 1, 2022 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., in sub-charge of Digital Innovation Dept., Global Business Development Dept., Corporate Communications and Investor Relations Dept., International Supervisory Dept., International Life Insurance Business Dept., Internal Audit Dept., Capital Policy, Sustainability, Group CFO |
| Senior Executive Officer (New Appointment) | Satoru Tamura | 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 | Masashi Ippongi | Digital Innovation Dept., Group Chief Digitalization Officer |
| Executive Officer | Keisuke Niiro | Assist Management |
| Executive Officer | Wakana Hitotsuyanagi | Claims Services |
| Executive Officer | Tamaki Kawate | International Business |
| Executive Officer | Tomoyuki Shimazu | Assist Management |
| Executive Officer (New Appointment) | Toshiya Kawabe | General Manager of Human Resources and General Administration Dept. |
| Executive Officer (New Appointment) | Yusuke Shirai | Assist Management |
| Executive Officer (New Appointment) | Takuma Hayakawa | Asset Management, Financial Services Business |
| Executive Officer (New Appointment) | Takuya Tsuda | Data Management Dept., Information Technology Planning Dept., Administration and Information Systems, Group Chief Information Officer, Group Chief Information Security Officer |
| Executive Officer (New Appointment) | Hiroyoshi Owada | General Manager of Corporate Planning Dept. |
| Executive Officer (New Appointment) | Hiroshi Arakawa | Underwriting & Reinsurance |
| Executive Officer (New Appointment) | Keiji Suzuki | General Manager of Corporate Risk Management Dept. |

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 | Kozo Meguro |
|---|-------------|

(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 | 12 | 368 | 239 | 65 | 63 |
| Audit & Supervisory Board Members | 5 | 80 | 80 | - | - |
| Total | 17 | 448 | 320 | 65 | 63 |

(Notes)

- The number of recipients to be paid includes two (2) Directors and one (1) Audit & Supervisory Board Member who retired during this fiscal year.
- Fixed remuneration includes remuneration for two (2) Directors and one (1) Audit & Supervisory Board Member who retired during this fiscal year.
- The performance-linked remuneration of seven (7) Directors paid during this fiscal 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 reflected 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 |
|--|--|
| <ul style="list-style-type: none"> • Group Adjusted Profit (*1) • Consolidated Net Income • Group Adjusted ROE (*2) | 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. |

*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 | ¥347.1 billion | ¥315.5 billion | 110.0% |
| Consolidated Net Income | ¥262.7 billion | ¥232.1 billion | 113.2% |
| Group Adjusted ROE | 9.5% | 8.5% | +1.0 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 |
|--|---|
| (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. |

(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) | 4 years and 9 months | Attended all 12 meetings of the Board of Directors held during fiscal year 2021. | 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 insight and experience in areas such as administration, human resources development, 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) | 3 years and 9 months | Attended all 12 meetings of the Board of Directors held during fiscal year 2021. | 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 insight and experience mainly as a management executive of major companies. 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. |
|--|--------------------------|---|---|
| Junichi Tobimatsu (Outside Director) | 3 years and 9 months | Attended all 12 meetings of the Board of Directors held during fiscal year 2021. | 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 insight and experience as an attorney-at-law mainly in the area of corporate legal affairs in general both in Japan and overseas. At the Quality Improvement and Compliance Committee meetings held during the fiscal year under review, he provided appropriate advice from the perspective of legal compliance. As chairperson of the Governance Committee, he provided necessary advice as appropriate drawing from his knowledge of corporate governance. Through these activities he has contributed to the medium- to long-term enhancement of the corporate value of the Company. |
| Rochelle Kopp (Outside Director) | 1 year and 9 months | Attended all 12 meetings of the Board of Directors held during fiscal year 2021. | 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 insight concerning cross-cultural communication and experience as a management consultant in Japan and overseas. As a member of the Nomination Committee and the Remuneration Committee, she participated in deliberations concerning the nomination and the remuneration of officers, and contributed to enhancing the corporate governance of the Company. |
| Kunio Chiyoda (Outside Audit & Supervisory Board Member) | 5 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 2021. | He has fulfilled his monitoring and supervision functions on management by appropriate statements and recommendations, based on his extensive insight and experience of accounting and audit as a certified public accountant at the meetings of the Board of Directors and the Audit & Supervisory Board. |

| 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) | 4 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 2021. | She has fulfilled her monitoring and supervision functions on management by appropriate statements and recommendations, based on her extensive insight and experience as an attorney-at-law at the meetings of the Board of Directors and the Audit & Supervisory Board. |

(Note) The period of office of each individual is from the date of their assumption of office to March 31, 2022.

(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 | 6 | 81 | - |

(Note) The breakdown of remuneration from insurance holding companies is 57 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 593,632 thousand shares

(Note) The total number of shares issued increased by 159 thousand shares compared with the end of the previous fiscal year, owing to the issuance of common stock as restricted stock remuneration on July 27, 2021.

(2) Number of shareholders at the end of fiscal year 2021 72,689

(3) Major shareholders

| Names of shareholders | Investment in the Company | |
|--|-------------------------------------|-----------------------------|
| | Number of shares held (Thousand) | Ratio of shares held (%) |
| The Master Trust Bank of Japan, Ltd. (Trust account) | 86,338 | 15.8 |
| Toyota Motor Corporation | 52,610 | 9.6 |
| Nippon Life Insurance Company | 36,325 | 6.6 |
| Custody Bank of Japan, Ltd. (Trust account) | 24,748 | 4.5 |
| JP MORGAN CHASE BANK 380055 | 16,465 | 3.0 |
| State Street Bank West Client – Treaty 505234 | 8,880 | 1.6 |
| Barclays Securities Japan Limited | 6,574 | 1.2 |
| State Street Bank and Trust Company 505103 | 6,293 | 1.1 |
| The Bank of New York Mellon 140051 | 6,222 | 1.1 |
| Sumitomo Life Insurance Company | 6,077 | 1.1 |

(Notes)

1. The Company owns 46,187 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.) | 12,649 | 6 |
| 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 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, 23,012 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 | 2 |
| | Total number of stock acquisition rights: 1,534 (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: 1,534 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 | 3 |
| | Total number of stock acquisition rights: 1,357 (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 1,357 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 | 4 | |
| Total number of stock acquisition rights: 1,489 (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 1,489 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 | 4 | |
| Total number of stock acquisition rights: | | |

| | | |
|---|--|---|
| | <p>3,761 (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 3,761 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 |
| | 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: 8,451
 - Number of stock acquisition rights issued as of August 2017: 6,621
 - Number of stock acquisition rights issued as of August 2018: 7,014
 - Number of stock acquisition rights issued as of August 2019: 23,209

(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: Fumito Hirose Designated and engagement partner: Kenichi Ishii | 73 | <ol style="list-style-type: none"> 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 866 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 compensation 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.

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

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

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

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

- 2. System to Assure the Efficient Execution of Duties (System to Assure the Efficient Execution of Duties by Directors of the Holding Company and Its Subsidiaries)**
- (1) To ensure that there is no conflict between quick decision making and proper monitoring, the Holding Company shall adopt an Executive Officer System, appoint Outside Directors, and strengthen and separate the “Management Decision Making and Oversight Functions” by the Board of Directors and the “Business Execution Functions” by Executive Officers. In addition, in order to enable practical deliberations by the Board of Directors, the number of Directors shall not exceed 15 members, and the delegation of authority over business execution to Executive Officers shall be promoted.
 - (2) To facilitate the proper and efficient execution of duties by Directors and Executive Officers, the Holding Company shall institute rules pertaining to the organization and exercise of authority etc. to clarify the duties that must be performed and the rules of administrative authority.
 - (3) The Holding Company shall institute the Group’s Medium-term Management Plan and annual plans, strive to have them instilled among all officers and employees of the Holding Company and Group companies, and set numerical targets for each business area and properly distribute management resources to accomplish the goals of the plans. In addition, Corporate Governance, Compliance, Risk Management and etc. are positioned as important matters of management in the Medium-term Management Plan.
 - (4) The Holding Company shall institute the IT Governance Basic Policy of the Group in consideration of the importance of information technology (IT) as a managerial foundation of the Group, and establish an IT governance structure throughout the Group.
 - (5) The Holding Company shall institute the Basic Policy on Taxes of the Group in consideration of the importance of tax matters in its business activities and establish a tax governance structure throughout the Group.
 - (6) Executive Officers of the Holding Company shall provide the Board of Directors with reports of the status of business execution for the Company and the Directly Invested Companies (including summaries of business results). The Holding Company’s Board of Directors shall take measures as necessary based on the content of these reports, such as modifying the targets or assigning additional management resources.
 - (7) The Holding Company shall convene regular meetings of the Group Management Committee. The Group Management Committee shall have officers from the domestic Group insurance companies attend its meetings as necessary to discuss important matters affecting the Group’s business strategy and management of the domestic Group insurance companies and shall determine the direction of decision making.
- 3. Group Legal Compliance System (System to Assure that Execution of Duties by Directors and Employees of the Holding Company and Its Subsidiaries Complies with Applicable Laws and the Articles of Incorporation)**
- (1) In line with the Group’s Compliance Basic Policy formulated by the Holding Company, the Holding Company and Group companies shall make efforts to instill compliance awareness among all officers and employees, and shall comply with applicable laws and internal rules, etc. and shall carry out business activities based on high ethical standards.
 - (2) The Holding Company shall institute the Legal Compliance Rules as well as a Compliance Program as its implementation plan and monitor the status of the implementation to ensure compliance and develop corporate ethics. It shall also institute a Compliance Manual and revise it when necessary based on the business activities of the Group as a whole, management environment and other factors.
 - (3) The Holding Company shall create business units and systems such as a Compliance Department to be responsible for overall management of matters pertaining to compliance for the entire Group. It shall also establish a Quality Improvement and Compliance Committee to conduct monitoring of the status of the promotion of compliance, and necessary measures shall be instituted with respect to matters confirmed by this committee. The Board of Directors of the Holding Company shall be regularly reported on the status of the promotion of compliance.
 - (4) The Holding Company shall also institute rules within the Legal Compliance Rules for reporting in cases where officers and employees of the Holding Company and Group companies become aware of compliance-related problems. Having received such reports and information, the Holding Company’s Compliance Department shall work with the relevant departments and Group companies to investigate the content of such reports and formulate measures to prevent recurrences.

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

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

- (1) The Holding Company and Group companies shall conduct appropriate risk management by sharing a basic approach and also instituting risk management policies for each company, appropriate to the conditions of each company, in line with the Group's Risk Management Basic Policy instituted by the Holding Company.
- (2) To have a full and complete understanding of the various types of risk present within the Group and to comprehensively carry out appropriate risk management, the Holding Company shall create business units and systems such as a Risk Management Department for these purposes. A 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 “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, by facing social issues and providing products and services through the business model of the Company, support the creation of an environment in which customers can lead their lives and engage in their business activities safely and securely. 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 10 Directors, over one-third, are Outside Directors (including two (2) women) (as of March 31, 2022). 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 ERM Committee, integrated risk management departments such as the Investment Risk Management Section, and “Regulations for Capital and Integrated Risk Management.” The Board of Directors of the Company 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 ERM 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 ERM 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 ERM 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 ERM 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 2021 |
|---|---|--|
| Mitsui Sumitomo Insurance Company, Limited | 9, Kanda Surugadai 3-chome, Chiyoda-ku, Tokyo | 648,506 |
| 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 2021 amounted to 1,700,359 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.

FY2021 CONSOLIDATED BALANCE SHEET (As of March 31, 2022)

(Yen in millions)

| Item | Amount | Item | Amount |
|--|-------------------|--|-------------------|
| (Assets) | | (Liabilities) | |
| Cash, deposits and savings | 2,357,036 | Policy liabilities: | 18,608,139 |
| Monetary claims bought | 146,489 | Outstanding claims | 2,467,600 |
| Money trusts | 2,039,135 | Underwriting reserves | 16,140,539 |
| Securities | 16,959,321 | Bonds issued | 782,902 |
| Loans | 985,242 | Other liabilities | 1,837,250 |
| Tangible fixed assets: | 487,691 | Liabilities for pension and retirement benefits | 137,710 |
| Land | 227,757 | Reserve for retirement benefits for officers | 176 |
| Buildings | 197,084 | Accrued bonuses for employees | 30,006 |
| Lease assets | 24,153 | Reserves under the special laws: | 266,381 |
| Construction in progress | 3,895 | Reserve for price fluctuation | 266,381 |
| Other tangible fixed assets | 34,800 | Deferred tax liabilities | 45,528 |
| Intangible fixed assets: | 443,159 | Acceptances and guarantees | 23,000 |
| Software | 154,047 | | |
| Goodwill | 124,946 | Total liabilities | 21,731,096 |
| Lease assets | 164 | (Net Assets) | |
| Other intangible fixed assets | 163,999 | Common stock | 100,534 |
| Other assets | 1,529,465 | Capital surplus | 553,680 |
| Assets for retirement benefits | 30,265 | Retained earnings | 1,251,280 |
| Deferred tax assets | 40,653 | Treasury stock | (159,850) |
| Customers' liabilities under acceptances and guarantees | 23,000 | Total shareholders' equity | 1,745,644 |
| Bad debt reserve | (7,614) | Net unrealized gains/(losses) on securities | 1,565,167 |
| | | Net deferred gains/(losses) on hedges | (998) |
| | | Foreign currency translation adjustments | (52,492) |
| | | Accumulated actuarial gains/(losses) on retirement benefits | 1,566 |
| | | Total accumulated other comprehensive income/(loss) | 1,513,242 |
| | | Stock acquisition rights | 762 |
| | | Non-controlling interests | 43,099 |
| | | Total net assets | 3,302,749 |
| Total assets | 25,033,846 | Total liabilities and net assets | 25,033,846 |

FY2021 CONSOLIDATED STATEMENT OF INCOME

(from: April 1, 2021 to: March 31, 2022)

(Yen in millions)

| Item | Amount | Item | Amount |
|--|------------------|---|----------------|
| Ordinary income | 5,132,042 | Extraordinary income: | 14,990 |
| Underwriting income: | 4,239,589 | Gains on sales of fixed assets | 14,990 |
| Net premiums written | 3,609,052 | | |
| Deposit premiums from policyholders | 52,185 | Extraordinary losses: | 35,462 |
| Investment income on deposit premiums from policyholders | 35,631 | Losses on sales of fixed assets | 6,296 |
| Life insurance premiums | 520,037 | Impairment losses on fixed assets | 2,684 |
| Other underwriting income | 22,682 | Provision for reserves under special laws | 21,405 |
| | | Reserve for price fluctuation | 21,405 |
| Investment income: | 858,664 | Other extraordinary losses | 5,076 |
| Interest and dividends income | 302,615 | | |
| Investment gains on money trusts | 170,905 | Income before income taxes | 370,027 |
| Investment gains on trading securities | 31,346 | Income taxes – current | 72,024 |
| Gains on sales of securities | 145,320 | Income taxes – deferred | 32,054 |
| Gains on redemption of securities | 5,526 | Total income taxes | 104,078 |
| Investment gains on separate accounts | 58,239 | Net income | 265,948 |
| Other investment income | 180,341 | Net income attributable to non-controlling interests | 3,149 |
| Transfer of investment income on deposit premiums from policyholders | (35,631) | Net income attributable to owners of the parent | 262,799 |
| Other ordinary income: | 33,788 | | |
| Gains on equity method investments | 16,711 | | |
| Other ordinary income | 17,076 | | |
| Ordinary expenses | 4,741,543 | | |
| Underwriting expenses: | 3,915,377 | | |
| Net claims paid | 1,946,975 | | |
| Loss adjustment expenses | 198,925 | | |
| Commissions and collection expenses | 725,349 | | |
| Maturity refunds to policyholders | 180,991 | | |
| Dividends to policyholders | 58 | | |
| Life insurance claims | 471,410 | | |
| Provision for outstanding claims | 127,190 | | |
| Provision for underwriting reserves | 259,922 | | |
| Other underwriting expenses | 4,554 | | |
| Investment expenses: | 108,908 | | |
| Investment losses on money trusts | 14,206 | | |
| Losses on sales of securities | 17,708 | | |
| Impairment losses on securities | 36,254 | | |
| Losses on redemption of securities | 240 | | |
| Losses on derivative transactions | 28,062 | | |
| Other investment expenses | 12,435 | | |

| | | | |
|---|----------------|--|--|
| Operating expenses and general and administrative expenses | 696,390 | | |
| Other ordinary expenses: | 20,866 | | |
| Interest expense | 15,482 | | |
| Losses on bad debts | 137 | | |
| Other ordinary expenses | 5,247 | | |
| Ordinary profit | 390,499 | | |

FY2021 CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(from: April 1, 2021 to: March 31, 2022)

(Yen in millions)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Beginning balance | 100,276 | 553,428 | 1,078,850 | (119,267) | 1,613,287 |
| Changes for the year: | | | | | |
| Issuance of new shares | 258 | 258 | | | 516 |
| Dividends paid | | | (90,369) | | (90,369) |
| Net income attributable to owners of the parent | | | 262,799 | | 262,799 |
| Repurchase of treasury stock | | | | (40,847) | (40,847) |
| Disposal of treasury stock | | (6) | | 264 | 258 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes for the year | 258 | 252 | 172,430 | (40,582) | 132,357 |
| Ending balance | 100,534 | 553,680 | 1,251,280 | (159,850) | 1,745,644 |

| | Accumulated other comprehensive income/ (loss) | | | | | Stock acqui- sition 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 | 1,630,325 | 14,997 | (178,080) | 3,819 | 1,471,062 | 1,019 | 41,288 | 3,126,657 |
| Changes for the year: | | | | | | | | |
| Issuance of new shares | | | | | | | | 516 |
| Dividends paid | | | | | | | | (90,369) |
| Net income attributable to owners of the parent | | | | | | | | 262,799 |
| Repurchase of treasury stock | | | | | | | | (40,847) |
| Disposal of treasury stock | | | | | | | | 258 |
| Net changes of items other than shareholders' equity | (65,158) | (15,996) | 125,588 | (2,253) | 42,180 | (256) | 1,810 | 43,734 |
| Total changes for the year | (65,158) | (15,996) | 125,588 | (2,253) | 42,180 | (256) | 1,810 | 176,092 |
| Ending balance | 1,565,167 | (998) | (52,492) | 1,566 | 1,513,242 | 762 | 43,099 | 3,302,749 |

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 subsidiaries and associates are based on Article 2 of the Corporate Accounting Regulations.

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 89 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

Little Family SS Insurance Co., Ltd. and seven other companies have been included in the scope of consolidation since the year ended March 31, 2022 as they have become the Company's subsidiaries due to the start of business and other reasons.

As Old Company 17 Limited and two other companies are no longer subsidiaries due to sale of their shares, these subsidiaries have been excluded from the scope of consolidation since the year ended March 31, 2022.

(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 the equity method

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

As PT. Auto Management Services and another company are no longer the associates due to the completion of their liquidation and other reasons, these companies have been excluded from the scope of application of equity method since the year ended March 31, 2022.

- (2) Unconsolidated subsidiaries and associates to which the equity method is not applied (e.g. MS&AD GRAND ASSISTANCE Co., Ltd. and Zenkankyo Reiwa Insurance Company, Limited) have been excluded from the scope of application of the 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 as an associate 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 81 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 stocks and other securities without market prices) are valued at their market prices.

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 as 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) Of available-for-sale securities, stocks and other securities without market prices 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 executive officers of MSI and MSAL, 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 executive 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 executive 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 contracts

At our domestic consolidated insurance subsidiaries, insurance contracts 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 either International Financial Reporting Standards (IFRS) or US generally accepted principles 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).

(10) Application of consolidated tax return filing system

The Company and some of its domestic consolidated subsidiaries have applied the consolidated tax return filing system.

5. Goodwill

Goodwill is amortized over an effective period from 7 to 20 years on a straight-line basis. Insignificant amounts of goodwill are charged to expenses as incurred.

6. Accounting estimates

(1) Impairment losses on goodwill

(i) Amount recorded in the consolidated financial statements for the year ended March 31, 2022

In the consolidated balance sheet of the Company for the current year, goodwill of 124,946 million yen was recognized. In addition, goodwill related to equity-method associates of 41,067 million yen was included in securities therein.

(ii) Information to facilitate the understanding of accounting estimates

a. Measurement approach

For asset groups including goodwill whose invested amount is not recoverable due to decline of profitability, an impairment loss should be recognized by reflecting its recoverability under certain conditions. More specifically, in accordance with the “Accounting Standard for Impairment of Fixed Assets” (ASBJ Statement, August 9, 2002), the Company monitors any indication of impairment, such as consecutive net losses in the business in which asset groups including goodwill are used and/or a significant deterioration of the business environment, and if there is an indication of impairment, the Company determines whether an impairment loss should be recognized by comparing the total amount of undiscounted future cash flows from the asset groups concerned with the carrying amount. For asset groups on which an impairment loss needs to be recognized, the carrying amount is reduced to the recoverable amount and an impairment loss is recognized for the amount of reduction. We have estimated the total undiscounted future cash flows based on the business plans of the relevant businesses. The recoverable amount represents present value of future cash flows expected to be derived from continuing use of the asset groups and from their disposal thereafter and the amount of an impairment loss relies on estimated future cash flows based on reasonable assumptions and projections.

For the year ended March 31, 2022, as net income before tax has been negative for two consecutive years in MS Amlin AG, an overseas consolidated subsidiary running the reinsurance business, which was an indication of impairment, the Company

assessed whether an impairment loss should be recognized for the asset group including goodwill of MS Amlin AG (including tangible fixed assets of 1,028 million yen, goodwill of 3,769 million yen, and intangible fixed assets excluding goodwill of 41,635 million yen). As a result, the total amount of undiscounted future cash flows was higher than the carrying amount of the asset group concerned and therefore, an impairment loss was not recognized.

b. Effects on the consolidated financial statements for the next year

An impairment loss may be incurred if the profitability of a business declines and estimated future cash flows are significantly decreased as a result of changes in business environment.

(2) Outstanding claims

(i) Amount recorded in the consolidated financial statements for the year ended March 31, 2022

In the consolidated balance sheet of the Company for the current year, outstanding claims of 2,467,600 million yen were recognized. Of this amount, outstanding claims of non-life insurance business accounted for a substantial portion.

(ii) Information to facilitate the understanding of accounting estimates

In accordance with the provisions set forth in Article 117 of the Japanese Insurance Business Act as well as Articles 72 and 73 of the Enforcement Regulations of the Japanese Insurance Business Act, domestic consolidated subsidiaries recognize outstanding claims which represent the estimated amount of unpaid claims for the losses that have incurred or deemed to have incurred under insurance contracts. Overseas consolidated subsidiaries apply similar methods for recording outstanding claims.

a. Measurement approach

The Group individually recognized expected claims payments for reported claims based on the details of reported loss events, insurance contract terms and claim investigations.

For incurred but not reported claims, the Group recognized expected claims payments based on the estimated ultimate losses determined in consideration of the past experience of claims payments in the previous years.

b. Effects on the consolidated financial statements for the next year

The amounts of insurance claim payments and outstanding claims may differ from their current estimates due to the development of claim investigations, outcome of litigations and changes in foreign exchange rates.

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, the global spread of COVID-19 infections, and rising prices.

7. Change in accounting policy

(Application of “Accounting Standard for Fair Value Measurement” and Others)

The Group has applied “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019), “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) and others since the beginning of the year ended March 31, 2022. In accordance with transitional measures set forth in Paragraph 19 of “Accounting Standards for Fair Value Measurement,” Paragraph 44-2 of “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019) and Paragraph 27-2 of “Implementation Guidance on Accounting Standard for Fair Value Measurement,” the Group has applied new accounting policies prescribed by “Accounting Standard for Fair Value Measurement” and others prospectively since the beginning of the year ended March 31, 2022.

As a result, part of investment trusts for which it is deemed to be extremely difficult to determine the fair value that were recorded on consolidated balance sheets at cost have been changed to be recorded on consolidated balance sheets at fair value.

In accordance with transitional treatment stipulated in Paragraph 19 of the Accounting Standard for Fair Value Measurement, Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), and Paragraph 27-2 of the Revised Implementation Guidance on Accounting Standard for Fair Value Measurement, the new accounting policies stipulated in the Accounting Standard for Fair Value Measurement, etc., will be applied going forward.

8. Additional information

(Performance-Based Share Compensation Plan)

Some of the overseas consolidated subsidiaries implemented a performance-based share compensation plan (hereinafter, “the plan”) for employees and officers subject to certain conditions.

(i) Overview of the transaction

The plan provides for the number of shares based on the average performance during a certain period, and eligible staff receive the Company’s shares or the cash equivalent to the Company’s shares converted at fair value.

In preparing for future benefits, the Company acquires its own shares from the stock market by the trusts that have been set up using the cash contributed by subsidiaries that implemented the plan.

(ii) Company shares outstanding in the trusts

The Company’s shares outstanding in the trusts are recorded at the carrying amount (excluding the amount for incidental expenses) as treasury stock in the net assets. The carrying amount of this treasury stock at the end of the year ending March 31, 2022 is 799 million yen, and the number of shares is 213 thousand.

(Notes to Consolidated Balance Sheet)

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

| | (Yen in millions) |
|--------------------------|-------------------|
| | March 31, 2022 |
| Accumulated depreciation | 415,853 |
| Accelerated depreciation | 12,162 |

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

| | (Yen in millions) |
|--|-------------------|
| | March 31, 2022 |
| Investments in securities (Domestic stocks) | 30,238 |
| Investments in securities (Foreign securities) | 269,031 |
| Investments in securities (Other securities) | 24,604 |

3. Among the loans in accordance with Insurance Business Act, the amounts of bankrupt and quasi-bankrupt loans, doubtful loans, loans overdue for three months or more, and restructured loans are as follows.

| | (Yen in millions) |
|--|-------------------|
| | March 31, 2022 |
| Bankrupt and quasi-bankrupt loans | 75 |
| Doubtful loans | 121 |
| Loans overdue for three months or more | 204 |
| Restructured loans | 1,024 |
| Total | 1,425 |

(Notes)

- (1) Bankrupt and quasi-bankrupt loans are claims to debtors that went bankrupt due to reasons including the initiation of bankruptcy proceedings, the start of reorganization proceedings, and the submission of an application to start rehabilitation proceedings.
- (2) Doubtful loans are claims with a strong possibility that the loan principal cannot be recovered and/or the interest cannot be received according to the contract due to difficulties in the financial condition and business performance of the debtor, even though the debtor is not yet bankrupt. These loans are excluded from bankrupt and quasi-bankrupt loans.
- (3) Loans overdue for three months or more represent those of which the principal or interest has been past due for three months or more after the contractual due date for repayments of the principal or interest. Bankrupt and quasi-bankrupt loans and doubtful loans are excluded from this category.
- (4) Restructured loans represent those which have been granted favorable terms for the benefit of the debtors, such as interest exemption or reduction, a grace period for interest payments, a grace period for principal repayments or forgiveness of debts for the purpose of the restructuring of, or support to the debtors in financial difficulty. Bankrupt and quasi-bankrupt loans, doubtful loans, and loans overdue for three months or more are excluded from this category.

(Change in presentation)

Due to the enforcement on March 31, 2022 of the “Cabinet Office Ordinance to Amend Part of Banking Law Enforcement Regulations” (Cabinet Office Ordinance No. 3, January 24, 2020), the categories of “risk-monitoring loans” based on the Insurance Business Act will be presented in accordance with the those of non-performing loans (NPLs) based on the Act of Emergency Measures for the Revitalization of the Financial Functions.

4. The amounts of pledged assets and corresponding debt obligations are as follows:

(Yen in millions)

| | March 31, 2022 |
|----------------------------|----------------|
| Pledged assets: | |
| Investments in securities | 748,974 |
| Cash, deposits and savings | 19,662 |
| Money trusts | 2,521 |

(Note) The amounts in the above table primarily consist of collateral assets required for payables under repurchase agreements of 227,342 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 amount of investments in securities loaned under securities lending agreements is as follows:

(Yen in millions)

| March 31, 2022 |
|----------------|
| 754,059 |

6. 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, 2022 |
|----------------|
| 1,888,006 |

7. 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 64,113 million yen in a negative liability position as of March 31, 2022. This amount was not included in Customers' liabilities under acceptances and guarantees or Acceptances and guarantees since there was no substantial exposure.

8. The unutilized balance of commitment lines to third parties is as follows:

(Yen in millions)

| March 31, 2022 |
|----------------|
| 16,513 |

9. 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 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

In determining fair value of financial instruments, certain assumptions and methods are used, thus the fair value may differ if alternative assumptions are applied.

(2) Fair value of financial instruments and breakdown by level of fair value

The carrying amounts on the consolidated balance sheets and the fair values, and each level of fair values of financial instruments as of March 31, 2022 are as follows.

Stocks and other securities without market prices and investments in partnerships etc. are not included in the following table (see Note 3).

The fair value of financial instruments is categorized into the following three levels based on the observability and significance of the inputs used to measure fair value.

Level 1: Fair value measured using (unadjusted) quoted prices in active markets for identical assets or liabilities

Level 2: Fair value measured using directly or indirectly observable inputs other than Level 1 inputs

Level 3: Fair value measured using significant unobservable inputs

When multiple inputs have significant effects on the fair value measurement, that fair value is categorized within the lowest priority level of fair value measurement among the levels where those inputs belong.

(i) Financial assets and liabilities measured at fair value on the consolidated balance sheet
(Yen in millions)

| | Carrying amount | | | |
|-------------------------------|-----------------|-----------|---------|------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Monetary claims bought | — | 129,326 | 4,368 | 133,695 |
| Money trusts | — | 1,652,272 | 386,862 | 2,039,135 |
| Investments in securities | | | | |
| Trading securities | | | | |
| Domestic bonds | 34,886 | 4,866 | — | 39,752 |
| Domestic stocks | 8,165 | — | — | 8,165 |
| Foreign securities | 418,245 | 345,549 | 100,330 | 864,125 |
| Others | 11,639 | 1,868,003 | — | 1,879,642 |
| Available-for-sale securities | | | | |
| Domestic bonds | 1,746,410 | 1,344,937 | — | 3,091,347 |
| Domestic stocks | 2,782,250 | — | — | 2,782,250 |
| Foreign securities | 1,091,583 | 2,351,167 | 223,560 | 3,666,310 |
| Others | 17,676 | 181,720 | 26,405 | 225,802 |
| Derivative transactions (*1) | | | | |
| Currency | 122 | 20,887 | — | 21,010 |
| Interest rate | 74 | 21,196 | — | 21,271 |
| Stock | — | 2,021 | — | 2,021 |
| Bond | 4,185 | — | — | 4,185 |
| Credit | — | 848 | — | 848 |
| Others | — | — | 379 | 379 |
| Total assets | 6,115,239 | 7,922,797 | 741,906 | 14,779,944 |
| Derivative transactions (*1) | | | | |
| Currency | 70 | 68,273 | — | 68,344 |
| Interest rate | 99 | 7,791 | — | 7,891 |
| Stock | 6,042 | 501 | — | 6,544 |
| Bond | 1,250 | — | — | 1,250 |
| Credit | — | 2,507 | — | 2,507 |
| Others | — | — | 696 | 696 |
| Total liabilities | 7,462 | 79,075 | 696 | 87,233 |

(*1) The carrying amounts of derivative transactions applying hedge accounting are 2,190 million yen as an asset and 47,239 million yen as a liability.

- (ii) Financial assets and liabilities that are not measured at fair value on the consolidated balance sheet

Cash, deposits and savings are not included in the following tables as they are mostly short-term (within one year) and their fair value approximate their carrying amounts.

(Yen in millions)

| | Fair value | | | | Carrying amount | Difference |
|---|------------|-----------|---------|-----------|-----------------|------------|
| | Level 1 | Level 2 | Level 3 | Total | | |
| Monetary claims bought | – | 12,794 | – | 12,794 | 12,794 | – |
| Investments in securities | | | | | | |
| Held-to-maturity securities | | | | | | |
| Domestic bonds | 1,228,416 | 126,907 | – | 1,355,323 | 1,220,261 | 135,061 |
| Foreign securities | – | 3,852 | – | 3,852 | 3,875 | (22) |
| Debt securities earmarked for underwriting reserves | | | | | | |
| Domestic bonds | 1,679,742 | 128,728 | – | 1,808,470 | 1,928,505 | (120,034) |
| Foreign securities | 19,822 | 745,950 | – | 765,773 | 762,307 | 3,466 |
| Shares of associates | 156,496 | 2,829 | – | 159,325 | 89,538 | 69,787 |
| Loans | | | | | 985,242 | |
| Bad debt reserve (*1) | | | | | (67) | |
| | – | 291,971 | 698,840 | 990,811 | 985,174 | 5,637 |
| Total assets | 3,084,478 | 1,313,034 | 698,840 | 5,096,353 | 5,002,457 | 93,896 |
| Bonds issued | – | 683,612 | 101,319 | 784,931 | 782,902 | 2,029 |
| Total liabilities | – | 683,612 | 101,319 | 784,931 | 782,902 | 2,029 |

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

(Note 1) Description of the valuation techniques and inputs used to measure fair value

Assets

Monetary claims bought

With regard to commercial papers (CP), the price quoted by counterparty financial institutions is deemed the fair value. With regard to certain CP, the carrying amounts approximate 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 the fair value.

These are mainly categorized within Level 2.

Money trusts

With regard to Money trusts, the price quoted by trustees is deemed the fair value. These are categorized within Level 2 or Level 3 based on the level of components of trust assets.

Investments in securities

Those with unadjusted quoted prices available in active markets, mainly including listed stocks, government bonds, and listed investment trusts are categorized within Level 1.

Those with published quoted prices but are in inactive markets, mainly including municipal bonds and corporate bonds, are categorized within Level 2.

With regard to unlisted investment trusts, prices such as net asset value per share provided by the fund manager are deemed the fair value. These are categorized within Level 2 or Level 3 mainly based on the level of components of trust assets.

Loans

With regard to floating rate loans, the carrying amounts approximate 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 some loans, the price provided by counterparty financial institutions is deemed the fair value.

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 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.

These are mainly categorized within Level 3. Some loans on which the effect of unobservable inputs is insignificant are categorized within Level 2.

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 (JSDA) or prices quoted by counterparty financial institutions. Those based on “Reference Statistical Prices for OTC Bond Transactions” published by JSDA are categorized within Level 2, and those based on prices quoted by counterparty financial institutions are categorized within Level 3.

Derivative transactions

With regard to market transactions, the fair value is determined based on the closing prices at exchanges. With regard to transactions other than market transactions, the fair value is determined based on prices quoted by counterparty financial institutions or prices calculated by the valuation model using inputs such as interest, exchange rates, volatility, etc.

The market transactions are mainly categorized within Level 1. The transactions other than market transactions using significant unobservable inputs are categorized within Level 3, and the other transactions are categorized within Level 2.

(Note 2) Financial assets and liabilities measured at fair value on the consolidated balance sheet and categorized within Level 3

The Level 3 fair value mostly comprises instruments with prices obtained from third parties and used unadjusted. Accordingly, notes such as quantitative information on significant unobservable inputs used to measure fair value are omitted.

- (1) Reconciliation from beginning balance to ending balance, and net evaluation gains/losses recognized in profit or loss for the current fiscal year

(Yen in millions)

| | Beginning balance | Recorded in profit or loss for the current fiscal year (*1) | Recorded in other comprehensive income | Changes due to purchases, issues and sales, and settlements | Transfer from Level 3 fair value (*2)(*3) | Ending balance | Net evaluation gains/losses recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date (*1) |
|-------------------------------|-------------------|---|--|---|---|----------------|---|
| Monetary claims bought | 5,927 | 0 | (113) | (1,445) | — | 4,368 | — |
| Money trusts | 71,571 | 29,494 | 7,125 | 278,672 | — | 386,862 | 26,849 |
| Investments in securities | | | | | | | |
| Trading securities | 75,527 | 8,886 | 8,340 | 7,575 | — | 100,330 | 4,946 |
| Available-for-sale securities | 171,669 | 8,632 | 76,117 | (5,453) | (1,000) | 249,966 | — |
| Total assets | 324,695 | 47,014 | 91,469 | 279,347 | (1,000) | 741,527 | 31,795 |
| Derivative transactions (*4) | (789) | 1,064 | — | (591) | — | (316) | 183 |

(*1) Mainly included in “Investment income” and “Investment expenses” of the consolidated statement of income.

(*2) Transfers between levels are made on the end of each quarter.

(*3) Transfer from Level 3 to Level 2 due to the availability of observable inputs for foreign corporate bonds.

(*4) Derivative transactions included in Other assets and Other liabilities are presented together. Receivables and payables as well as gains and losses arising from derivative transactions are presented on a net basis, and items that result in a net payable or a net loss are shown in parentheses.

- (2) Descriptions of the valuation process of fair value

The Group stipulates policies and procedures on the fair value measurement and measures fair value, at departments that are independent from those who carry out transactions of financial instruments. With regard to the measured fair value, the appropriateness of the inputs and valuation techniques used to measure fair value are verified. When using quoted prices obtained from third parties as fair value, the appropriateness is verified by suitable methods such as checking the inputs and valuation techniques used and comparison with the fair value of similar financial instruments.

(Note 3) The carrying amounts of stocks and other securities without market prices and investments in partnerships etc. are as follows, and are not included in “Investments in securities” in Fair value of financial instruments and breakdown by level of fair value above.

(Yen in millions)

| | March 31, 2022 |
|--|----------------|
| Stocks and other securities without market prices (*1) | 338,763 |
| Investments in partnerships etc. (*2) | 58,671 |
| Total | 397,435 |
| (*1) Stocks and other securities without market prices include unlisted stocks, etc., and are not subject to fair value disclosure in accordance with the Paragraph 5 of ASBJ Guidance No. 19 “Guidance on Disclosures about Fair Value of Financial Instruments.” | |
| (*2) Investments in partnerships etc. are not subject to fair value disclosure, in accordance with the Paragraph 24-16 of ASBJ Guidance No. 31 “Revised Implementation Guidance on Accounting Standard for Fair Value Measurement.” | |

10. Certain consolidated subsidiaries own investment properties in Tokyo and other areas. The carrying amount and fair value of the investment properties are as follows:

(Yen in millions)

| | March 31, 2022 |
|-----------------|----------------|
| Carrying amount | 76,237 |
| Fair value | 143,572 |

(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.

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

| | March 31, 2022 |
|--|----------------|
| Net assets per share (in Yen) | 5,955.21 |
| Stock acquisition rights deducted from net assets (Yen in millions) | 762 |
| Non-controlling interests deducted from net assets (Yen in millions) | 43,099 |
| Outstanding common shares (in thousands) | 547,232 |

12. Any amounts less than the stated unit are rounded down.

(Notes to Consolidated Statement of Income)

1. Life insurance premiums are presented at an amount of insurance premiums revenue less cash surrender value or withdrawals (hereinafter referred to as “surrender benefits”) and ceding reinsurance premiums paid. Major components of life insurance are as follows:

(Yen in millions)

| For the year ended March 31, 2022 | |
|--|-----------|
| Insurance premiums revenue | 1,356,791 |
| Surrender benefits and Paid reinsurance premiums | (836,753) |
| Life insurance premiums | 520,037 |

2. The amount 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, is as follows:

(Yen in millions)

| For the year ended March 31, 2022 | |
|--------------------------------------|-------|
| | 5,761 |

3. The amount of foreign exchange gains included in other investment income is as follows:

(Yen in millions)

| For the year ended March 31, 2022 | |
|--------------------------------------|---------|
| | 178,533 |

4. Major components of business expenses are as follows:

(Yen in millions)

| For the year ended March 31, 2022 | |
|-----------------------------------|---------|
| Commission expenses | 717,494 |
| Salaries | 303,684 |

(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 statement of income.

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

(Yen in millions)

| Use | Category | Description | | Impairment losses on fixed assets | |
|---|--------------------|---|-------|-----------------------------------|-------|
| | | | | Breakdown | |
| Investment properties | Buildings | 2 properties, including a building for rent in Tokyo | 1 | Buildings | 1 |
| Idle real estate and real estate for sale | Land and buildings | 16 properties, including an office building in Ishikawa | 2,683 | Land | 618 |
| | | | | Buildings | 1,938 |
| | | | | Others | 125 |

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 assets shown above were to be sold and their demolition has been determined, 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 concerned is measured at their net sales value. The net sales value is calculated based on the appraisal value provided by qualified appraisers.

6. Other extraordinary loss includes special funding of 4,721 million yen in relation to the outside career change support program in the Mitsui Sumitomo Insurance Co., Ltd., and extra retirement payments of 354 million yen relating to workforce reduction at overseas consolidated subsidiaries.
7. The amounts of net income attributable to owners of the parent per share are as follows:

| | For the year ended March 31, 2022 |
|---|-----------------------------------|
| Basic net income attributable to owners of the parent per share (in Yen) | 474.52 |
| Diluted net income attributable to owners of the parent per share (in Yen) | 474.32 |
| (Notes) The basis of calculation is as follows: | |
| | For the year ended March 31, 2022 |
| Net income attributable to owners of the parent (Yen in millions) | 262,799 |
| Average outstanding common stock during the year (in thousands of shares) | 553,816 |
| Increase in number of common stock used for calculation of diluted net income attributable to owners of the parent per share (in thousands of shares) | 235 |

8. Any amounts less than the stated unit are rounded down.

(Notes to 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 | 593,473 | 159 | — | 593,632 |
| Total | 593,473 | 159 | — | 593,632 |
| Treasury stock | | | | |
| Common stock | 35,263 | 11,215 | 78 | 46,400 |
| Total | 35,263 | 11,215 | 78 | 46,400 |

(Notes)

1. The increase of 159 thousand shares in the total number of common stock shares issued is attributable to the issuance of restricted stock.
2. The number of treasury common stock at the end of the current fiscal year includes 213 thousand Company shares held in trust accounts by overseas consolidated subsidiaries that have a performance-linked and stock-based remuneration system.
3. The increase in the number of treasury common stock during the year was 11,215 thousand shares, as a result of market purchase of 10,988 thousand shares, the purchase of 213 thousand shares by overseas consolidated subsidiaries through trust companies, and repurchases of fractional stock of 13 thousand shares.
4. The decrease in the number of treasury common stock during the year was 78 thousand shares, as a result of exercise of stock acquisition rights of 77 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 | 762 |
| Total | | 762 |

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 28, 2021 Annual shareholders meeting | Common stock | 44,656 | 80 | March 31, 2021 | June 29, 2021 |
| November 19, 2021 Board of Directors Meeting | Common stock | 45,712 | 82.5 | September 30, 2021 | December 6, 2021 |

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

(2) Dividends declared effective after March 31, 2022 for which the date of record is in the year ended March 31, 2022

| 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 27, 2022 Annual shareholders meeting | Common stock | 53,375 | Retained earnings | 97.5 | March 31, 2022 | June 28, 2022 |

(Note) The total amount of dividends in accordance with a resolution passed at the June 27, 2022 Annual shareholders meeting includes dividends of 20 million yen for the Company shares held in trust accounts by overseas consolidated subsidiaries that have a performance-linked and stock-based remuneration system

4. Any amounts less than the stated unit are rounded down.

FY2021 NON-CONSOLIDATED BALANCE SHEET (as of March 31, 2022)

(Yen in millions)

| Item | Amount | Item | Amount |
|---|------------------|--|------------------|
| (Assets) | | (Liabilities) | |
| Current assets | 74,566 | Current liabilities | 25,321 |
| Cash and deposits | 11,948 | Accounts payable | 23,685 |
| Deposits paid to subsidiaries and associates | 2,815 | Accrued expenses | 703 |
| Prepaid expenses | 13 | Accrued income taxes | 373 |
| Income taxes receivable | 39,986 | Accrued consumption taxes | 103 |
| Other | 19,802 | Deposits received | 13 |
| | | Accrued bonuses for employees | 442 |
| Fixed assets | 1,625,792 | Non-current liabilities | 300,519 |
| Tangible fixed assets | 252 | Bonds issued | 299,900 |
| Buildings | 235 | Asset retirement obligations | 239 |
| Tools, furniture and fixtures | 17 | Deferred tax liabilities | 379 |
| Intangible fixed assets | 381 | | |
| Software | 381 | | |
| Investments and other assets | 1,625,158 | Total liabilities | 325,840 |
| Investment securities | 144,832 | | |
| Shares of subsidiaries and associates | 1,404,202 | (Net Assets) | |
| Investments in capital of subsidiaries and associates | 65,864 | Shareholders' equity | 1,369,294 |
| Deferred tax assets | 10,258 | Common stock | 100,534 |
| Other | 0 | Capital surplus | 1,079,524 |
| | | Additional paid-in capital | 729,790 |
| | | Other capital surplus | 349,734 |
| | | Retained earnings | 348,286 |
| | | Other retained earnings | 348,286 |
| | | Retained earnings carried forward | 348,286 |
| | | Treasury stock | (159,051) |
| | | Valuation and translation adjustments | 4,461 |
| | | Net unrealized gains/(losses) on investments in securities | 4,461 |
| | | Stock acquisition rights | 762 |
| | | Total net assets | 1,374,518 |
| Total assets | 1,700,359 | Total liabilities and net assets | 1,700,359 |

FY2021 NON-CONSOLIDATED STATEMENT OF INCOME

(from: April 1, 2021 to: March 31, 2022)

(Yen in millions)

| Item | Amount | |
|--|---------|----------------|
| Operating revenue | | |
| Dividends from subsidiaries and associates | 124,536 | 124,693 |
| Commissions from subsidiaries and associates | 157 | |
| Operating expenses | | |
| Sales and general administrative expenses | 12,036 | 12,036 |
| Operating profit | | 112,656 |
| Non-operating income | | |
| Dividends income | 10,662 | 10,802 |
| Gains on forfeiture of unclaimed dividends | 78 | |
| Other | 61 | |
| Non-operating expenses | | |
| Interest on bonds | 4,065 | 4,289 |
| Bond issuance cost | 8 | |
| Other | 215 | |
| Ordinary profit | | 119,169 |
| Income before income taxes | | 119,169 |
| Income taxes - current | (6,052) | 2,153 |
| Income taxes - deferred | 8,206 | |
| Net income | | 117,016 |

FY2021 NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(from: April 1, 2021 to: March 31, 2022)

(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 Retained earnings carried forward | Total retained earnings | | |
| Beginning balance | 100,276 | 729,532 | 349,740 | 1,079,272 | 321,639 | 321,639 | (119,267) | 1,381,921 |
| Changes for the year: | | | | | | | | |
| Issuance of new shares | 258 | 258 | | 258 | | | | 516 |
| Dividends paid | | | | | (90,369) | (90,369) | | (90,369) |
| Net income | | | | | 117,016 | 117,016 | | 117,016 |
| Repurchase of treasury stock | | | | | | | (40,048) | (40,048) |
| Disposal of treasury stock | | | (6) | (6) | | | 264 | 258 |
| Net changes of items other than shareholders' equity | | | | | | | | |
| Total changes for the year | 258 | 258 | (6) | 252 | 26,646 | 26,646 | (39,783) | (12,626) |
| Ending balance | 100,534 | 729,790 | 349,734 | 1,079,524 | 348,286 | 348,286 | (159,051) | 1,369,294 |

| | Valuation and translation adjustments | | Stock acquisition rights | Total net assets |
|--|--|---|--------------------------|------------------|
| | Net unrealized gains/(losses) on investments in securities | Total valuation and translation adjustments | | |
| Beginning balance | 17,466 | 17,466 | 1,019 | 1,400,406 |
| Changes for the year: | | | | |
| Issuance of new shares | | | | 516 |
| Dividends paid | | | | (90,369) |
| Net income | | | | 117,016 |
| Repurchase of treasury stock | | | | (40,048) |
| Disposal of treasury stock | | | | 258 |
| Net changes of items other than shareholders' equity | (13,005) | (13,005) | (256) | (13,261) |
| Total changes for the year | (13,005) | (13,005) | (256) | (25,887) |
| Ending balance | 4,461 | 4,461 | 762 | 1,374,518 |

NON-CONSOLIDATED EXPLANATORY NOTES

(Notes on Significant Accounting Policies)

1. Valuation policies and methods of valuation of assets

- (i) Valuation of shares of subsidiaries and associates are valued at cost determined by the moving average method.
- (ii) Available-for-sale securities (excluding stocks and other securities without market prices) are valued using the market value method. 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) Among available-for-sale securities, stocks and other securities without market prices are valued at cost determined by 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 |
| Furniture and Fixtures: | 2 to 15 years |

3. Amortization 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 are determined based on the estimated amounts to be paid at the year-end to provide for future bonuses for employees and executive 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 items and the hedging instruments, judgement regarding the hedge effectiveness is omitted.

6. Other important matters for the preparation of financial statements

The Company has adopted the consolidated tax return filling system, under which the Company is the parent company of the consolidated tax return filling.

(Notes to Balance Sheet)

- 1. Amount of accumulated depreciation of tangible fixed assets: 562 million yen
- 2. Amounts receivable from and payable to subsidiaries and associates
 - Short-term loans receivables: 21,968 million yen
 - Short-term loans payable: 23,192 million yen
 - Long-term loans payable: 219,900 million yen

(Notes to Statement of Income)

Volume of transactions with subsidiaries and associates

Volume of operating transactions

| | |
|---------------------|---------------------|
| Operating income: | 124,693 million yen |
| Operating expenses: | 1,286 million yen |

Volume in non-operating transactions: 2,570 million yen

(Notes to Statement of Changes in Net Assets)

Class and number of treasury stock as of March 31, 2022
Common stock 46,187,024 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, 2022 |
| Deferred tax assets | | |
| Carryforward of unused tax losses | | 15,003 |
| Shares of subsidiaries and associates | | 6,109 |
| Software | | 413 |
| Deferred assets | | 413 |
| Other | | 369 |
| Subtotal: deferred tax assets | | 22,309 |
| Valuation allowance for carryforward of unused tax losses | | (4,141) |
| Valuation allowance for total deductible temporary differences | | (6,320) |
| Subtotal: valuation allowance | | (10,462) |
| Total deferred tax assets | | 11,846 |
| Deferred tax liabilities | | |
| Net unrealized gains/(losses) on investments in securities | | (1,967) |
| Total deferred tax liabilities | | (1,967) |
| Net amount of deferred tax assets | | 9,879 |

(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) | 8,900 | Bonds issued | 214,900 |

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: 2,509.39 yen
Net income per share: 211.25 yen

(Note) Any amounts less than the stated unit are rounded down.

Audit Report by Accounting Auditor concerning Consolidated Financial Statements

Audit Report by Independent Auditor

May 18, 2022

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

KPMG AZSA LLC
Tokyo Office

Hiroyuki Yamada
Designated and Engagement Partner
Certified Public Accountant

Fumito Hirose
Designated and Engagement Partner
Certified Public Accountant

Kenichi Ishii
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, 2021 through March 31, 2022.

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.

Other information

The term “other information” herein refers to the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors’ performance of their duties including the design, implementation and maintenance of reporting process of the other information.

The scope of our audit opinion on the consolidated financial statements does not include the other information and we do not express an opinion on the other information.

Our responsibility in auditing the consolidated financial statements is to read through the other information, and in the process of reading it, we examine whether there are material differences between the other information and the consolidated financial statements or the knowledge we have gained in the auditing process, and we also pay attention as to whether there are any indications in the other information of material errors besides such material differences.

If we determine there to be material errors in the other information based on the work we have performed, we are required to report those facts.

There are no matters to report regarding the other information.

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

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

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

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

Responsibilities of auditors in audit of consolidated financial statements

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

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

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

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

- The auditors evaluate whether the presentation of the consolidated financial statements and the notes conform with the corporate accounting standards that are generally accepted in Japan, together with an evaluation of the presentation, structure, and content of the consolidated financial statements, including related notes, and an evaluation of whether the consolidated financial statements appropriately present the transactions and accounting events forming the basis thereof.
- In order to express an opinion regarding the consolidated financial statements, adequate and appropriate audit evidence relating to the financial information of the Company and its consolidated subsidiary companies is obtained. The auditors have a responsibility to provide guidance and supervision related to audits of consolidated financial statements, and to carry out audits of consolidated financial statements. The auditors are solely responsible for the audit opinion.

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

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

Interested parties

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

- End -

Audit Report by Accounting Auditor

Audit Report by Independent Auditor

May 18, 2022

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

KPMG AZSA LLC
Tokyo Office

Hiroyuki Yamada
Designated and Engagement Partner
Certified Public Accountant

Fumito Hirose
Designated and Engagement Partner
Certified Public Accountant

Kenichi Ishii
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 14th fiscal year of operations from April 1, 2021 until March 31, 2022 (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.

Other information

The term “other information” herein refers to the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors’ performance of their duties including the design, implementation and maintenance of the other information.

The scope of our audit opinion on the financial statements, etc. does not include the other information and we do not express an opinion on the other information.

Our responsibility in auditing the financial statements, etc. is to read through the other information, and in the process of reading it, we examine whether there are material differences between the other information and the financial statements, etc. or the knowledge we have gained in the auditing process, and we also pay attention as to whether there are any indications in the other information of material errors besides such material differences.

If we determine there to be material errors in the other information based on the work we have performed, we are required to report those facts.

There are no matters to report regarding the other information.

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 14th fiscal year beginning April 1, 2021 and ending March 31, 2022, 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, 2022

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

Hidema Jinno (Seal)

Full-Time Audit & Supervisory Board Member

Atsuko Suto (Seal)

Full-Time Audit & Supervisory Board Member

Kunio Chiyoda (Seal)

Outside Audit & Supervisory Board Member

Kyoko Uemura (Seal)

Outside Audit & Supervisory Board Member

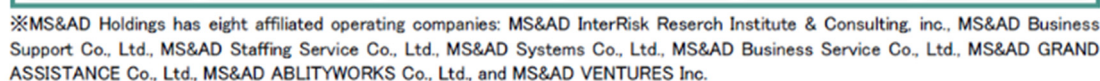
- End -

Basic Policies on Corporate Governance

To this end, the “Group Corporate Philosophy (Mission), Corporate Vision, and 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, corporate governance, compliance, and risk management are positioned as important management issues in the medium-term management plan, and efforts shall be made to actively promote that plan.

As a company with an Audit & Supervisory Board, the Company will endeavor to improve governance by ensuring that independently appointed Audit & Supervisory Board Members appropriately act in their auditing functions, in addition to ensuring that the Board of Directors appropriately acts in its oversight functions, while strengthening the functions of each and actively disclosing information.

The Company has introduced an executive officer system and is proceeding to delegate authority over business execution to these executive officers to ensure swift execution.



<https://www.ms-ad-hd.com/en/group/value/corporate/governance.html>

(Reference) Analysis and Evaluation of the Board of Directors' Overall Effectiveness

As noted in Chapter 3, 5. of the “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 of the overall effectiveness of the Board of Directors for FY2021 is as follows.

1. Analysis and Evaluation Process

(1) Questionnaires conducted for Directors' self-evaluation and its summary



- A questionnaire consisting of 12 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*.
- *Excluding the Chairman & Director, the Vice Chairman & Director, and the President & Director
- Evaluation responses mainly focused on whether or not Directors had carried out initiatives to enhance the effectiveness of the Board of Directors in accordance with the improvement measures (measures for improving capabilities in FY2021) that had been formulated based on the evaluation of the Board of Directors in FY2020.

(2) 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.

(3) 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 & Director) conducted analysis and evaluation, also taking into account the results of exchanges of opinion at the Outside Director Council and formulated this as measures for improving capabilities in FY2022.

(4) Measures for improving capabilities in FY2022 include rapid start and strengthening of initiatives and operation of a PDCA cycle for improving effectiveness

2. Summary of the Results of Analysis and Evaluation

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 FY2021, the results were as follows.

| | |
|--|---|
| FY2021 initiatives and Board of Directors' evaluation result | <ul style="list-style-type: none">• Constructive discussions were conducted aiming to improve corporate value over the medium to long term, including growth strategies taking into account the environment surrounding the Company and other factors, with a view to formulating the next medium-term management plan. In the discussions, active use was made of meetings outside of the Board of Directors (Outside Officers Study Sessions, etc.)• In regard to sustainability initiatives, the content of initiatives related to climate change risk was proactively disclosed and communicated, including reporting aligned with TCFD.• Sufficient explanation was provided regarding the investment objectives and risks, particularly around overseas business investments, and in-depth discussions and examinations were conducted.• An atmosphere that allows free and direct discussion has been fostered in the Board of Directors, and frank discussions were held, mainly on important proposals.• By holding all types of meetings in online format, it became difficult to have informal exchanges of opinions among fellow Outside Officers and with Inside Officers. Developing a picture of Inside Officers and understanding their thinking requires provision of opportunities to exchange opinions with Inside Officers in small groups. |
|--|---|

| | |
|---|---|
| FY2022 capability improvement measures | <ul style="list-style-type: none"> • Expand opportunities for Outside Officers to talk with management teams of overseas subsidiaries in order to grasp the potential risks at outside subsidiaries. • Provide opportunities for Outside Officers to observed operating companies and opportunities for them to talk directly with operating company members. • Provide opportunities for free exchanges of opinion between Outside Officers and small groups of Executive Officers. |
|---|---|

(Reference) Summary of the MS&AD Group Medium-Term Management Plan for FY2022-2025 “**Growing Together with Society as a Risk Solution Platformer**”

The Group has established its new Group medium-term management plan for FY2022-2025 with the aim of realizing the management vision of creating a world-leading insurance and financial services group that pursues sustainable growth and enhanced corporate value.

Through its previous medium-term management plan, the Group made a concerted effort to create shared value with society (CSV), and as a result, the creed of CSV has been embraced by employees, making it a strength of the Group.

In the new medium-term management plan, we will accelerate efforts to translate the high awareness of CSV into getting results from providing solutions and creating new businesses. In this way, we will contribute to the realization of a resilient and sustainable society by providing a variety of risk solutions, including insurance services for a variety of social issues.

Aspirations

(1) Qualitative targets

| |
|---|
| A corporate group that supports a resilient and sustainable society |
|---|

| |
|--|
| <p style="text-align: center;">As a risk solution platformer,</p> <p style="text-align: center;">we will help resolve climate change and other social issues, while growing together with society</p> |
|--|

- | |
|--|
| <ul style="list-style-type: none">● In addition to covering economic losses, seamlessly provide products and services before and after coverage and protection● Offer optimal solutions through marketing, underwriting, claim services and risk consulting that utilize digital technologies |
|--|

(2) Quantitative targets

We aim to achieve a net income^{*1} of 470 billion yen on an IFRS basis in fiscal 2025 and a stable Adjusted ROE^{*2} of 10% or higher.

*1 Targets will be set based on international accounting standards, which are expected to be introduced by insurance companies around the world in the future.

*2 Adjusted ROE = IFRS net income/(IFRS net assets - unrealized gains/losses on strategic equity)

Details of Initiatives

- We have established the basic strategies of “Value,” “Transformation” and “Synergy” in order to become a “corporate group that supports a resilient and sustainable society.”
- “Sustainability,” “Quality,” “Human Assets” and “ERM” form the foundation for our basic strategies.

| | | |
|------------------|----------------|--|
| Basic strategies | Value | By expanding the “CSV×DX” initiative globally, we will contribute to solving social issues such as climate change. We will also upgrade risk consulting that utilizes data and digital technologies and develop more products and services that come before and after coverage and protection to strengthen our earnings base. |
| | Transformation | We will transform mainly our product, business, and risk portfolios to create a structure that will withstand the occurrence of a large-scale natural disaster, pandemics, etc. |
| | Synergy | We will promote group standardization, collaboration, and integration under the “One Platform Strategy.” While promoting synergy between life insurance and non-life insurance businesses, we will also pursue global synergy arising from the group-wide, mutual sharing of knowhow and the like of each group company both in Japan and overseas, in order to achieve further growth by leveraging the diversity of the Group and strengthening cooperation. |

| | | |
|-------------|----------------|--|
| Foundations | Sustainability | We will tackle social issues of high importance to both stakeholders and the Group, “Planetary Health (coexistence with the global environment),” “Resilience (a safe and secure society),” and “Well-being (the well-being of diverse people).” |
| | Quality | While securing the trust of society and customer satisfaction, we will practice highly transparent and effective corporate governance. |
| | Human Assets | We will secure human assets to support implementation of basic strategies and create an environment in which employees can demonstrate their abilities, skills, and motivation to the fullest extent. |
| | ERM | We will strive to improve profitability and capital efficiency through the integrated management of risk, return, and capital, while reducing strategic equity holdings. |