

Name of Listed Company: MS&AD Insurance Group Holdings, Inc.  
 Name of Representative: Yasuyoshi Karasawa, President & CEO  
 (Securities Code: 8725, Tokyo Stock Exchange and Nagoya Stock Exchange)  
 Contact: Corporate Communications and Investor Relations Dept.  
<https://www.ms-ad-hd.com/en/ir/contact/index.html>

## Introduction of Restricted Stock Remuneration Plan

MS&AD Insurance Group Holdings, Inc. (President & CEO: Yasuyoshi Karasawa, “the Company”) hereby announces that at the meeting of the Board of Directors held on May 20, 2019 the Company resolved the introduction of the restricted stock remuneration plan (“Plan”) to be allotted to the Directors excluding Outside Directors, in place of the existing stock-based compensation stock options, as follows.

The proposal related to this “Plan” will be discussed at the 11th Annual Shareholders Meeting (“Shareholders Meeting”) to be held on June 24, 2019.

### 1. Objectives of the Introduction

In order to realize a Director remuneration system functioning as an appropriate incentive for improving linkage between Director remuneration and business performance and achieving sustainable growth for the purpose of strengthening governance and increasing medium term corporate value of the Group.

\*Please refer to the Attachment for the details of the Company’s remuneration system.

### 2. Contents of the Plan

#### (1) Overview

Eligible Directors	Directors excluding Outside Directors
Amount of monetary remuneration to be provided* <sup>1</sup> (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* <sup>2</sup>
Transfer restriction 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

\*<sup>1</sup> Monetary remuneration claims are provided by means of equity contribution in kind.

\*<sup>2</sup> This corresponds to approximately 0.022% of the total number of shares issued as of March 31, 2019 (583,711,749 shares excluding treasury stock).

#### (2) Method of allotment of restricted stock and paid-in amount

Restricted stock shall be allotted by either method of new issuance or disposition of treasury stock. On such occasion, the amount paid in per share shall be the amount determined by the Board of Directors within the scope that is not an amount that is particularly advantageous to the Eligible Directors, based on the closing price of the common shares of the Company in the Tokyo Stock Exchange on the business day immediately prior to the date of each resolution of the Board of Directors regarding allotment of restricted stock (in the case that the transaction has not been established on that day, the closing price on the most recent trading day preceding that day).

#### (3) Total number of restricted stock

The total number of common shares of the Company to be issued or disposed of through the Plan shall be 130,000 shares or less per year. However, in case that the Company conducts stock splits (including gratis allocations of its common shares) or reverse stock splits of its common shares, or in case that an adjustment of the total number of its common shares to be issued or disposed of as restricted stocks is required to be made on or after the date of the approval of this Item at the

Shareholders Meeting, the total number of shares should be adjusted within a reasonable extent.

(4) Conclusion and details of a restricted stock allotment agreement

When allotting the common shares of the Company through the Plan, a restricted stock allotment agreement (“Allotment Agreement”) shall be concluded between the Company and the Eligible Directors. The Allotment Agreement includes following contents.

(i) Transfer restriction period and details

The Eligible Directors must not transfer the common shares of the Company for which allotment is received (“Allotted Shares”), neither create a security interest on the Allotted Shares, nor dispose of the Allotted Shares in any other way (“Transfer Restrictions”) during the period from the allotment date to the date on which the related Eligible Director resigns or retires as a Director or from another position which the Board of Directors has determined. (“Transfer Restriction Period”).

(ii) Gratis acquisition by the Company, etc.

If the Board of Directors deems that inappropriate actions, etc., taken by an Eligible Director while in office has caused a material change in financial statements or other material event specified by the Board of Directors, the Company shall acquire at no cost Allotted Shares during the Transfer Restriction Period or such shares shall be returned after the Transfer Restrictions are released.

(iii) Treatment in the event of organizational restructuring, etc.

In the case that matters regarding merger contracts under which the Company becomes the disappearing company, share exchange agreements or share transfer plans under which the Company becomes a wholly owned subsidiary of another company, or any other organizational restructuring, etc. are approved at the Shareholders Meeting of the Company (or at a Meeting of the Board of Directors of the Company in the case that approval by the Shareholders Meeting of the Company is not required regarding the said organizational restructuring, etc.) during the Transfer Restriction Period, the Company shall release, based on the resolution of the Board of Directors of the Company, the Transfer Restrictions before the effective date of the said organizational restructuring, etc. with regard to all the Allotted Shares.

(iv) Other matters

Other matters regarding the Allotment Agreement shall be determined by the Board of Directors.

Notes:

Subject to approval of this Item as proposed at the Shareholders Meeting, a restricted stock remuneration plan similar to the Plan is planned to be introduced for Executive Officers of the Company and Directors excluding Outside Directors, Executive Officers, and Associate Directors of following subsidiaries of the Company.

Mitsui Sumitomo Insurance Company, Limited  
Aioi Nissay Dowa Insurance Company, Limited  
Mitsui Direct General Insurance Company, Limited  
Mitsui Sumitomo Aioi Life Insurance Company, Limited  
Mitsui Sumitomo Primary Life Insurance Company, Limited

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

1. Basic policy

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

2. Decision process

<Remuneration, etc., for Directors>

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

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

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

3. Composition of remuneration

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

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

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

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

4. Key performance indicators

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

(Main KPIs)

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

- The ratio between the financial indicator and non-financial indicator shall be 50 : 50 as the standard and the financial indicators and non-financial indicator vary within a range of 0 to 3.0 and 0.5 to 1.5, respectively, with 1.0 as the standard.
  - Restricted stock shall be provided as stock-based remuneration and in principle, the Transfer Restrictions shall be released upon retirement of the related Director (subject to approval of the Item as proposed at the 11th Annual Shareholders Meeting).
- 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.