

June 22, 2015

Name of Listed Company: MS&AD Insurance Group Holdings, Inc.
Name of Representative: Yasuyoshi Karasawa, President
(Securities Code: 8725, Tokyo Stock Exchange and Nagoya Stock Exchange)
Contact: Corporate Communications and Investor Relations Dept.
e-mail: ms_ad_ir@ms-ad-hd.com

Establishment of the MS&AD Insurance Group Basic Policies on Corporate Governance

In the meeting of the Board of Directors held after the conclusion of the Annual General Shareholders' Meeting today, MS&AD Insurance Holdings, Inc. (hereinafter referred to as "MS&AD" or "The Company") established the MS&AD Insurance Group Basic Policies on Corporate Governance (hereinafter referred to as "Basic Policies") as shown in the Attachment.

1. Purpose of the establishment of the Basic Policies

The Basic Policies were established for the purpose of indicating a basic approach and framework for corporate governance based on the principles of the Corporate Governance Code, which began to be applied on June 1.

2. A summary of Basic Policies

(1) The Company's Basic Approach to Corporate Governance

In line with its Management Philosophy (Mission), MS&AD as a holding company overseeing all group business, has established a management framework that ensures transparent, fair, swift and decisive decision-making. The Company's objectives are to sustain stability and consistent growth over the long term by using corporate resources efficiently and managing risks properly and ultimately, to further increase enterprise value.

(2) Relationship with Stakeholders

In order to realize our corporate philosophy (Mission), the Company aims toward sustained enhancement of enterprise value by fulfilling our responsibilities to seven types of stakeholders (customers, shareholders, agents, business partners, employees, local communities, global society and the environment).

(3) The Company's Corporate Governance Stance

- As a company with a Board of Auditors, the Company will endeavor to improve governance by ensuring that independently appointed corporate auditors 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 formed the Governance Committee (made up of all outside directors, the Chairman of the Board and the President) as internal committees of the Board of Directors in addition to the Nomination Committee and Remuneration Committee (a majority of the members and a chairperson each have been appointed from among the Outside Directors) thus building a highly effective and transparent corporate governance system.
- The Company has introduced an executive officer system and is proceeding to delegate authority over business execution to these executive officers to ensure rapid execution.

(4) Group Management Systems

The Company has entered into group management contracts with the domestic Group insurance companies in which it has direct investments and supervises management of Group companies in order to realize management strategies, improve management efficiency and ensure financial soundness and appropriate operations within the Group.

(5) Relationship with Shareholders

The Company establishes the systems required for promoting constructive dialogue with shareholders from the perspective of enabling deeper dialogue in the medium- to long-term and enhancing enterprise value.

(6) Appropriate Disclosure

The Company conducts disclosure to ensure that each stakeholder is able to fairly, correctly and promptly understand important information in accordance with disclosure rules stipulated by law and Financial Instruments Exchanges.

3. Submission of “Report on Corporate Governance”

A “Report on Corporate Governance” stating the response to the Corporate Governance Code, including the Basic Policies, was submitted to the Tokyo Stock Exchange today.

- End -

MS&AD Insurance Group Basic Policies on Corporate Governance

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

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

1. In line with its Corporate Philosophy (Mission), MS&AD, as a holding company overseeing all group businesses, has established a management framework that ensures transparent, fair, swift and decisive decision-making that takes into account the standpoint of all stakeholders. The Company's objectives are to sustain stability and consistent growth over the long term by using corporate resources efficiently and managing risks properly and ultimately, to further increase enterprise value.

2. To this end, the “MS&AD Insurance 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.

Chapter 2: Relationship with Stakeholders

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

2. Perspective of CSR Approaches of the MS&AD Insurance Group

The MS&AD Insurance Group will increase enterprise value and contribute to the creation of a sustainable and robust society through behavior that takes into account interaction with the environment and society in all business activities, with the aim of realizing our Corporate Philosophy.

We will provide products and services with high quality and added value, contributing to a secure, safe, vibrant and prosperous future by gaining a deeper understanding of social issues through active dialogue with our stakeholders.

3. Efforts to engage stakeholders

We will fulfill our responsibilities to stakeholders through the following efforts

Stakeholder	Efforts
Customers	Provide products and services that meet customer expectations for quality.
Shareholders	Provide appropriate disclosure of information and appropriate return to shareholders. Strive to raise enterprise value (See Chapter 5: Relationship with Shareholders).
Agents	Grow together as partners.
Business partners	Maintain sound relationships and cooperate to fulfill corporate responsibilities.
Employees	Provide a comfortable working environment, a sense of purpose and opportunities to grow.
Local communities /Global Society	As a member of society, contribute to its sustainable development.
The environment	Take steps to protect the global environment.

4. Schemes for Receiving Feedback from Customers

The MS&AD Insurance Group has formulated a “Basic Policy for Responding to Customer Communications” in order to receive a wide range of customer feedback in the form of consultations, requests and complaints, etc. This feedback is used to make quality improvements.

5. Whistleblowing System

The MS&AD Insurance Group has established a whistleblowing system enabling all employees of the Company and its subsidiaries to directly report illegal, improper or unethical behavior by organizations and individuals, for which the Company's Board of Directors provides appropriate supervision.

6. Promotion of Diversity

In order to conduct Group management with an awareness of changes in the global environment, the MS&AD Insurance Group aims to establish and enhance an environment that enables employees with diverse values to meet their potential regardless of gender, nationality disability, through the promotion of the role of female employees and hiring of those with disabilities.

Chapter 3: The Company's Corporate Governance

1. The Company's Organizational Structure

- As a Company with a Board of Auditors, the Company will endeavor to improve governance by ensuring that independently appointed Corporate Auditors 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 formed the Governance Committee (made up of all Outside Directors, the Chairman & Director and President) in addition to the Nomination Committee and Remuneration Committee (a majority of the members and a chairperson each have been appointed from among the Outside Directors) as internal committees of the Board of Directors, thus building a highly effective and transparent corporate governance.
- The Company has introduced an executive officer system and is proceeding to delegate authority over business execution to these executive officers to ensure rapid execution.

2. Role of the Board of Directors

(1) In addition to matters specified by law and the Articles of Incorporation, the Board of Directors discusses and decides upon important matters involving Group management strategy and corporate management, including the Group's management policies, management strategies and capital policy, in addition to overseeing the duties of directors and executive officers.

- (2) The Board of Directors allocates management resources according to risk appetite controlled with a balance of risk, return and capital, and aims to increase enterprise value in the medium-to-long term by achieving sustainable growth and improvement in earnings and capital efficiency with a foundation of soundness.
- (3) In addition to appointing executive officers, the Board of Directors aims to separate management decision making and oversight by the Board of Directors from business execution by executive officers by clarifying their respective roles.
- (4) Executive officers are responsible for executing business in the respective areas of business entrusted to them by the Board of Directors, and report on the status of business execution to the Board of Directors.

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

(1) The Board of Directors defined in the Articles of Incorporation has having up to 15 members, with a balanced composition that includes diverse knowledge and expertise. Candidates for director are nominated by the Board of Directors based on the “Criteria for the Selection of Director Candidates and Corporate Auditor Candidates” (Appendix) (see 10. Nomination Process below).

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

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

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

(Note) Collectively refers to the directors, corporate auditors and executive officers of the Company and domestic insurance companies in the Group in which the Company has a direct investment (same applies hereinafter)

4. Operation of the Board of Directors

(1) Resolutions of the Board of Directors

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

(2) Operation of the Board of Directors

- The agenda, length of deliberation and frequency of meetings of the Board of Directors are defined to allow for required, adequate discussion of important decisions regarding business execution and oversight of the performance of duties.
- An effort is made to send out and explain proposals to the Board of Directors, giving adequate consideration to the time required for preparation by attendees to enable meaningful views, comments and questions to be presented in meetings of the Board of Directors.
- The annual schedule of the Board of Directors and anticipated agenda items are determined in advance.

5. Evaluation of the Board of Directors

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

6. Corporate Auditors and Board of Auditors

(1) Responsibilities of Corporate Auditors

As an independent entity entrusted with authority by the shareholders, the Corporate Auditors are responsible for ensuring the sound and sustainable growth of the Company, and establishing a good corporate governance in response to the public trust by supervising the performance of duties of the Directors

(2) Authority and Roles of Corporate Auditors

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

(3) Composition and Roles of the Board of Auditors

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

7. Accounting Auditors

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

8. Support Systems for Directors and Corporate Auditors / Training Policy

The Company has the following systems in place as required for Directors and Corporate Auditors to effectively fulfill their roles and responsibilities.

- (1) The Company has assigned a person in the secretariat of the Board of Directors to each of the Outside Directors and Outside Corporate Auditors (hereinafter referred to as “Outside Officers”) to provide support in areas such as providing briefings in advance.
- (2) The Company has established a system for ongoing provision of information and training at the time of appointment and during the term of Directors and Corporate Auditors.
- (3) The Company provides appropriate opportunities for Outside Officers to share information and exchange opinions with

management and senior employees.
(4) The Company bears the expenses required to enable Outside Officers to fulfill their roles.

9. Group Management Committee

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

10. Nomination Process

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

11. Process of Determining Remuneration

(1) Remuneration of Directors

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

(2) Remuneration of Corporate Auditors

- The amount of remuneration of each Corporate Auditor is determined by discussion by Corporate Auditors, within the amount specified by resolution of the General Shareholders' Meeting.

12. Governance Committee

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

13. Task-Specific Committees

The Company has established The Group Management and Monitoring Committee, ERM Committee, Group Profitability Improvement Committee, Risk and Compliance Committee, Information Disclosure Committee, Brand Committee and Group Systems Committee with the aim of deliberating important management issues involving business execution, as well as to coordinate perspectives across various departments.

Chapter 4: Group Management Structure

1. Roles of the Company (Holding Company)

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

2. Role of Directly Held Companies

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

Chapter 5: Relationship with Shareholders

1. Constructive Dialogue with Shareholders

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

2. Ensuring Shareholder Rights and Equality

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

- The Company will take appropriate action to enable shareholders to effectively exercise their voting rights in the General Shareholders' Meeting.

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

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

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

4. Strategic Equity Holdings

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

Chapter 6: Appropriate Disclosure

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

Supplementary Provision

Revision and abolition of this policy shall be by resolution of the Board of Directors

END

Established June 22, 2015

Criteria for the Selection of Director Candidates and Corporate Auditor Candidates

1. Outside director candidates and outside corporate auditor candidates

Candidates must meet the following requirements.

- Must not be disqualified from serving as a director or corporate auditor pursuant to the Companies Act.
- Must not be disqualified from serving as a director or corporate auditor of an insurance holding company pursuant to the Insurance Business Act.
- Must have a sufficient level of public credibility.
- An outside corporate auditor must satisfy the eligibility requirements for a corporate auditor pursuant to the Insurance Business Act.

Additionally, candidates must satisfy the following three requirements

(1) Eligibility

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

- Ability to discern facts from materials and reports
- Capability to detect problems and risks and apply own knowledge to solve them
- Capacity to appropriately monitor business 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 executing person of the Company or a subsidiary of the Company.
- ② A director or corporate auditor 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 executing person thereof (in the case of a consulting firm, auditing firm or law firm, a consultant, accounting professional, or legal professional who belongs to said corporation, partnership, etc.).
- 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 premiums written excluding deposit premium from policy holders for the most recent fiscal year), or an executing person thereof.
- ⑤ Any of the Company's top 10 largest shareholders (or, if the shareholder is a corporation, an executing person thereof).
- ⑥ An executing person 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 compensation, 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.
(Note) "During the past five years" means five years from the time the content of a proposal to the General Shareholders Meeting to elect the outside director or outside corporate auditor was resolved by the Board of Directors.
- ⑨ An individual who was an executing person of the Company or subsidiaries of the Company in the past (in the case of an outside corporate auditor, including an individual who has been a director of the Company or a subsidiary of the Company.)
- ⑩ A spouse or second-degree or closer relative of a person listed in items ① through ⑨ above (an executing person means an executive director, executive officer or an employee in a position of general manager or higher.)

(4) Term limits

The total terms of office for newly elected outside directors and outside corporate auditors from April 1, 2015 onwards 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 corporate auditors, 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 corporate auditor other than outside corporate auditor

Candidates must meet the following requirements.

- Must not be disqualified from serving as a director or corporate auditor pursuant to the Companies Act.
- Must not be disqualified from serving as a director or corporate auditor of an insurance holding company pursuant to the Insurance Business Act.
- Must satisfy the eligibility requirements for a director or corporate auditor who engages in daily business at an insurance company pursuant to the Insurance Business Act.

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

END

For Reference-1

Aspiration of the MS&AD Insurance Group

< Our Mission >

To contribute to the development of a vibrant society and help secure a sound future for the earth, by bringing security and safety through the global insurance and financial services business.

< Our Vision >

To create a world-leading insurance and financial services group that continue to seek sustainable growth and to enhance enterprise value.

< Our Values >

• CUSTOMER FOCUSED

We continuously strive to provide security and achieve customer satisfaction.

• INTEGRITY

We are sincere, kind, fair and just in all our dealings with everyone.

• TEAMWORK

We achieve mutual growth by respecting one another's individuality and opinions, and by sharing knowledge and ideas.

• INNOVATION

We listen to our stakeholders and continuously seek ways to improve our work and business.

• PROFESSIONALISM

We make continuous efforts to improve our skills and proficiency to provide high quality services.

For Reference-2

MS&AD Insurance Group Basic Policy for Responding to Customer Communications

The MS&AD Insurance Group shall respond to all customer communications quickly, appropriately and in good faith based on the Group's management ideology. The following principles for conduct are hereby promulgated to contribute toward greater customer satisfaction.

1. Definitions

(1) Definition of Customer

As used herein, "customer" shall refer to "a customer having a relationship with the activities of the MS&AD Insurance Group" with respect to both individuals and companies.

(2) Definition of Customer Communication

As used herein, "customer communication" shall refer to "any and all expressions from customers (inquiries, consultations, requests, complaints, disputes, praise, expressions of gratitude, etc.)." Here, "complaint" shall mean "an expression of dissatisfaction from a customer."

2. Principles for Conduct

(1) Basic Stance

(i) All officers and employees shall respond to all customer communications quickly, appropriately and in good faith.

(ii) All officers and employees shall be conscious of the fact that customer communications constitute "important information for assuring trust from customers, realizing corporate growth and further improving quality."

(iii) All officers and employees shall compile and analyze information relating to customer communications, and while making effort to reduce complaints, shall also use this information to create measures that improve quality and raise the level of customer satisfaction.

(2) Management of Responses to Customer Communications

(i) Domestic Group insurance companies shall prescribe policies for responding to customer communications that factor in the business conditions present at their respective companies consistent with the "MS&AD Insurance Group's Mission Statement" and the "MS&AD Insurance Group Basic Policy for Responding to Customer Communications."

(ii) Domestic Group insurance companies shall prepare rules, manuals and the like regarding the procedures and specific individual actions for responding to customer communications.

(iii) When necessary, the other Group companies shall prepare measures for responding to customer communications and put these into practice as appropriate.

For Reference-3

Overview of the MS&AD Insurance Group Basic Policy Pertaining to System for Internal Controls (Summary)

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

Based on the management agreements that it concludes with its directly invested subsidiaries, MS&AD Holdings requires them to comply with the Group Basic Policy and develops system for assuring the proper conduct of business including the following four areas. Furthermore, as regards subsidiaries of directly invested affiliated operating companies (subsidiaries under the Companies Act and the Insurance Business Act), the business management of these subsidiaries as a general rule is undertaken by the directly invested affiliated operating companies based on a business administration agreement.

(1) System pertaining to report to MS&AD Holdings on matters related to the execution of duties by directors of directly

invested subsidiaries Important matters related to directly invested subsidiaries are subject to approval from or report to the Company.

- (2) System to assure the effective performance of duties by Directors at directly invested subsidiaries (2. below)
- (3) System to assure that execution of business by the board of directors and employees at directly invested subsidiaries complies with applicable laws and the articles of incorporation (3. below)
- (4) Provisions for managing risk of loss at directly invested subsidiaries and other systems (4. below)

2. System to Assure the Effective Execution of Duties by Directors

- (1) To realize rapid decision making and appropriate monitoring, MS&AD Holdings has introduced an executive officer system, appoints outside directors, and sets the number of directors at fifteen or less.
- (2) The Board of Directors of the Company establishes Rules on Organization and Job Authority, etc. to ensure that Directors and Executive Officers execute their duties properly and effectively, whereby clarifying the duties to be executed and associated job authority.
- (3) The Board of Directors of the Company formulates Group management plan and have it known to all directors and employees at MS&AD Holdings and its Group companies, while setting numerical targets by business area and appropriately allocating management resources in an effort to achieve such management plan.
- (4) Executive Officers of the Company report to the Board of Directors on the progress of business execution (including business outlook) at the Company and its directly invested subsidiaries. The Board of Directors of the Company, in view of the reported progress, takes actions as appropriate such as making adjustment to the target, or allocation of additional management resources.

3. System to Assure that Execution of Business by the Board of Directors and Employees Complies With Applicable Laws and the Articles of Incorporation

- (1) In accordance with the “MS&AD Insurance Group Basic Compliance Policy” set out by MS&AD’s Board of Directors, MS&AD Holdings and its Group companies make sure that each and every director and employee is aware of the importance of compliance, ensures compliance with all applicable legislation, internal regulations, and other rules, and maintains high ethical standards as part of all business activities. MS&AD Holdings and its Group companies also put in place systems to eliminate the influence of anti-social forces, and thoroughly instruct all directors and employees to take a resolute stance against such forces and never comply with any inappropriate or unjust demand.
- (2) To promote and ensure complete compliance in MS&AD Holdings and the Group companies, MS&AD Holdings maintains organizations and structures, such as the Compliance Department, and reports regularly on the overall compliance promotion status of the Group to the Board of Directors. To monitor the status of compliance promotion, MS&AD Holdings has a Risk and Compliance Committee and takes necessary measures on issues identified by the Committee. Furthermore, the Company shall establish an internal group reporting system under which any directors and employee can report directly with an in-house or an outside contact person any improper, illegal, or unethical conduct on the part of either an organization or an individual.

4. Provisions for Managing Risk of Loss and Other Systems (Comprehensive Risk Management System)

- (1) In addition to establishing a shared basic approach in accordance with the “MS&AD Insurance Group Risk Management Basic Policy,” MS&AD Holdings and its Group companies have established a Risk Management Department and put in place the necessary organizational framework to report regularly to the Board of Directors on risks and risk management across the entire Group. MS&AD Holdings has also established a Risk and Compliance Committee to monitor risk and risk management and formulate necessary measures to eliminate and reduce risks based on the results of consultations held by the Committee (including the confirmation results from comprehensive risk management (quantitative analysis)).
- (2) MS&AD Holdings evaluates the status and operation of crisis management and business continuity management systems at Group companies, and works to increase the effectiveness of these systems for the Group as a whole.

5. System for Assuring the Reliability of Financial Reporting

Out of the corporate auditors, MS&AD Holdings nominates at least one person who is equipped with sufficient knowledge of accounting or finance. Moreover, in accordance with the “MS&AD Insurance Group Basic Policy for Controlling Disclosure of Information,” MS&AD Holdings and its Group companies have put in place the necessary framework to ensure the timely and appropriate disclosure of financial information and other information relating to the Group. Meanwhile, the Information Disclosure Committee maintains and implements an internal control system for financial reporting of the Company and the Group, and examines the effectiveness of the disclosure system.

6. System for Assuring the Effectiveness of Internal Auditing

In line with the “MS&AD Insurance Group Basic Policy for Internal Auditing,” MS&AD Holdings maintains an internal audit system covering all the business activities of the Group in order to ensure the efficiency and effectiveness of internal audits. The Internal Audit Department reports all important items from the internal auditing results of MS&AD Holdings and its directly invested domestic insurance companies, as well as improvement progress of the findings in the audited departments, to the Board of Directors.

7. System for Management and Retention of Information Pertaining to Execution of Business by Directors

MS&AD Holdings appropriately stores and manages information and documents relating to Directors' and Executive Officers' execution of duties, in accordance with Rules for Management of Documentation. Directors and Corporate Auditors are able to access the information at all times.

8. System for Assuring the Effectiveness of Auditing by Corporate Auditors

- (1) System Pertaining to Employees Assisting With Work Performed by Corporate Auditors, as well as for assuring independence of such employees and effectiveness of instructions thereto
To support the duties of Corporate Auditors, MS&AD Holdings has a Corporate Auditor Office with full-time employees. Organizational changes in the Corporate Auditor Offices' as well as transfer or discharge of hired employees only takes effect upon reaching a consensus at a Board of Auditors meeting. Employee evaluation also takes place upon consultation with the Corporate Auditor assigned by the Board of Auditors.
- (2) System for Reporting to Auditors

In addition to items established by statute, directors and executive officers shall, through a method established through consultation with the Board of Auditors, promptly report to the Board of Auditors decisions having a serious impact on the Company's business and organization, results of internal audits, and reporting status and content regarding the internal reporting system. Directors and employees of MS&AD Holdings and its Group companies can make direct internal reports to the auditors concerning serious illegal, improper or unethical conduct by management. Directors and employees who make such reports shall not be subject to disadvantageous treatment at MS&AD Holdings and its Group companies due to making reports.

(3) Other Matters

Corporate Auditors attend important meetings including the meetings of The Group's Management Committee. The Chairman of the Board of Directors, the President, and Representative Directors of the Holding Company convene regular consultations with the Board of Auditors. Additionally, the Internal Audit Department cooperates with the audit upon request from the Corporate Auditors. The Company, in receipt of Corporate Auditor's claims for expenses based on Article 388 of the Companies Act, processes them in accordance with the Article.

For Reference-4

MS&AD Insurance Group Basic Compliance Policy

The MS&AD Insurance Group positions compliance as one of the foremost priorities in the management of the Group. We have adopted the following policies to establish a structure in which all of our officers and employees aim to achieve compliance, with a constant awareness of our corporate social responsibility.

1. Basic Policy

- (1) We intend to achieve our mission by ensuring compliance in every aspect of our corporate activities and by establishing corporate ethics.
- (2) We define compliance as "taking sincere, fair, and proper actions to respond to the expectations and requests of society, by complying with all laws and regulations related to our corporate activities, relevant guidelines issued by competent government agencies, and regulations of the holding company and Group companies ("laws and regulations, etc.）。"

2. Development of Compliance Structure

- (1) Development of systems
 - (i) We will develop a system under which important compliance matters and breaches of relevant laws and regulations are appropriately reported to Board and senior management.
 - (ii) We will manage compliance matters in an integrated manner, establish a department that enforces and monitors compliance, and give the department the authority needed to function the compliance structure effectively.
 - (iii) We will develop reporting and consulting systems - for examples when our officers and employees identify any compliance-related misconduct and breaches of laws and regulations.
- (2) Enforcing compliance
 - (i) We will create a Compliance Manual setting out specific guidelines for compliance and will become fully familiar with it.
 - (ii) We will develop and implement an annual Compliance Program as a specific plan of action and practice compliance accordingly.
 - (iii) We undertake training and inspections to ensure compliance.
 - (iv) We will immediately correct any inappropriate behavior related to compliance and analyze the causes to prevent a recurrence.

3. Code of Conduct for Officers and Employees Concerning Compliance

- (1) Faithful conduct
 - (i) We will comply with laws and regulations, etc., and if we discover any behavior with the potential to break laws and regulations, etc., we will have the courage to point out the behavior and correct it in cooperation with related persons and authorities where necessary.
 - (ii) When considering an action, we will ask ourselves if the action is ethical, if we can explain the action to our customers, friends and family with confidence, and if the action will preserve confidence in the MS&AD Insurance Group and its brand.
 - (iii) We treat every person faithfully, fairly, and appropriately in every situation.
- (2) Conduct to ensure that corporate activities are appropriate
 - (i) We will not engage in unfair trade, such as restricting competition through collusion or acquiring unfair benefits by abusing our position.
 - (ii) We will protect our intellectual property rights and will not infringe on the intellectual property rights of others.
 - (iii) We will diligently manage customer information we obtain in the course of our work and use such information only for specified approved purposes.
 - (iv) We will be resolute in dealing with anti-social forces and will not accept any unjust, unlawful or unethical demands.
 - (v) We will appropriately manage conflicts of interests to ensure that our customers' interests are not compromised unfairly.
 - (vi) We will ensure that transactions are fair, for instance when we do business within the Group or form a business alliance.
 - (vii) We will ensure that our management is transparent, by disclosing information appropriately on a timely basis.
 - (viii) We will not engage in insider trading (trading in stocks, etc. using important undisclosed information).
 - (ix) We will appropriately manage assets, important information, and trade secrets, etc. of the Group companies.
 - (x) We will not seek personal benefits by making use of our position in business.
- (3) Respect for Human Rights and Creating a Positive Working Environment
 - (i) We respect human rights and will not discriminate or harass people based on race, nationality, gender, age, profession, region, faith, disability, or other elements.
 - (ii) We will create a safe and comfortable working environment.

For Reference-5**MS&AD Insurance Group Basic Policy for Disclosure of Information**

MS&AD Insurance Group Holdings, Inc. and the domestic Group insurance companies (referring to the five companies of Mitsui Sumitomo Insurance Co., Ltd., Aioi Nissay Dowa Insurance Co., Ltd., Mitsui Direct General Insurance Co., Ltd., Mitsui Sumitomo Aioi Life Insurance Co., Ltd. and Mitsui Sumitomo Primary Insurance Co., Ltd.) shall carry out the disclosure of information as follows for the purpose of communicating important information related to the MS&AD Insurance Group in a manner that is accurate, timely and fair.

1. Basic Stance on Disclosure of Information

Disclosure of information pertaining to the MS&AD Insurance Group shall be carried out so that parties such as customers, shareholders, and investors can be well informed of and understand the state of the Group.

2. Standards for Disclosure of Information

Disclosure of information shall be conducted in a timely manner in accordance with the relevant laws and such regulations as “Securities Listing Regulations” and “Rules on Timely Disclosure of Corporate Information by Issuers of Listed Securities” prescribed by financial instruments exchanges (collectively, “Regulations for Timely Disclosures of Information”). In addition, information that would serve for parties such as customers, shareholders and investors to make decisions in relation to contracts, investments and so on shall also be disclosed even if it is not information required by Regulations for Timely Disclosures of Information.

3. Methods for Disclosure of Information

Disclosure of information from the MS&AD Insurance Group shall be conducted so as to reach the appropriate parties such as customers, shareholders and investors by way of diverse means such as disclosure reports, news releases and the corporate website.

For Reference-6**MS&AD Insurance Group Basic Policy for Strategic Equity Holdings**

(Disclosure Item on Corporate Governance Code Principle 1.4 / Policy for Cross-Shareholdings)

Strategic equity holding are shares held under the assumption of long-term holding for the purpose of long-term increase of asset value and maintaining and strengthening comprehensive business relationships with issuers, etc. The policy on strategic equity holdings is as follows.

- (1) When investing in strategic equity holdings, the company shall make careful judgments based on comprehensive review of factors such as the financial condition, governance, share price, share liquidity and trading conditions of the issuer.
- (2) The company shall manage appropriately investment efficiency and credit/market risk, etc. of shares held in order to maintain and improve the quality of the strategic equity holdings portfolio.

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

(Disclosure Item on Corporate Governance Code Principle 1.4 / Standards with respect to the Voting Rights as to Cross-Shareholdings)

The basic policy on the exercise of voting rights for strategic equity holdings is as follows.

(1) Basic approach to the exercise of voting rights

The exercise of voting rights is seen to be an important means of influencing the management and improving the enterprise value of investee companies, and decisions are not made uniformly based solely 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.

(2) The process for exercising voting rights

When exercising voting rights, items such as those listed below are verified for each potential investment, with a focus on such aspects 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.

- Shareholder returns
- Retirement benefits for directors and corporate officers
- Expansion of authorized capital
- Takeover defense measures
- Business reorganization, etc.

As noted above, when exercising voting rights, rather than making uniform decisions based solely on formulaic short-term criteria, we believe it is important to conduct constructive dialogue in terms of enhancing enterprise value and encouraging the sustained growth of the investee company from a medium- to long-term perspective, which in turn can be tied to a shared understanding and improvement in any problems.

Therefore, because we believe simple disclosure of voting results tallies does not necessarily provide an accurate representation of these stewardship activities, we will also be disclosing cases related to the exercise of voting rights in which approval was not obtained.

For Reference-7**Policy for Constructive Dialogue with Shareholders**

(Disclosure Item on Corporate Governance Code Principle 5.1 / Policy for Constructive Dialogue with Shareholders)

1. Basic Approach

The Company will actively engage in constructive dialogue with shareholders for the Company's sustained growth and enhancement of its medium- to long-term enterprise value, and will endeavor to generate further enterprise value by utilizing such dialogue in managing the Company.

In addition, the Company is engaged in establishing internal structure for disclosure of reliable information that can form a foundation for this dialogue, and in creating mechanisms to more effectively provide management and the Board of Directors with feedback regarding the content of such dialogue.

2. Control Manager for Constructive Dialogue

This shall be Director & Senior Executive Officers (responsible for the Corporate Communications and Investor Relations Department).*

3. Efforts in FY 2015

(1) Measures for organic cooperation between the Corporate Communications and Investor Relations Department, which assists with shareholder dialogue, and various other departments within the Company, and efforts to expand means of dialogue.

- Holding regular meetings for the Corporate Communications and Investor Relations Department to provide feedback to other relevant departments
- Holding investor briefings led by the heads of each business unit
- Holding exchanges of opinion with investors for the purpose of dialogue between senior management and investors

(2) Measures for providing senior management and the Board of Directors with feedback regarding shareholder dialogue.

- IR activity reports and feedback on the equity market's perception of the Company to the group management meetings and the Board of Directors semiannually, quarterly reports on the status of the Company's share price

(3) Measures concerning control of insider information in the course of shareholder dialogue

- Timely and fair disclosure of information fully utilizing the Company's website
- Compliance with rules on the prevention of insider trading, etc., and refraining from dialogue related to earnings in the quiet period established in the IR policy as being three weeks prior to the announcement of earnings.

* Shiro Fujii, Director & Senior Executive Officers, is currently in charge of this assignment.