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MS&AD Holdings

MS&AD INSURANCE GROUP

CSR REPORT 2017

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CSR in the MS&AD Insurance Group

Message from the President

In fiscal 2016, there were many natural disasters, such as earthquakes, typhoons, and floods in the world. Also, many countries have undergone major changes world-wide basis. We are required to promptly react and respond to various social issues whenever they arise in the dynamic global situation.

Our mission is "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." It is our priority role to continuously provide value to our stakeholders. We support stable life and active business activities by identifying various risks stemming from social issues which could hamper our aim, preventing risks being realized, and preparing for potential emergencies. It is the MS&AD's Story of Value Creation to provide value to customers through such support. We must keep on challenging emerging risks with capturing social changes, responsiveness to social needs and focusing on how we can be of assistance.

In our CSR program, we have centered on two pillars: (1) Earning trust through the improvement of product and service quality (Enhancing the quality of products and services) and (2) Contributing to the resolution of social issues through the improvement of product and service quality (Contributing to resolution of social issues through the business), based on the Group's basic strategies articulated in our medium-term management plan, "Next Challenge 2017". We have focused on material issues that draw greater attention from stakeholders and that are closely related to the MS&AD Insurance Group's business in light of the Sustainable Development Goals (SDGs) adopted at the UN Sustainable Development Summit 2015 and the recent changes in business environment.

There are various social issues that pose risks to people's lives and corporate business. New risks are emerging along with the technological advancement and serious natural disasters caused by extreme weather are increasing. In addition, the aging society placing more pressure on nursing and medical care has made healthy aging a social issue. The MS&AD Insurance Group, with the aim to contribute to resolution of social issues, identifies various risks and provides information on risks beforehand, draws up preventative measures, and provides risk-mitigation solutions for the stakeholders when the risks become real.

In fiscal 2016, as accident prevention and measures against natural disasters associated with climate change, we promoted our initiatives such as new technology research toward accident-free society, provision of products utilizing telematics technology and big data, and disaster prevention and mitigation through risk analysis based on the latest flood damage prediction model. We have also made progresses in the support for health management and post-retirement lifestyles that are drawing greater attention as the aging society advances. Leveraging the diversity, the Group's strength, such as smartphone applications of health management and products that meet the aging population's needs, we focused on the development and provision of products and services that society needs. We listen to the stakeholders' voices with open mind and continue to improve and enhance product quality to contribute to solve as many social issues as possible.

We know that the increasing number of investors pay attention to ESG factors in recent years, and that means our responsiveness to environmental, social, and governance issues are evaluated. Given the growing uncertainty of society, only the companies with high awareness on the change in environments that surround the businesses and social issues will have capabilities to predict and deal with risks in advance, and take new business opportunities. This should also be investor's view point in evaluating corporate growth capability. Responsiveness to changes by diverse personnel is the source of our strength. We will push forward with the work style reform so that the diverse human assets can maximize their potential at work while contributing to the formation of a sustainable society by developing and providing products and services that meet the social needs.

September 2017

President & CEO

Yasuyoshi Karasawa

CSR in the MS&AD Insurance Group

Priority Issues (Pillars of CSR Initiatives) and Story of Value Creation

The MS&AD Insurance Group, in the ever-changing global environment, provides worldwide solutions to issues caused by growing uncertainties in the society. We aim to continually evolve while maintaining high quality in this corporate activity and permanently provide the corporate value to our stakeholders.

The MS&AD Insurance Group's Mission, Vision & Value

The MS&AD Insurance Group has set Mission, Vision and Value in order to clarify how the Group should be. We are aiming for sustainable enhancement of the corporate value through achievement of our mission, vision and values.

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 continues 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.

Perspective of CSR Initiatives

We have established "Perspective of CSR Initiative of the MS&AD Insurance Group" in order to realize Our Mission.

- The MS&AD Insurance Group will increase enterprise value and contribute to the creation of a sustain able and resilient society through behavior that takes into account interaction with the environment and society in all business activities, with the aim of realizing Our Mission.
- 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.

Changes in Global Environment and Response to Changes

The MS&AD Insurance Group has set priority issues in CSR initiatives that should be addressed, based on our medium-term management plan, "Next Challenge 2017," that commenced in April 2014.
We have set two pillars as priority issues to be worked on to resolve social issues and to improve corporate values.
Within the pillars, we have prioritized the initiatives that we consider to be highly material. In 2016, there was great change in progress in advanced technologies and the state of the world.
The Group constantly reviews the impact of the risks and opportunities and studies the development of a business model in response to such changes.

Our Priority Issues (Pillars of CSR Initiatives) and the Consideration Process for Priority Issues

Our Businesses Activities

The Group business manages risks comprehensively, identification of risks, provision of the information, precautionary measures and compensation for damages if it does occur to our stakeholders. We focus our efforts on early identification and provision of proper management measures against risks that threaten a sustainable society to achieve our mission "to contribute to the development of a vibrant society and help a sound future for the earth".

We constantly implement our initiatives through business activities, to enhance value to stakeholders.

The Medium-term Management Plan and our Priority Issues (Pillars of CSR Initiatives)

Priority issues in CSR initiatives of the MS&AD Insurance Group are unified with the medium-term management plan "Next Challenge 2017". The corporate value based on a diversity-oriented business model can be provided through our continuous efforts to improve the product quality and realized by corporate culture and human asset.

The Consideration Process for Priority Issues (Pillars of CSR Initiatives)

Prioritization based on international guidelines, including ISO 26000, are those of great importance for both stakeholders and for the MS&AD Group's business among material issues of both sides.

[STEP 1] Stakeholder Interest

We classified high priorities in which seven stakeholders (customers, shareholders, business partners, the environment, agents, employees, and local communities / international society) have high interest.
Based on international guidelines that indicate expected roles of companies (ISO 26000, SDGs, GRI, etc,), opinions and requests received through questionnaires to stakeholders, we classified priority issues by the degree of interest in our businesses.

[STEP 2] Importance for the MS&AD Insurance Group

We analyzed and assessed the importance for our business in light of medium-term management plan "Next Challenge 2017" issues, climate change, stakeholder opinions, and the influence of our initiatives on the Economy (E), Society (S), and Governance (G).

[STEP 3] Identifying Priority Issues

The MS&AD Insurance Group plotted material issues for the company and stakeholders, and identified priority issues for our initiatives. We identified two pillars as material issues (pillars of the initiatives), which represent our targets that we consistently provide high quality products and services to solve four social issues. We will enhance corporate value by focusing on these initiatives.

The Medium-term Management Plan and our Priority Issues (Pillars of CSR Initiatives)

We will focus on the identified material issues (pillars of the initiatives) in order to realize value creation through business activities.

- The MS&AD Insurance Group 's Story of Value Creation
- The Quantitative Evaluation of Social Benefit through Story of Value Creation

Promotion System of CSR

The MS&AD Insurance Group has set up a specific department (Corporate Social Responsibility Section, Corporate Planning Dept.) in its holding company for the promotion of CSR activities throughout the entire Group and for supporting individual CSR activities of each domestic Group insurance company. We enhanced the overall CSR function by integrating the CSR functions of two core business companies (MSI and ADI) in 2016 and of three companies(Mitsui Direct General, MSI Aioi Life, and MSI Primary Life) in 2017 into the Corporate Social Responsibility Section of the holding company. In addition, we have established CSR Committee and discuss matters including the Group' s CSR initiatives to share information on global trends and environmental changes regarding CSR and enhance our understanding. Matters discussed by CSR Committee are reported to the Board of Directors and at the Group' s management meetings.

The MS&AD's Story of Value Creation

The MS&AD's Story of Value Creation

"Contribute to the Development of a Vibrant Society and Help Secure a Sound Future for the Earth"

The MS&AD Insurance Group was formed with three groups of insurance companies being integrated with our mission "to contribute to the development of a vibrant society and help secure the sound future for the earth, by bringing security and safety through the global insurance and financial services business."

To fulfill our aim to contribute to "the development of a vibrant society and help secure the sound future for the earth," we need to: promptly identify various risks stemming from social issues which could hamper our aim, provide information on these risks, prevent risks from being realized, reduce the impact of these risks, and, through providing a variety of products and services to reduce the economic burden when these risks become real, prepare an environment in which customers around the globe, who make efforts to address and overcome various challenges, can securely live and conduct business. That is our story of value creation.

The MS&AD Insurance Group, together with its stakeholders, will continue to seek sustainable growth and to enhance enterprise value. And, through creating a world-leading insurance and financial services group, we will pursue value creation around the globe.

The Development of a Vibrant Society and Help Secure a Sound Future for the Earth

Resources Supporting MS&AD — MS&AD's Strengths —

Financial Capital

- Sufficient and sound financial base enabling the underwriting of customers' risks

Consolidated net assets: ¥ 2,725.2 billion

Intellectual Capital

- Expertise and trustworthiness supported by a lengthy business history and experience
- Most abundant risk data in Japan and the ASEAN region

Natural Capital

- Natural environment with biodiversity

Human Capital

- Global and diverse human assets
- Professional human assets with sophisticated expertise related to insurance, risks, etc.

Number of employees: 40,617 (consolidated basis)

Social and Relationship Capital

No.1 in the scale of its customer base in Japan and the ASEAN region

- Number of individual customers in Japan*: Approx. 42 million
- Number of corporate customers in Japan*: Approx. 2.3 million
- No.1 in gross premiums written in the ASEAN region

*Simple sum of the numbers of customers of MSI and ADI

No.1 in the size of its agent network in Japan

- Number of domestic non-life insurance agents*1: 95,819
- Domestic marketing bases*2: 257 branches/1,090 offices
- Domestic claims handling service centers*2: 447
- Overseas bases*3: 46 countries/regions (As of April 1, 2016)

*1 Simple sum of the number of agents of domestic non-life insurance companies
*2 Simple sum of the number of bases of domestic non-life insurance companies
*3 Including the Cayman Islands, where SLI Cayman Limited (financial services business) is located

Creating Value in Cooperation with Stakeholders (results of FY2015)

Financial Capital

- Increase capital efficiency

Shareholder return ratio 50%

Group Core Profit: ¥ 147.5 billion

* Shareholder return ratio = (dividends for the fiscal year (to be paid in December of the year and in June of the following year) + value of share repurchase determined by the day of annual general meeting of shareholders in the following fiscal year) ÷ Group Core Profit for the current fiscal year. MS&AD will return approximately 50% of Group Core Profit to shareholders in the medium run in the form of dividends and share repurchase.

Intellectual Capital

- Foster the development of employees with high levels of specialized expertise
- Provide products and services that respond to changing and diverse customer needs
- Provide society with risk-related survey and research results

Research Reports Issued: 68 reports

* We issued reports on diverse subjects including CSR, corporate risks, BCM, workers' compensation risks, transportation risks, overseas crisis management information, and infectious disease information.

Number of Actuaries: 86

* Number of professional actuaries employed by MS&AD Group with specialized skills for making full use of probability, statistical and other mathematical techniques used in product development, risk management, financial soundness confirmation, and other processes (as of April 1, 2016)

Natural Capital

- Reduce environmental burdens (to protect the environment and give the earth a sound future)
- Contribute to the maintenance of biodiversity
- Organize diverse employee volunteer activities

Reduction in electric power usage: 21,539 thousand kWh

Number of Employees Participating in Social Contribution Activities : 16,507

* The number of employees participating in corporate and individual volunteer activities and making donations to volunteer programs. (excluding employees overseas)

Human Capital

- Provide working environments that offer greater amenity and support personal growth
- Provide employment that is stable and gives due consideration to work-life balance

Employee satisfaction level: 4.4 points

* This measures the level of employees' feeling pride or job satisfaction. (The figure is an average for all employees based on a survey of employees -6 points represents perfect satisfaction)

Days of paid vacation used per employee/year: 15.7

* Average number of vacation days acquired by all employees with respect to "regular/carryover vacation days" as well as summer vacation days and other "special vacation days"

Social Capital

- Disburse insurance payment of claims and benefits appropriately and speedily
- Provide services to prevent accidents and disasters from occurring
- Provide a high-quality and diverse agency network
- Fulfill corporate social responsibility through cooperative relationships with business partners
- Provide products and services that protect such social capital as social infrastructure, government services, etc.

Insurance Claims Paid: ¥ 2,023.5 billion

* This represents the sum of net claims paid and life insurance claims.

Customer satisfaction: 95.5 %

* Ratio of customers satisfied with accident response for automobile insurance (MSI and ADI)

Social Impacts Generated through Business Activities by MS & AD Insurance Group (Converted to Financial Value)

June, 2017

Environmental Impact

Paper use : 1.228 billion JPY
Water use : 0.529 billion JPY ⑤
CO2 emission : 0.566 billion JPY

Negative

MS&AD Group

Positive

Employment Effect in Value Chain

Direct employment : 301.5 billion JPY
Indirect employment : 416.1 billion JPY (Agencies) ①

Contribution to Society through Tax Payment

Income & other taxes paid : 70.9 billion JPY

Risk Reduction : accident prevention

Car accidents reduced by 'Suma Navi' ② : 0.123 billion JPY

Mitigation of burden caused by incidents : insurance payment

Total insurance paid: 2 trillion 162.7 billion JPY

Reduced environmental impact (burden) by Eco-Business Processes/Eco-Repairing of automobiles

Reduced paper use ③ : 0.075 billion JPY
Reduced CO2 emission④ : 0.237 billion JPY

Calculation Methodology

<Employment Effect>

①Indirect employment : MS & AD Insurance Group establishes business model of insurance sales through agencies. This value chain system contributes to increasing employment at each agency.

- commissions and other payments to agencies（Source: Financial Statement of MS&AD Insurance Group）
- average ratio of personnel expenses of agencies (Source: Data of Mitsui Sumitomo Insurance)

<Risk Reduction : accident prevention>

②Car accidents reduced by '*Suma Navi*' : Mitsui Sumitomo Insurance provides fleet customers* with '*Suma Navi* ' , free service developed for safety driving by adopting telematics technology, contributing to reduction of car accidents. *Fleet : Insured companies which own or use 10 or more automobiles

- Changes in the number of accidents among customers using 'Suma Navi' (Source: Data of Mitsui Sumitomo Insurance)
- Damages of traffic accident in economic (physical) value and the number of traffic accidents
  (Source: Data of Marine and Fire Insurance Association of Japan/ National Police Agency)

<Reduced Environmental Impact (Burden) by Eco-Business Processes/Eco-Repairing of automobiles>

③ Reduced paper use by Eco-Insurance : Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance introduce Web Policy Clause and Eco-insurance Certificate to reduce paper use through the insurance transaction.

- Ratio of customers' selecting Web Policy Clause and Eco-insurance Certificate, and reduced amount of paper per transaction（Source: Data of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance）
- Calculation base: 30 tree planting per metric ton paper use, 860 tree planting per 1 ha
- Ratio of chips for paper production (Data of Japan Papermaking Association）, and financial value of forests' Ecosystem Services（TEEB report）

④ Reduced CO_2 emission by Eco-repairing : Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance facilitate use of recycled parts for repairing automobiles damaged in traffic accidents, contributing to reduction of resource use and CO_2 emission.

- Reduced amount of CO_2 emission by using recycled parts（Calculated based on data of Marine and Fire Insurance Association of Japan）
- Global social carbon costs per metric ton CO_2 emission（Year 2020／3% discount rate）
  （Source: Interagency Working Group on Social Cost of GHG, The U.S.）

<Environmental Impact (burden)>

⑤ Water use

- Unit price (per metric ton) of shadow water in Japan（Source: NCFA/GIZ/VfU Water Scarcity Valuation Tool）

CSR in the MS&AD Insurance Group

Communication with Stakeholders

We believe it is important to understand what is expected and wanted by our stakeholders and utilize this information to improve the quality of products and services in order to always be an enterprise group that is needed by society. The MS&AD Insurance Group builds various systems to facilitate communication with our stakeholders and works on incorporating voices of the stakeholders into the Group's management strategies.

Communication with Our Stakeholders

The MS&AD Insurance Group believes that the public nature of the insurance and financial services is fundamental, and it is our role to provide the best solutions to uncertainties and risks in society. In order to provide safety and security to people and support active business activities and a healthy and productive life, we listen to voices of our stakeholders, face various inquiries, requests, complaints and opinions and utilize them for quality improvement. In addition, we disclose on our website our processes of understanding issues and the contents and results of improvement efforts toward resolving the issues by the aforementioned manner and make them available for public inspection.

Realization of Corporate Philosophy (Missions) and Management Visions
Customers
Agents
Shareholders
Communication with Stakeholders
Employees
Business partners
Local communities/ International society
The Environment
Analysis and Assessment
Development and Improvement of Products and Services
Customers' Support and Trust
Continued Growth
Expansion of Corporate Value
Resolution of Social Issues

Responsibility for Customers

We will work on the improvement of business operations and quality utilizing feedback from customers and provide products and services that win customers' trust and meet their expectations. The "Group Basic Policy for Responding to Customer Communications" was formulated to receive a wide range of feedback from customers and to utilize them for quality improvements. In line with the policy, domestic Group insurance companies utilize customers' views to improve their business processes so they can provide products and services that satisfy customers. To remain a corporate group that is truly needed by society, we consider it important to know what our stakeholder voices are to improve the quality of products and services. The MS&AD Insurance Group has constructed various schemes to absorb stakeholder opinions, and are reflecting them in efforts to improve our products and services. In addition, stakeholder views are being reflected not only in business processes, but also in discussions at the management level.
We disclose the substance and results of these activities for improvement on our website so that the customers can see the actual improvement.

●Detailed Information of Leveraging Stakeholders' Voices to Improve Quality
●Detailed Information of Develop and Improve Products and Services from Stakeholders' Perspective
●Detailed Information of Upgrading Customers' Ease of Understanding and Convenience
●Detailed Information of Payment of Insurance Claim Service Preferable to Customers

Responsibility for Shareholders

We are conducting IR activities in accordance with the basic policy in order to win the trust of shareholders and investors and for our Group's corporate value to be fairly evaluated.
The MS&AD Insurance Group proactively engages in highly transparent information disclosure and constructive dialogue with shareholders and investors in an effort to achieve sustainable growth and increase corporate value.
Specifically, by providing highly transparent information disclosure, the MS&AD Insurance Group seeks to reduce information asymmetries with shareholders and investors. Also, by obtaining feedback from constructive dialogue with shareholders and investors, the MS&AD Insurance Group is able to share this feedback with its management and the relevant departments and utilize it in formulating its management strategies.

●Detailed Information of Disclosure of Information and Investor Relations (IR)

Responsibility for Business Partners

We will conduct fair and equitable trade to meet social expectations and requests and also endeavor to make permanent development as well as fulfill corporate social responsibility. MSI and ADI, as a consistent step toward dealing with ISO14001, explain Group Environmental Basic Policy once a year to business partners and ask them to cooperate in their considerations regarding the environment. The MS&AD Insurance Group supports their business partners' initiatives towards the environment, including "Eco Action 21" certification securing, a simplified type of environmental ISO certification.

●Detailed Information of Responsibilities in Transactions

Responsibility for the Environment

We have developed our behavioral guidelines based on our mission, "through global insurance and financial services businesses, we will provide safety and security and support development of vibrant society and sound future of the earth" to implement initiatives.
The MS&AD Insurance Group will continue to contribute to the solution for social issues through a wide range of initiatives, such as participation in the UN Global Compact, in line activities with the commitment that the Group has made by signing the Principles of Sustainable Insurance and Natural Capital Declaration.
In addition, we sort out roles required for corporates in SDGs, which is the 2016-2030 international development goals set by The 2030 Agenda for SDGs (The Sustainable Development Goals), and reflect them in identifying priority issues in fiscal 2016. As a global insurance and financial services provider, we will continue to work on responding to changes in the global environment and listening to the opinions of the international community.

●Detailed Information of Participation to Initiatives
●Detailed Information of the Consideration Process for Priority Issues
●Detailed Information of Response to Climate Change
●Detailed Information of Practicing Responsible Investment to Contribute to Resolving Social Issues
●Detailed Information of Approaches to the Environment

Responsibility for Agents

We aim to grow together with our agencies through continuous dialog with them and by maintaining and improving the quality of our products and services.
MSI and ADI, both part of the MS&AD Insurance Group, are supporting mutually provoked information exchange between the company and its agents through the agent organization, so that communication is activated and services of higher quality are offered to customers. Each agent organization works on the development of a system and the enhancement of growth potential of member agents. They do this in various agent activities and local and social contribution activities aiming to deliver high-quality services and the best insurance products to customers.
The number of agents has been increasing in size, creating the need for a higher level of managerial skills. To this end, MSI and ADI deployed dedicated staff members who have expertise in management support for agents, covering areas from management and systems to individual issues to practice management support for professional agents. The companies make efforts to improve and expand the management foundation and quality of agents through support and training provided by staff dedicated to management support for agents and individual meetings.

●Detailed Information of Communication with Agents

Responsibility for Employees

Listening to voices of the stakeholders and constantly reviewing our action work (innovation) is stipulated in our behavioral guidelines (values). Our employees put the behavioral guidelines into practice and work on the improvement of products and services. Listening to voices of the stakeholders and constantly reviewing our action work (innovation) is stipulated in our behavioral guidelines (values). Our employees put the behavioral guidelines into practice and work on the improvement of products and services.

To promote the Group management in order to cope with changes in the global environment, it is important to promote teamwork among individual employees with diverse skills and values. The Group believes that giving all ambitious employees the opportunity to grow and demonstrate their talents through their work will lead to the augmentation of its competitive strength. Therefore, we value communication with our employees and promote various initiatives.

Each year, the MS&AD Insurance Group implements an opinion poll asking all Group employees such questions as those about the degree of diffusion of the Group Mission, Vision, and Values; about whether the Group has a sense of unity; and about whether they feel strong senses of motivation and personal growth. Questions are prepared from the stationary standpoint of "approaches to practicing the Group Mission, Vision, and Values," "a sense of unity as a Group," and "a lively working environment."

In addition, each company in the Group has implemented the message board in intra system to collect the views of employees to utilize employees' voice for business improvement. Their voices are considered at each division at the headquarters and the results are fed back. The management-level executives of MSI, ADI, Mitsui Direct General, MSI Aioi Life Insurance and MSI Primary Life regularly have an opportunity to exchange opinions with employees, among other continued efforts to draw on employee feedback for running operations.

●Detailed Information of Development of Diverse Human Resources and Health-Based Business Operation
●Detailed Information of Respect for Human Rights

Responsibility for Local Communities and International Society

As a member of local communities and the international community, we conduct social contribution activities through our main businesses including our insurance business, and our employees proactively engage in contribution activities for environmental conservation and the local communities to contribute to the sustainable development of local communities and the international community. For instance, we promote initiatives in public-private collaborations including the promotion of disaster prevention and mitigation in local communities, such as hosting an exhibit at the National Disaster Prevention Promotion Convention by the Cabinet Office. In addition, we also promote activities related to biodiversity conservation and sustainable use of biological resources with the Japan Business Initiative for Biodiversity (JBIB), which MSI supports as the chair company.

Through social contribution group "MS&AD Unison Smile Club" consisted of employees of the MS & AD Insurance Group, we conduct various social contribution activities in collaboration with non-profit organizations.

●Detailed Information of Approaches to Local and International Communities
●Detailed Information of Contributing to Resolution of Social Issues through the Business

CSR in the MS&AD Insurance Group

Targets and Results

Key Performance Indicators (KPI) to Promote Our CSR Initiatives

The MS&AD Insurance Group introduced "KPI for the promotion of CSR initiatives at the MS&AD Insurance Group" in three group companies, including MS&AD Holdings, MSI and ADI in fiscal 2012. The KPI was introduced at the three more companies, Mitsui Direct General, MSI Aioi Life, and MSI Primary Life in fiscal 2013.

Issues	Index	Covered Companies
Earning trust through the improvement of quality of products and services	(1) Improvements of products/services initiated by customers' voices	Domestic Group Companies(*)
	(2) Customer satisfaction for overall response to accidents (questionnaire results)	MSI, ADI
	(3) Customer satisfaction for the process of benefit payments (questionnaire results)	MSI Aioi Life
	(4) Ratio of customer recommendation for company/agents (questionnaire results)	MSI, ADI, MSI Aioi Life
Contribution to the resolution of social issues through improving quality of products and services	(5) Disclosing new issues/risks confronting our society as a result of studies, and developing and improving our products to address these new issues/risks.	Domestic Group Companies(*)
	(6) Web policy clauses selection rate	MSI, ADI
Group-wide Initiatives	(7) Electricity consumption	Domestic Group Companies
	(8) Paper consumption	
	(9) Gasoline consumption	
	(10) Number of employees practicing social contribution activities	
	(11) Of the above, the number of employees participating in waterside biodiversity conservation activities.	
	(12) Number of female managers (section manager or above)	
	(13) Employee satisfaction (questionnaire results), "Pride, Job satisfaction"	
	(14) Employee satisfaction (questionnaire results), "Working Vigorously"	

(*) Exclude MS&AD Holdings

Results

Issues			Index		FY2014 Performance	FY2015 Performance	FY2016 Performance	FY2017 Group Target	Covered Companies
Priority Issues	Pillar I	Earning trust through the improvement of quality of products and services	(1) Improvements of products/services initiated by customers' voices		–	–	Main efforts find below	Continue the approaches	Domestic Group Companies(*2)
			(2) Customer satisfaction for overall response to accidents (questionnaire results)	Ratio of customers satisfied with accident response for automobile insurance	89.1%	95.5%	95.6%	Equal to or greater than the previous year	MSI,ADI
				Ratio of customers satisfied with accident response for fire, personal accident, and casualty insurance	90.2%	96.5%	96.6%		
			(3) Customer satisfaction for benefit claims procedure (questionnaire results)		97.3%	97.7%	94.6%		MSI Aioi Life
			(4) Ratio of customer recommendation for company/agents (questionnaire results)	Ratio of customers who are willing to recommend either MSI or ADI to their friends and acquaintances	89.3%	91.9%	91.8%		MSI,ADI MSI Aioi Life
				Ratio of customers wishing to recommend any agents to their friends and acquaintances	88.1%	90.7%	88.9%		
	Pillar II	Contribution to the resolution of social issues through improving quality of products and services	(5) Disclosing new issues/risks confronting our society as a result of studies, and developing and improving our products to address these new issues/risks		–	Continue the approaches	Main efforts find below	Continue the approaches	Domestic Group Companies(*2)
			(6) Web policy clauses selection rate(*1)	The ratio of contracts which selected the Web policy	70.7%	74.0%	78.1%	75.0%	MSI,ADI
Shared Group Initiatives			(7) Electricity consumption	Electricity consumption of all domestic locations	159,508 Thousand kWh (▲2.4%)	152,772 Thousand kWh (▲4.0%)	150,263 Thousand kWh (▲1.8%)	▲2.9%	Domestic Group Companies
			(8) Paper consumption	Paper consumption of all domestic locations (Copy paper, prints, machine tabulation)	13,188t (▲17.3%)	13,928t (+5.6%)	12,993t (▲6.7%)	▲4.1%	
			(9) Gasoline consumption	Gasoline consumption of all domestic locations	7,467KL (+4.8%)	6,489KL (▲13.1%)	6,139KL (▲5.4%)	▲3.0%	
			(10) Number of employees practicing social contribution activities(*3)		15,124	16,507	19,861	Equal to or greater than the previous year	
			(11) Of the above, the number of employees participating in waterside biodiversity conservation activities		5,013	5,363	5,654		
			(12) Number of female managers	Number of female employees (manager position and above)	377	449	551		
			(13) Employee satisfaction (questionnaire results), "Pride, Job satisfaction"	Ratio of employees feeling pride or job satisfaction (all-employee average on a 6-point scale)	4.3points	4.4points	4.4points		
			(14) Employee satisfaction (questionnaire results), "Working Vigorously"	Ratio of employees, regardless of sex and age, feeling free and lively at work places (all-employee average on a 6-point scale)	4.2points	4.3points	4.2points		

(*1) Terms and Conditions was made available online in consideration of environment.

(*2) Exclude MS&AD Holdings

(*3) Number of employees who participated in volunteering activities or made donations as a member of a corporate or an individual.

＜FY2016 Examples＞

(1) Improvements of products and services initiated by customers' voices	●Relatives Notification System, in which policy holders register one relative as an emergency contact for an insurance contract. This system makes sure to deliver important notifications regarding insurance contracts to the registered relatives during emergencies when we cannot contact policyholders. This system also makes it possible to share contract contents by simple identity verification during inquiries from the relative. [MSI, ADI, MSI Aioi Life, MSI Primary Life] ●"Services in four languages" for insurance claims using a telephone interpretation service to enhance our customers' convenience. [MSI, ADI] ●24-hour/365-day-a-year claims handling service providing the same level of accident response services at anytime as those provided during business hours responding to the needs of diversified customers' lifestyles. [ADI] ●Home visit service for elderly customers or those with disabilities who have difficulties in communicating over the phone, regardless of whether they are hospitalized or not. [MSI, ADI] ●Operability improvement of smartphones and tablets through employing responsive web designs in "My homepage" which can be used for procedures for policy renewal, estimation, application procedures and claim notice. [Mitsui Direct General]
(2) Disclosing new issues/risks confronting our society, and developing and improving our products to address these new issues/risks.	●Safe operations support service for domestic vessels utilizing smartphones in partnership with Weathernews Inc. This service alerts domestic vessels sailing in rough waters with sound and e-mails. It also gives forecasts of atmospheric or marine weather or shows videos of waters around the vessel on a dedicated website to help prevent accidents and to be used by vessel operators to choose safe routes. [MSI] ●Premium Discount Endorsement designated for haulage operator that took Transportation Safety Management Seminar by the Ministry of Land, Infrastructure, Transport and Tourism and have set a section in charge of accidents beforehand.[MSI] ●The first automobile insurance product in Japan whose monthly insurance premiums reflect driving behaviors detected by telematics technology. [ADI] ●Biz Safety, a telematics service for (both fleet and non-fleet) business operators. This service uses a dedicated smartphone application and a special device to meet operators' needs for trying a driving control system and instructions for safe driving utilizing telematics technology with minimum costs including data communication. [ADI] ●The new contents of "Eco Drive" to the MUJICOLOGY! Laboratory's website of MUJICOLOGY! Project aiming for accident-free auto society. [Mitsui Direct General] ●New risk assessment system to predict flood damage ("new flood model") in collaboration with InterRisk Research Institute & Consulting, Inc. and a major US provider of catastrophe risk modeling software. The model made it possible to predict flood damage caused by seasonal rain fronts and torrential rain as well in addition to caused by typhoons. [MSI, ADI] ●Providing Kokokara Diary, a smartphone application (″Suma-Ho″) aimed at helping people to have a healthy mind and body. Kokokara Diary helps promote the good health of individual customers and supports companies manage the health of employees. [MSI] ●"Advanced medical care benefit direct payment service" for all medical institutions in Japan that perform proton therapy and heavy ion radiotherapy. This service reduces the burden of policyholders to prepare funds for high technical fees in advance. [MSI Aioi Life] ●"Yasashisa Tsunagu (connecting thoughtfulness)" which responds to two needs: "Inter Vivo Gifts", which enables living benefits payments to be smoothly forwarded to family beneficiaries immediately after the contract; and "Pension for Myself." [MSI Primary Life] ●"Unoccupied Housing Liability Insurance," as the number of unoccupied dwellings has been on an increase across Japan and has increased the need to manage to drive businesses that manage unoccupied housing. [MSI, ADI]

Mid-term Target

*For the following targets at the end of fiscal 2017, we aim to exceed the performance level of fiscal 2016:
- Customer satisfaction for overall response to accidents
- Ratio of customer recommendations for company/agents

*For the target of "Number of female managers", at the end of fiscal 2020, three Group insurance companies holds each target as below;
- MSI : 480 female managers (four times compared to 120 in fiscal 2014)
- ADI : Share of deputy managers or higher occupied by women up to 30% (24.5%, present (May, 2017))
- MSI Aioi Life : Share of deputy managers or higher occupied by women up to 50% and the number of female managers to be increased 5 times as many as that in the present (May, 2017)

*For the target of reduction of CO_2, The MS&AD Insurance Group holds target as below;
Reduce CO_2 emissions to 70% from the base year (fiscal 2009) in 2050, and reduce to 30% in 2020.

Subject Organization and Data Coverage

CSR in the MS&AD Insurance Group

Participation to Initiatives and External Evaluation

The MS&AD Insurance Group, following the declaration of support of the United Nations Global Compact in June 2004 by MSI as the first financial organization, participates in various initiatives and endeavors to contribute to the resolution of social issues. Social Responsibility Investment (SRI) is a method of investing that assesses the company from the viewpoint of Corporate Social Responsibility (CSR). The MS&AD Insurance Group utilizes the assessment provided by major Social Responsibility Investment (SRI) evaluation organizations to improve its approaches to CSR.

Participation to Initiatives

Participation in the U.N. Global Compact(*)

The MS&AD Insurance Group keeps its active participation. We also actively participate in the local network of the Global Compact Network Japan.

(*) U.N. Global Compact is the initiative advocated by former UN Secretary-General Annan and commands global companies to abide by and practice 10 principles for human rights, labor, environment, and prevention of corruptive practices.

UN GLOBAL COMPACT
Network Japan
WE SUPPORT

Association with the U.N. Global Compact

The Ten Principles of the UN Global Compact

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.
Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
Principle 4: the elimination of all forms of forced and compulsory labour.
Principle 5: the effective abolition of child labour.
Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges.
Principle 8: undertake initiatives to promote greater environmental responsibility.
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Relationship between the 10 Principles and the MS&AD Insurance Group Activities

U.N. Global Compact Network Japan (Japanese only)

Signature to Principles for Sustainable Insurance

The MS&AD Insurance Group has participated in the United Nations Environment Programme Finance Initiatives (UNEP FI) to search, prevail and promote a desirable business in a financial institution that considers the environment and sustainability.
In June 2012, UNEP FI published the "Principles for Sustainable Insurance," requiring insurance companies to consider in their business activities issues related to the environment, society and governance and to play their roles in developing a sustainable world.
The MS&AD Insurance Group has participated in its implementation and signed to endorse the principles.

Signature to the Principles for Responsible Investment

In June 2015, the MS&AD Insurance Group signed the Principles for Responsible Investment, which call for consideration of ESG (environmental, social, and governance) issues in the decision making process used for investment activities. Moving forward, we will continue to advance constructive dialogue based on an ESG perspective, as well as discussion toward the realization of investment and loan activities that consider ESG issues.

Signing the Natural Capital Declaration

In July 2016, the MS&AD Insurance Group signed the Natural Capital Declaration that declared financial institutions would incorporate the concept of natural capital into their financial products and services for the 21st century. This declaration is advocated by the United Nations Environmental Program Finance Initiative (UNEP FI) and stipulates that endorsing financial institutions shall demonstrate leadership in penetration and implementation of the declaration through engagement with their customers, investee companies, suppliers, civil society, and other stakeholders.

Signature to Principles for Financial Action towards a Sustainable Society

In October 2011, "Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)" and "Guidelines by Businesses (Insurance, deposit/loan/lease, fund management/security/investment banking)" were published in Japan. These principles were designed to provide behavioral guidelines for financial institutions that desire to fulfill their roles and maintain their responsibility to build a sustainable society.
MSI, ADI, MSI Aioi Life and InterRisk Research Institute & Consulting signed the principles.

Participation in the CDP (formerly known as the Carbon Disclosure Project)

The CDP (formerly known as the Carbon Disclosure Project) is an independent nonprofit organization with the world's largest database for corporate measures against climate changes, and corporations and organizations across the world have made public their emissions of greenhouse effect gases and measures against climate change through CDP. The MS&AD Insurance Group subscribes to its approaches and continuously submits CO_2 emission data.

Principles for Responsible Institutional Investors ≪Japan's Stewardship Code≫

In May 2014, MSI and ADI assented to the main idea of Japan's Stewardship Code from the perspective of fulfilling social responsibility and announced their support.

External Evaluation

Socially Responsible Investment (SRI) is a method of investing that assesses the company not only through profitability but from a viewpoint of Corporate Social Responsibility (CSR) and this practice is spreading. The MS&AD Insurance Group utilizes the assessment provided by major SRI evaluation organizations to improve its approaches. As of July 2017, the MS&AD Insurance Group is included in the following components of SRI Index.

- Dow Jones Sustainability Indices
- MSCI Japan ESG Select Leaders Index
- FTSE4Good Index Series
- FTSE Blossom Japan Index
- Morningstar Socially Responsible Investment Index(MS-SRI) (Japanese only)
- ECPI® Indices

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM

FTSE4Good

FTSE Blossom Japan

MSCI 2017 Constituent MSCI ジャパンESG セレクト・リーダーズ指数

MS-SRI

ECPI Sense in sustainability

* THE INCLUSION OF The MS&AD Insurance Group IN ANY MSCI INDEXES, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HERIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF The MS&AD Insurance Group BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

Awards

- Minister of the Environment Award of "Human Resources Development Corporation Award for the Environment 2016" by Ministry of Environment (May 2017, MS&AD Holdings)
- Initiatives of two companies in the MS&AD Group obtained "Japan Resilience Awards 2017" award. (March 2017, MS&AD Holdings)
- MS&AD Unison Smile Club obtained for the 2nd Corporate Volunteer Award(March 2017, MS&AD Holdings)
- Sports promoting model company in Tokyo in fiscal 2016(March 2017, ADI)
- Three companies in the MS&AD Group obtained certification of "Certified Health and Productivity Management Organization Recognition Program (White 500)". (February 2017 MS&AD Holdings)
- The MS&AD Insurance Group Received RobecoSAM Sustainability Awards"Bronze Class" and "Industry Mover" (February 2017 MS&AD Holdings)

ROBECOSAM Sustainability Award Bronze Class 2017

ROBECOSAM Sustainability Award Industry Mover 2017

- The jury's special award in the 5th Ikimono-Nigiwai Corporate Activities (January 2017, MSI)
- Excellent Prize for promoting the advancement of part-time workers(January 2017, ADI)
- Three stars, the highest ratings of by HDI (Help Desk Institute) rating benchmarks for monitoring (Telephone call handling)(January 2017, ADI)
- "Tokyo Sports Promotion Company", a sole consecutive two years only certified company in the non-life insurance industry in japan.(December 2016 ADI)
- 1st place in Oricon Customer Satisfaction Award of Motorcycle insurance.(December 2016, Mitsui Direct General)
- Receive three stars which is the highest score in ratings of by HDI (Help Desk Institute) rating for Contact policy, Monitoring, and Web Support.(November 2016, MSI Aioi Life)
- "Insurer Claims Team of the Year, Claims Awards Asia-Pacific2016". (October 2016 ,MSI)
- UCDA Award in consecutive two years for the first time in the direct non-life insurance industry in Japan. Initiatives for review of the Important Notice were highly evaluated. (October 2016. Mitsui Direct General)
- Three stars, the highest score in ratings of by HDI (Help Desk Institute) rating for Contact Point and Web Support. (September 2016, MSI)
- Three stars, the highest score in ratings of by HDI (Help Desk Institute) rating for Contact Point and Web Support. (September 2016, MSI Mitsui Direct General)
- Contact Center received special award of Japan Institute of Information Technology (August 2016, MSI)
- – Business continuity initiatives of two companies in the Group were valued – They obtained "Japan Resilience Award". (August 2016, MSI ADI.)

Corporate Governance

We have established Our Mission, Our Vision and Our Values as aspirations that all Group officers and employees should prioritize in all aspects of their work, We are working to disseminate these aspirations among all the officers and employees of our company and Group companies. In addition we have established corporate governance, compliance, and risk management as priority issues within our Group Medium-Term Management Plan and we are activity promoting that plan.

Outline of the Group

Presents the outline and structure of the MS&AD Insurance Group, financial statement highlights, and the development of group business.

Corporate Governance

We have established a management framework equipped with transparency and internal checking functions, and are striving to heighten our corporate value for the purpose of long-term stability and advancement.

Compliance

Each and every one of our officers and employees follows laws, regulations, and internal rules, and engages in business activities grounded in a keen sense of ethics.

- Compliance
- Information Management
- Responsibilities in Transactions

Risk Management

We have positioned risk management as a key task of the Group's management, and are taking approaches to ensure our ability to fulfill our responsibilities to all of our stakeholders.

Information Disclosure

We thoroughly put the disclosure rules in practice as set forth by the Financial Instruments Exchange and are disclosing information so that respective stakeholders can have a correct understanding of the true status without delay.

- MS&AD Insurance Group Basic Policies for Disclosure
- Disclosure of Information and Investor Relations (IR)

The Medium-Term Management Plan

Our medium-term management plan, "Next Challenge 2017" (fiscal2014 – 2017), which commenced on April 1, 2014, entered Stage 2 in April 2016. We are making a collective effort to achieve targets toward "creation of a world-leading insurance and financial services group."

Corporate Governance

Outline of the Group

The MS&AD Insurance Group supports the business and life activities of its customers with the all-around capability of its Group companies.

Outline

- Company Overview
- Organization Chart
- History

Financial Highlights

Presents the main indicators and business performance of MS&AD Holdings.

Group Structure

Presents organizational structure of the MS&AD Insurance Group.

Business Segment and Structure

Presents the business overall picture, revenue structure, and the structure of the main Group companies.

Company Overview

MS&AD Insurance Group Holdings, Inc. is the insurance holding company of the new Group formed in April 2010 through the merger of Aioi Insurance Co., Ltd., Nissay Dowa General Insurance Co., Ltd., and Mitsui Sumitomo Insurance Group.
The purpose of MS&AD insurance Group is to achieve sustainable growth and to enhance enterprise value through the creation of a world-class insurance and financial services group that operates globally, by rapidly and significantly improving quality and expanding its operating presence and corporate resources.

Corporate Name	MS&AD Insurance Group Holdings, Inc. Abbrev.: MS&AD Holdings
Date Established	Apr. 1, 2008 (Name changed in Apr. 1, 2010)
Headquarters	Tokyo Sumitomo Twin Building (West Tower) 27-2, Shinkawa 2-chome, Chuo-ku, Tokyo, Japan ▸ Map
Representative	Yasuyoshi Karasawa, Representative Director, President & CEO
Paid-in Capital	100,000,000,000 yen
Number of Employees	329 (As of March 31, 2017)
Business Description	Our activities as an insurance holding company are: 1. Management of non-life and life insurance companies and companies qualified to become subsidiaries under insurance business law. 2. Any business associated with previous body.
Stock Listing	Tokyo Stock Exchange (First Section) Nagoya Stock Exchange (First Section)

Organizational Chart

History

Background of Group Integration

History of Holdings

April 2008	Mitsui Sumitomo Insurance Group Holdings, Inc. is incorporated.
	Mitsui Sumitomo Insurance Group Holdings, Inc. Listed on Tokyo Stock Exchange and Osaka Securities Exchange and Nagoya Stock Exchange.
September 2009	Aioi Insurance Co., Ltd., Nissay Dowa General Insurance Co., Ltd., and Mitsui Sumitomo Insurance Group Holdings, Inc. reach basic agreement on business integration. In conjunction, announced integration plan, president of the holding company, address, descriptions and corporate name, etc.

April 2010	Mitsui Sumitomo Insurance Group Holdings, Inc. changed its name to MS&AD Insurance Group Holdings, Inc.
October 2010	Aioi Insurance Co., Ltd. and Nissay Dowa General Insurance Co., Ltd. merged into "Aioi Nissay Dowa Insurance Co., Ltd."
April 2011	MS&AD Insurance Group Holdings, Inc. converted Mitsui Sumitomo MetLife Insurance Co., Ltd. into a wholly owned subsidiary and renamed it Mitsui Sumitomo Primary Life Insurance Company, Limited
October 2011	Mitsui Sumitomo Kirameki Life Insurance Co., Ltd. and Aioi Life Insurance Co., Ltd. merged into "Mitsui Sumitomo Aioi Life Co., Ltd."

History of Mitsui Sumitomo Insurance (link to website)

Group Structure

MS&AD Holdings is a listed holding company with five directly invested Group insurance companies in Japan: Mitsui Sumitomo Insurance Co., Ltd. (MSI), Aioi Nissay Dowa Insurance Co., Ltd. (ADI), Mitsui Direct General Insurance Co., Ltd. (Mitsui Direct), Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (MSI Aioi Life) and Mitsui Sumitomo Primary Life Insurance Co., Ltd. (MSI Primary Life); and eight affiliated operating companies: InterRisk Research Institute & Consulting, Inc., MS&AD Business Support Co., Ltd., MS&AD Staffing Service Co., Ltd., MS&AD Systems Co., Ltd., MS&AD Business Service Co., Ltd., MS&AD Research Institute Co., Ltd., MS&AD Loan Services Co., Ltd. and ANSHIN DIAL Co., Ltd.

MS&AD Insurance Group Holdings, Inc.

Company Overview

MITSUI SUMITOMO INSURANCE CO., LTD. (MSI)

http://www.ms-ins.com/english/ (English)

Responsible for non-life insurance business, which is a core business of the MS&AD Insurance Group, MSI is exercising its comprehensive capabilities to offer insurance and financial services business globally.

Outline

AIOI NISSAY DOWA INSURANCE CO., LTD. (ADI)

http://www.aioinissaydowa.co.jp/english/ (English)

Responsible for non-life insurance business, which is a core business of the MS&AD Insurance Group, ADI is leveraging its strong relationships with the Toyota Group and the Nippon Life Group and engaging in business based on close relationships with local communities.

Outline

MITSUI DIRECT GENERAL INSURANCE CO., LTD. (Mitsui Direct General)

http://www.mitsui-direct.co.jp (Japanese Only)

Mitsui Direct General is a non-life insurance company that specializes in directly selling personal voluntary automobile insurance to customers via the Internet and phone calls.

Outline

MITSUI SUMITOMO AIOI LIFE INSURANCE CO., LTD. (MSI Aioi Life)

http://www.msa-life.co.jp (Japanese Only)

MSI Aioi Life is a life insurance company that offers protection-type life insurance products, while leveraging the Group's marketing network and customer base. The company is realizing a growth model that involves a combination of strategies to utilize unique marketing channels.

Outline

MITSUI SUMITOMO PRIMARY LIFE INSURANCE CO., LTD. (MSI Primary Life)

http://www.ms-primary.com (Japanese Only)

Specializing in the over-the-countersales via financial institutions, MSI Primary Life is a life insurance company that offers asset-building products centered on individual annuity insurance and whole life insurance.

Outline

Directly Invested Affiliated Operating Companies

InterRisk Research Institute & Consulting, Inc. http://www.irric.co.jp (Japanese Only)

InterRisk Research Institute & Consulting is one of the major risk consulting companies in Japan. It provides companies and government entities with consulting, risk survey, research and investigation, information provision and other services related to diverse kinds of risks.
With overseas bases in Singapore, Thailand, China, and Bermuda, the company is seeking to provide risk solutions throughout the world.

Outline

MS&AD Business Support Co., Ltd. http://www.ms-ad-bs.co.jp/index.html (Japanese Only)

MS&AD Business Support provides the MS&AD Insurance Group with such infrastructure support as printing and logistics and also provides employee welfare services and real estate management services, etc.

Outline

MS&AD Staffing Service Co., Ltd. http://www.ms-ad-staffing.co.jp (Japanese Only)

As the MS&AD Insurance Group's comprehensive human resource company, MS&AD Staffing Service provides each Group company with human resource services and also dispatches and introduces staff to insurance agencies and other customers.

Outline

MS&AD Systems Co., Ltd. http://www.ms-ad-systems.com (Japanese Only)

MS&AD Systems supports each MS&AD Insurance Group company by taking responsibility for information systems strategy and by planning, designing, developing, and operating information systems.

Outline

MS&AD Business Service Co., Ltd. http://www.ms-ad-jims.com (Japanese Only)

MS&AD Business Service delivers contract administration services, services related to data entry, the creation of documents and forms, and other services to MS&AD Insurance Group companies.

Outline

MS&AD Research Institute Co., Ltd. http://www.msadri.jp/company_e/ (English)

As a research institute in the MS&AD Insurance Group, MS&AD Research Institute undertakes studies and research in such fields as insurance, finance, social security and other socio-economic fields, and risk management.

Outline

MS&AD Loan Services Co., Ltd. http://www.ms-ad-ls.co.jp/site/index (Japanese Only)

MS&AD Loan Services provides customers within the Group with administration services for investments, loans and mortgage guarantee insurance, credit guarantee services, and loan services for individuals.

Outline

ANSHIN DIAL Co., Ltd. http://www.anshin-dial.jp/ (Japanese Only)

As a top-quality call center specializing in assistance services, ANSHIN DIAL provides such support services as roadside assistance and home assistance.

Outline

Business Segments and Structure | Who We Are

Business Overview

Five business domains drive our continued growth, underpinned by the platform of the domestic non-life insurance business.

Revenue Structure

Growth in domestic life insurance and international businesses will lead to a better balanced business portfolio.

Holding Company
MS&AD Insurance Group Holdings, Inc.
Domestic Non-life Insurance Business
Mitsui Sumitomo Insurance Co., Ltd.
Aioi Nissay Dowa Insurance Co., Ltd.
Mitsui Direct General Insurance Co., Ltd.
Domestic Life Insurance Business
Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
Mitsui Sumitomo Primary Life Insurance Co., Ltd.
International Business
Overseas Subsidiaries
Financial Services Business
Risk-related Services Business

Corporate Governance

- Basic Policies on Corporate Governance
- Responses to 11 Principles of the Corporate Governance Code
- Group Management and Internal Control Systems
- Internal Control Systems
- Corporate Governance Report (last update : Jun 28, 2017) (1.0MB)

Basic Policies on Corporate Governance

- 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.
- 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.

Corporate Governance Stance

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

- Management Structure of MS&AD Insurance Group Holdings, Inc.

Supervision System (Board of Directors)

Role of the Board of Directors

- 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.
- 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.
- 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.
- 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.

Composition of the Board of Directors

More than one-third of the Board of Directors which has twelve members (ten men and two women) are nominated as Outside Directors to incorporate perspectives independent from management, strengthen monitoring and oversight functions, and conduct highly transparent management. We take into consideration overall balance of the Board of Directors in terms of expertise, experience, and capabilities of Directors and strive to ensure diversity, including that of gender. Please refer to Policies on the Board of Directors' Overall Balance of Expertise, Experience, Capabilities, Diversity, and Scale below.

Expected Roles of Outside Directors

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* and/or major shareholders
- Realizing supervising from a standpoint independent of management by fulfilling accountability for stakeholders, including shareholders

* Collectively refers to the directors, Audit & Supervisory Board Members, and executive officers of the Company and domestic insurance companies in the Group in which the Company has a direct investment.

Committees Comprised Mainly of Outside Directors / Providing Opportunities for Opinion Exchanges

Aiming to enable Outside Directors to engage freely in constructive discussions and opinion exchanges, we have formed the following committee and meetings.

- Governance Committee (meets about twice a year)
- Outside Directors Council
- Outside Directors and Outside Audit & Supervisory Board Members Joint Council

Support Systems for Outside Directors and Outside Audit & Supervisory Board Members

Support for the activities of the Outside Directors is provided by the Corporate Planning Department, and support for the Outside Audit & Supervisory Board Members is supplied by the Internal Audit Department. The agenda for the Board of Directors' Meetings is explained to the Outside Directors and Outside Audit & Supervisory Board Members in advance of the meetings by the Corporate Planning Department, which acts as the secretariat for the Board of Directors. In addition, information, such as important risk information, is reported on an ongoing basis to all Directors and Audit & Supervisory Board Members, internal and external.

Support Systems for Directors and Audit & Supervisory Board Members / Training Policy

The Company has the following systems in place as required for Directors and Audit & Supervisory Board Members to effectively fulfill their roles and responsibilities:

(1) The Company has assigned a person in the secretariat of the Board of Directors to each of the Outside Directors and Outside Audit & Supervisory Board Members (hereinafter referred to as "Outside Officers") to provide support in areas such as providing briefings in advance.
(2) The Company has established a system for ongoing provision of information and training at the time of appointment and during the term of Directors and Audit & Supervisory Board Members.
(3) The Company provides appropriate opportunities for Outside Officers to share information and exchange opinions with management and senior employees.
(4) The Company bears the expenses required to enable Outside Officers to fulfill their roles.

Auditing

Audit & Supervisory Board Members and Audit & Supervisory Board

1. Responsibilities of Audit & Supervisory Board Members
   As an independent entity entrusted with authority by the shareholders, the Audit & Supervisory Board Members are responsible for ensuring the sound and sustainable growth of the Company, and establishing good corporate governance in response to the public trust by supervising the performance of duties of the Directors.
2. Authority and Roles of Audit & Supervisory Board Members
   Each Audit & Supervisory Board Member shall appropriately exercise his/her legal investigating authority, including the authority to audit operations and assets, and supervises the performance of duties of the Directors by attending meetings of the Board of Directors and other important meetings, viewing important approval documents, investigating departments within the Company, and investigating subsidiaries in accordance with the auditing policies and plans stipulated by the Audit & Supervisory Board.
3. Composition and Roles of the Audit & Supervisory Board
   - The Audit & Supervisory Board comprises two Audit & Supervisory Board Members (Full-time) and two Outside Audit & Supervisory Board Members, for a total of four members (two men and two women). Candidates for Audit & Supervisory Board Member are nominated by the Board of Directors with the approval of the Audit & Supervisory Board, based on the "Criteria for the Selection of Director Candidates and Audit & Supervisory Board Member Candidates".
   - The Audit & Supervisory Board receives reports from Audit & Supervisory Board Members on the status of performance of duties and reports from officers and employees on important matters related to auditing, and also makes decisions regarding auditing policies and auditing plans.

Internal Auditing

- The Company has established the "MS&AD Insurance Group Basic Policy for Internal Audits." Under this basic policy, the Company and domestic Group insurance companies have formed the Internal Audit Department that acts as an independent body with auditing functions.
- The Company's Internal Audit Department has been established as an organization to report directly to the Board of Directors. The General Manager of the Internal Audit Department (General Manager of the Audit Department) shall report important matters that have been discovered as a result of internal audits of the Company and domestic Group insurance companies to the Board of Directors and the Group Management Committee. In addition, the Internal Audit Department cooperates with auditing conducted by the Audit & Supervisory Board Members.

Accounting Auditors

- The Company has appointed KPMG AZSA LLC as its independent audit corporation. Please note that there are no special conflicts of interest between this company and MS&AD Holdings.
- The Board of Directors and the Audit & Supervisory Board endeavor to take appropriate action to ensure adequate auditing by the Accounting Auditors.
- The Audit & Supervisory Board 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.
- The Audit & Supervisory Board prepares criteria for appropriately selecting and evaluating Accounting Auditor. To promote appropriate accounting by the Accounting Auditors, measures are taken to confirm the independence, specialist capabilities, and other requisite characteristics of the Accounting Auditors.

Accounting Auditor Remuneration

(¥ million)

Scope	FY2015		FY2016	
	Compensation for audit services	Compensation for non-audit services	Compensation for audit services	Compensation for non-audit services

The Company	49	11	55	19
Consolidated subsidiaries	338	40	374	31
Total	387	52	429	51

* Regarding the content of non-audit services for which the Company paid compensation to the accounting auditor, in fiscal 2015 and 2016, these included expert guidance and advisory services towards the application of IFRS.

Nomination and Remuneration

For the purpose of maintaining high transparency, the Company has formed the Nomination Committee and Remuneration Committee as internal committees of the Board of Directors. Please note that these two committees comprise five members each, and the chairpersons and other members are appointed from among members of the Board of Directors. With respect to each of the two committees, a majority of the members and the chairperson have been appointed from among the Outside Directors.

Nomination Committee (Nomination Process)

- The Nomination Committee deliberates on major 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, Audit & Supervisory Board Member, and Executive Officer of the Company as well as the selection of Directors and Audit & Supervisory Board Members for domestic insurance companies in which the Company has direct investments.
- With respect to the evaluation of candidates for Director and candidates for Executive Officer, evaluation items include performance evaluations (corporate performance and personal performance) and other items.
- The Board of Directors appoints candidates for Director as well as candidates for Audit & Supervisory Board Member and Executive Officers based on advice from the Nomination Committee. The consent of the Audit & Supervisory Board must be obtained for candidates for Audit & Supervisory Board Member. In fiscal 2017, the Committee had seven members made up of all five outside directors, the Chairman of the Board and the President.
- From the perspective of making effective discussions to strengthen corporate governance at the Nomination Committee, policy for selecting candidates for Directors and Audit & Supervisory Board Members is added to the deliberation items. It has been clarified that the Nomination Committee shall meet at least once a year.
- In fiscal 2016, the Nomination Committee met five times, and held a discussion on the selection of candidates for outside officers.

Remuneration Committee

- This committee advises the Board of Directors regarding the remuneration of Directors and Executive Officers of the Company as well as the remuneration systems for management of domestic insurance companies in which the Company has direct investments.
- From the perspective of making effective discussions to strengthen corporate governance at the Remuneration Committee, policy for remuneration of Directors and Executive Officers is added to the deliberation items. It has been clarified that the Remuneration Committee shall meet at least once a year.
- In fiscal 2016, the Remuneration Committee met three times.

Remuneration Determination Processes

1. Amount of Directors' Remuneration

(1) Determination Processes

Remuneration for each Director is set within overall limits approved by the Shareholders' Meeting. Consideration is given to the function of remuneration as an incentive for improvement in performance, long-term contribution to corporate profits and enterprise value, the level of compensation appropriate for competitiveness as a global corporation, and other factors. To ensure transparency, the Remuneration Committee, which is composed of a majority of Outside Directors, considers remuneration amounts, and the final decisions are made by the Board of Directors. The Remuneration

Committee deliberates on the policy on remuneration for the Company's Directors and Executive Officers. The Board of Directors respects the advice of the Remuneration Committee to the maximum extent.

(2) Composition of Remuneration

Remuneration for Directors (excluding Outside Directors) consists of fixed compensation and performance-based remuneration.

a. Fixed compensation (monetary compensation): Approx. 70%

b. Performance-based remuneration: Approx. 30%

Performance-based remuneration consists of the following:

(a) Portion linked with the Company's performance

To be determined based on the Group Core Profit (note), consolidated net income and other performance indices

(i) Stock-compensation-type stock options (Please refer to [Incentives] above.)

(ii) Portion of monetary compensation

(b) Portion linked with individual performance

Outside Directors receive fixed compensation (monetary compensation) only because they are independent from business execution.

Note: Group Core Profit is the MS&AD Insurance Group's own profitability index. It is calculated by the following formula.

Group Core Profit = consolidated net income
− net capital gains/losses on stock portfolio (gains/losses from sale)
− net evaluation gains/losses on credit derivatives
− other incidental factors*
+ equity in earnings of the non-consolidated Group companies

* Incidental factors include amortization of goodwill relating to acquisitions and intangible fixed assets

(3) Maximum Total Compensation

As a result of decisions made by the Shareholders' Meeting, maximum total annual compensation for Directors (excluding any salaries for work performed by Directors concurrently in employee positions) is set at ¥500 million (including a total allocation of ¥60 million for Outside Directors). With a separate framework, the remuneration of Directors (excluding Outside Directors) includes "stock acquisition rights as stock compensation-type stock options" with a maximum value of ¥60 million per year.

2. Amount of Audit & Supervisory Board Members Remuneration

(1) Determination Processes

Remuneration for Audit & Supervisory Board Members is set within overall limits approved by the Shareholders' Meeting. Consideration is given to whether Audit & Supervisory Board Members are full-time or part-time, their share of the auditing activities, and the content and level of remuneration of Directors. Decisions on remuneration levels are decided in discussions among the Audit & Supervisory Board Members.

(2) Composition of Compensation

Audit & Supervisory Board Members receive fixed compensation (monetary compensation) only because they are independent from business execution.

(3) Maximum Total Compensation

As a result of decisions made by the Shareholders' Meeting, maximum total compensation for Audit & Supervisory Board Members is set at ¥110 million.

Performance-Based Remuneration and Stock Option System

- The Company has introduced performance-based remuneration (linked to corporate and personal performance) into its corporate officer remuneration system.
- From fiscal 2015, the Company has introduced stock options as stock-based compensation so that the Company's directors (excluding outside directors) share not only the benefit of a rising share price, but also share the risk of share price fluctuations with our shareholders. The system involves replacing a portion of performance-based monetary remuneration with stock options provided as stock-based compensation (allotment of stock acquisition rights).
- The Company introduced same system as mentioned above and replaced a portion of performance-based monetary remuneration with stock options as stock-based compensation (allotment of stock acquisition rights) for the Company's

executive officers and the directors (excluding Outside Directors) and executive officers of Group domestic insurance companies in which the Company has direct investments (the timing of the grants varies by company).

Directors' and Audit & Supervisory Board Members' Remuneration

Total Amount of Remuneration by Directors/Audit & Supervisory Board Members Category, and the Number of Recipients (fiscal 2016)

Category	Number	Total Remuneration (¥ million)
Directors (excluding Outside Directors)	10	224
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	2	51
Outside Directors/Audit & Supervisory Board Members	8	73

(Note) The total remuneration figures are the portion of the Company. All remuneration is total amount of basic remuneration and stock option.

Persons with consolidated Remuneration (including remuneration for corporate officer posts at main subsidiaries, etc.) of ¥100 Million or More (fiscal 2016)

Name	Corporate Officer Posts	Company	Total consolidated remuneration, etc. (¥ million)
Yasuyoshi Karasawa	Director	The Company	110
	Director	MSI	
Noriyuki Hara	Director	The Company	106
	Director	MSI	

Criteria for the Selection and Independence of Outside Directors and Outside Audit & Supervisory Board Members

1. Policies on the Board of Directors' Overall Balance of Expertise, Experience, Capabilities, Diversity, and Scale

- Five of the twelve Directors (ten men and two women) and two of the four Audit & Supervisory Board Members (2 men and 2 women) have been appointed from outside the Company to incorporate perspectives independent from management, strengthen monitoring and oversight functions, and conduct highly transparent management. Please note that there are no concerns that the interests of these Outside Directors and Outside Audit & Supervisory Board Members of the various companies will be in conflict, in terms of human, capital, transactions, or other relationships, with the interests of shareholders in general. These Directors and Audit & Supervisory Board Members are independent, and their names as independent outside officers have been filed with the Tokyo Stock Exchange Co., Ltd., and Nagoya Stock Exchange Co., Ltd.
- Outside Director candidates must satisfy the eligibility requirements as defined in the Companies Act and the Insurance Business Act. In addition, with the goal of selecting candidates able to accurately and fairly supervise the overall management of insurance companies, candidates are selected based on consideration of specialized expertise such as that stemming from experience working as a government administration officer, general business company corporate officer, lawyer, and academic as well as specialized expertise regarding social, cultural, and consumer issues.
- Director candidates other than Outside Director candidates must meet legal eligibility requirements. In addition, with the goal of selecting candidates able to accurately and fairly supervise the overall management of insurance companies, candidates are selected based on consideration of specialized expertise, such as that stemming from extensive experience working as a manager in an insurance company as well as on consideration of varied experience, highly specialized experience, and the ability to exercise leadership in accordance with the Company's corporate philosophy.

- At least one candidate for Audit & Supervisory Board Member must have sufficient knowledge of accounting or finance.

2. Criteria for the Selection of Director Candidates and Audit & Supervisory Board Member Candidates and Criteria for Determining the Independence of Outside Corporate Officers
   - Outside Director candidates must satisfy the eligibility requirements as defined in the Companies Act and the Insurance Business Act. In addition, with the goal of selecting candidates able to accurately and fairly supervise the overall management of insurance companies, candidates are selected based on consideration of specialized expertise such as that stemming from experience working as a finance-related government administration officer, general business company corporate officer, lawyer, and academic as well as specialized expertise regarding social, cultural, and consumer issues.
   - Director candidates other than Outside Director candidates must meet legal eligibility requirements. In addition, with the goal of selecting candidates able to accurately and fairly supervise the overall management of insurance companies, candidates are selected based on consideration of specialized expertise, such as that stemming from extensive experience working as a manager in an insurance company as well as on consideration of varied experience, highly specialized experience, and the ability to exercise leadership in accordance with the Company's corporate philosophy.
   - In addition, the Company has instituted the "Criteria for the Selection of Director Candidates and Audit & Supervisory Board Member Candidates" below. The determination of "independence" when selecting Outside Director candidates is undertaken in accordance with the criteria described in section "1. (3) Independence" below.

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 a Audit & Supervisory Board Member 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 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 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 Audit & Supervisory Board Member 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 Audit & Supervisory Board Member, 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 Audit & Supervisory Board Members 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 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.

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

Appointment of Outside Directors and Outside Audit & Supervisory Board Members and Related Matters

Outside Directors

Name	Date of Selection	Reason for Selection	Attendance at Board of Directors Meetings*
Akira Watanabe	April 2010	Mr. Akira Watanabe is well versed in the field of the Companies Act as an attorney-at-law and has a wealth of experience gained through his service as a trustee of companies subject to reorganization proceedings. He has been stating opinions at meetings of the Company's Board of Directors and on other occasions based on his knowledge and experience. We appointed him as Outside Director in order to continue reflecting his knowledge and experience in the management of the Company.	12 of 13 meetings

Daiken Tsunoda	April 2010	Mr. Daiken Tsunoda has a wealth of knowledge and experience concerning overall corporate legal affairs as an attorney-at-law. He has been stating opinions at meetings of the Company's Board of Directors and on other occasions based on his knowledge and experience. We appointed him as Outside Director in order to continue reflecting his knowledge and experience in the management of the Company.	12 of 13 meetings
Tadashi Ogawa	June 2012	Mr. Tadashi Ogawa previously served as Administrative Vice Minister of Finance, as Director-Chairman of Japan Tobacco Inc., etc. He has been stating opinions at meetings of the Company's Board of Directors and on other occasions based on his knowledge and experience. We appointed him as Outside Director in order to continue reflecting his broad knowledge in relation to fiscal and monetary affairs and experience as an executive in the management of the Company.	12 of 13 meetings
Mari Matsunaga	June 2012	Ms. Mari Matsunaga was a chief editor of magazines and was involved in planning and development of new services at NTT DOCOMO, INC. She has been stating opinions at meetings of the Company's Board of Directors and on other occasions based on her broad knowledge and experience concerning society, culture, consumer lifestyles, and other areas. We appointed her as Outside Director in order to continue reflecting her knowledge and experience in the management of the Company.	12 of 13 meetings
Mariko Bando (Newly appointed)	June 2017	Ms. Mariko Bando previously served as Director General of Gender Equality Bureau of the Cabinet Office etc. and currently serves as President of Showa Women's University. She has broad knowledge and a wealth of experience in public administration and education, as well as wide insight into promotion of diversity. We appointed her Outside Director in order to reflect her expertise in the management of the Company.	–

* The number of Board of Directors' meetings attended during fiscal 2016.

Outside Audit & Supervisory Board Members

Name	Date of Selection	Reason for Selection	Attendance at Board of Directors/ Audit & Supervisory Board Members
Kunio Chiyoda	June 2016	Mr. Kunio Chiyoda is an expert in accounting and auditing and has served as a university professor and a member of a public institution. We appointed him as Outside Audit & Supervisory Board Member to reflect his wealth of knowledge and experience in the management of the Company.	Board of Directors meetings: 11 of 11 Audit & Supervisory Board meetings: 11 of 11
Kyoko Uemura (Newly appointed)	June 2017	Ms. Kyoko Uemura is a legal expert. She previously served as a judge and practices law as an attorney-at-law. We appointed her Outside	–

Audit & Supervisory Board Member to reflect her wealth of knowledge and experience in the management of the Company.

* The number of Board of Directors' meetings and Audit & Supervisory Board meetings attended during fiscal 2016.

Corporate Governance Report (last update : Jun 28, 2017) (1.0MB)

Group Management and Internal Control Systems

Basic Policies on Corporate Governance

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.

- MS&AD Insurance Group Corporate Philosophy (Mission), Corporate Vision and Values
- Medium-term Management Plan (5.6MB)

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.

- Basic Policy for Responding to Customer Communications

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 or disability, through the promotion of the role of female employees and hiring of those with disabilities.

Chapter 3: The Company's Corporate Governance Stance

1. The Company's Organizational Structure

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

2. Role of the Board of Directors

(1) In addition to matters specified by 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 is defined in the Articles of Incorporation as 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 Audit & Supervisory Board Member 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 function from a standpoint independent of management by fulfilling accountability for stakeholders, including shareholders.

(Note) Collectively refers to the directors, Audit & Supervisory Board Members and executive officers of the Company and domestic insurance companies in the Group in which the Company has a direct investment (same applies hereinafter)

▸ Criteria for the Selection of Director Candidates and Audit & Supervisory Board Member Candidates

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. Audit & Supervisory Board Members and Audit & Supervisory Board

(1) Responsibilities of Audit & Supervisory Board Members

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

(2) Authority and Roles of Audit & Supervisory Board Members

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

(3) Composition and Roles of the Audit & Supervisory Board

- The Audit & Supervisory Board is defined in the Articles of Incorporation has having up to 6 members, a majority of which shall be Outside Audit & Supervisory Board Members in accordance with the law.
  Candidates for Audit & Supervisory Board Member are nominated by the Board of Directors with the approval of the Audit & Supervisory Board, based on the "Criteria for the Selection of Director Candidates and Audit &

Supervisory Board Member Candidates" (Appendix) (see 10. Nomination Process below).

- The Audit & Supervisory Board receives reports from Audit & Supervisory Board Members on the status of performance of duties, and reports from officers and employees on important matters related to auditing, and also makes decisions regarding auditing policies and auditing plans.
- The Audit & Supervisory Board makes decisions regarding proposals submitted to the General Shareholders' Meeting on the appointment or dismissal of Accounting Auditors, and the non-reappointment of Accounting Auditors. It also has the right to consent to decisions regarding remuneration of the Accounting Auditors.

▸ Criteria for the Selection of Director Candidates and Audit & Supervisory Board Member Candidates

7. Accounting Auditors

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

8. Support Systems for Directors and Audit & Supervisory Board Members/Training Policy

The Company has the following systems in place as required for Directors and Audit & Supervisory Board Members to effectively fulfill their roles and responsibilities.

(1) The Company has assigned a person in the secretariat of the Board of Directors to each of the Outside Directors and Outside Audit & Supervisory Board Members (hereinafter referred to as "Outside Officers") to provide support in areas such as providing briefings in advance.

(2) The Company has established a system for ongoing provision of information and training at the time of appointment and during the term of Directors and Audit & Supervisory Board Members.

(3) The Company provides appropriate opportunities for Outside Officers to share information and exchange opinions with management and senior employees.

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

9. Group Management Committee

The role of the Group Management Committee is to discuss management policies, management strategies and 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 Audit & Supervisory Board Member and Executive Officers based on advice from the Nomination Committee. The consent of the Audit & Supervisory Board needs to be is obtained for candidates for Audit & Supervisory Board Member.
- 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, Audit & Supervisory Board Member, and Executive Officer of the Company as well as the selection of Directors and Audit & Supervisory Board Members for domestic insurance companies in which the Company has direct investments.
- The Nomination Committee is made up of 3 or more members.
- A majority of members and the chairperson shall be appointed from among the Outside Directors by the Board of Directors.

11. Process of Determining Remuneration

(1) Remuneration of Directors

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

(2) Remuneration of Audit & Supervisory Board Members

- The amount of remuneration of each Audit & Supervisory Board Member is determined by discussion by Audit & Supervisory Board Members, 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 International Business Committee, ICT Innovation Committee, Reorganization by Function Committee, Risk and Compliance Committee, Information Disclosure Committee, Brand Committee, CSR 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 entered into management supervision contracts with the domestic Group insurance companies in which it has direct investments (hereinafter referred to as "directly invested companies"), and supervises management of Group companies in order to realize management strategies, improve management efficiency and ensure financial soundness and appropriate operations within the Group.
- The Company has established "Basic Policy Pertaining to System for Internal Controls", "Risk Management Basic Policy", "Compliance Basic Policy", "Internal Audit Basic Policy", "Risk Appetite Statement", and "Basic Policy on Information and Technology Governance". In addition to requiring compliance with these policies by Group companies, important matters involving directly invested 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.

▸ Group Basic Policies, including the Group Internal Control System Basic Policy
▸ Group Compliance Basic Policy

2. Role of Directly Invested Companies

- Directly invested companies formulate their own policies and appropriately establish internal management systems based on the Group's Basic Policies, in addition to formulating management plans in each company based on the Group's Medium-term Management Plan to conduct management as individual companies.
- Directly invested 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.

Policy on Constructive Dialogue with Shareholders (23KB)

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.

Policy on Strategic Equity Holdings and a Policy on Exercising Voting Rights Pertaining to Strategic Equity Holdings (43KB)

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.

▸ Basic Policy for Disclosure of Information

Supplementary Provision

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

END

Established, June 22, 2015

Last Amended, June 26, 2017

Responses to 11 Principles of the Corporate Governance Code

(As of June 26, 2017)

1. Principles Items Not to Be Implemented (To Explain) and Reasons for Not Implementing

The Company complies with all of the Corporate Governance Code.

2. Principle Items to Be Implemented (To Comply)

The response situations and disclosure scope regarding the following 11 principles are as follows:

Principle 1.4 Policy regarding holding Strategic Equity Holdings and standards with respect to the voting rights as to their cross-shareholdings

<MS&AD Insurance Group Basic Policy for Strategic Equity Holdings>

Strategic equity holdings is 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.
We have adopted a policy to reduce the aggregate amount of our strategic equity holdings, aiming to build a solid financial base less affected by fluctuations in stock prices and to improve the capital efficiency (Note 1).
The economic rationale for holding strategic equities is assessed from the perspective of the equity issuers' growth potential and profitability and the medium-to long-term business relationship (Note 2).
If the rationale is not confirmed, we shall proceed with sales of those strategic equity holdings after obtaining the equity issuers' understanding. Otherwise, we may sell our holdings, taking into account the market environment and our business and financial strategies.

(Note 1) The Group's strategic equity holdings of ¥500 billion are planned to be sold over the 4 years from FY2014 to FY2017. We shall proceed with sales of our holdings based on the planning. The Group sold equity holdings of ¥405.3 billion (¥91.0 billion in fiscal 2014, ¥181.1 billion in fiscal 2015, and ¥133.0 billion in fiscal 2016) by the end of fiscal 2016 and will proceed with the plan in fiscal 2017.
(Note 2) Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance shall examine economic rationale of their major strategic equity holdings (Equities owned by the two companies whose values on the balance sheet exceed one hundredth of the amount of common stock are listed in the securities report.). The results of these examinations shall be reported to MS&AD's Board of Directors.

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

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 result tallies does not necessarily provide an accurate representation of these stewardship activities, we have disclosed cases related to the exercise of voting rights in which approval was not obtained.
In accordance with the revision to the Stewardship Code on May 29, 2017, we are currently formulating a policy, including the scope of disclosure of voting result tallies, and intend to conduct disclosure.

Principle 1.7 Procedures for related Party Transactions

With respect to transactions between the Company and a related party, to ensure that they do not harm the common interests of the Company and the Company's shareholders, such transactions as competition transaction by a director, transactions between a corporate officer and the Company, and other transactions with conflict-of-interest characteristics, such transactions will require prior deliberation and approval of a Board of Directors' meeting with the attendance of multiple outside directors, and in the case of similar transactions by executive officers will require a report to the Board of Directors.

Principle 3.1 Full Disclosure

(i) Aspiration of the Group (Mission etc.) and business strategies and business plans;

<Business Objectives , etc.>
Please see "Aspiration of the MS&AD Insurance Group" on our company web site.

<Business strategies and business plans>
Please see our group Medium-Term Management Plan, "Next Challenge 2017" on our company web site.

(ii) Basic policy and guidelines on corporate governance;

Please see "Basic Policies on Corporate Governance" on our company web site.

(iii) Board policies and procedures in determiniing the remuneration of the senior management of Directors and Audit & Supervisory Board Members;

Please see "Directors and Audit & Supervisory Board Members Remuneration" on our company web site.

(iv) Board policies and procedures in the appointment of the senior management and the nomination of Directors and Audit & Supervisory Board Members candidates;

Please see Chapter 3. 10 "Nomination Process" in the "Basic Policies on Corporate Governance" and "Criteria for the Selection and Independence of Outside Directors and Outside Audit & Supervisory Board Members."

(v) Explanations with respect to the individual selection and appointment.

Please see [Reasons for selection as a candidate] in the "Notice of Convocation of Annual Shareholders Meeting" (page 6-15)

Supplementary Principle 4.1 ① Scope and content of the matters delegated to the management

Please see Chapter 3. 2 "Role of the Board of Directors" in the "Basic Policies on Corporate Governance."

Principle 4.8 A road map if a company in its own judgement believes it needs to appoint at least one-third of directors as independent directors.

The Board of Directors comprises 12 members (10 men and 2 women), and more than one-third of the Directors (four Directors) are nominated as Outside Directors.

Principle 4.9 Criteria of determining the independence of outside directors

Please see 1. (1) "Eligibility" and 1. (3) "Independence" of "Criteria for the Selection of Director Candidates and Audit & Supervisory Board Member Candidates."

Supplementary Principle 4.11 ① Policies on the Board of Directors' Overall Balance of Expertise, Experience, Capabilities, Diversity, and Scale

- Five of the twelve Directors (ten men and two women) and two of the four Audit & Supervisory Board Members (2 men and 2 women) have been appointed from outside the Company to incorporate perspectives independent from management, strengthen monitoring and oversight functions, and conduct highly transparent management. We take into consideration overall balance of the Board of Directors in terms of expertise, experience, and capabilities of Directors and strive to ensure diversity, including that of gender.
- Outside Director candidates must satisfy the eligibility requirements as defined in the Companies Act and the Insurance Business Act. In addition, with the goal of selecting candidates able to accurately and fairly supervise the overall management of insurance companies, candidates are selected based on consideration of specialized expertise such as that stemming from experience working as a government administration officer, general business company corporate officer, lawyer, and academic as well as specialized expertise regarding social, cultural, and consumer issues.
- Director candidates other than Outside Director candidates must meet legal eligibility requirements. In addition, with the goal of selecting candidates able to accurately and fairly supervise the overall management of insurance companies, candidates are selected based on consideration of specialized expertise, such as that stemming from extensive experience working as a manager in an insurance company as well as on consideration of varied experience, highly specialized experience, and the ability to exercise leadership in accordance with the Company's corporate philosophy.
- At least one candidate for Audit & Supervisory Board Member must have sufficient knowledge of accounting or finance.
- Please note that there are no concerns that the interests of these Outside Directors and Outside Audit & Supervisory Board Members of the various companies will be in conflict, in terms of human, capital, transactions, or other relationships, with the interests of shareholders in general. These Directors and Audit & Supervisory Board Members are independent, and their names as independent outside officers have been filed with the Tokyo Stock Exchange Co., Ltd., and Nagoya Stock Exchange Co., Ltd.

Supplementary Principle 4.11 ② A status for concurrent positions of Outside Directors and Outside Audit & Supervisory Board Members

Please see [Important Concurrent Positions] in the "Notice of Convocation of Annual Shareholders Meeting" (page 9-13, page 15, page 31)

Supplementary Principle 4.11 ③ A summary of the results from analysis and evaluation of overall effectiveness of the Board of Directors.

1. Analysis and Evaluation Process

- As noted in Chapter 3.5 of "Basic Policies on Corporate Governance," an analysis and evaluation of the overall effectiveness of the Board of Directors is conducted annually. In fiscal 2016, analysis and evaluation was conducted in accordance with the following process.

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

- A questionnaire consisting of eight 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.

- In light of implementation of a PDCA cycle, evaluation in fiscal 2016 included whether improvement measures (measures for improving capabilities) which had been formulated based on the evaluation of the Board of Directors in fiscal 2015 were implemented or not.

(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

- Following the exchange of opinions in (2) above, the Governance Committee (consisting of all the Outside Directors, the Chairman of the Board of Directors, and the President) conducted analysis and evaluation and formulated measures for improving capabilities by identifying issues to be addressed in fiscal 2017.

(4) Results of the analysis and evaluation are outlined in 2. below. We will implement the improvement measures (measures for improving capabilities) based on the results.

2. Summary of the Results of Analysis and Evaluation

(1) Content of deliberations at the Board of Directors and fulfilling function

<Improved >

- Concerning deliberations on business strategies and the business plan at meetings of the Board of Directors, the Board of Directors has made steady progress compared with the previous year. For example, the agenda included medium- to long-term issues of the Group.
- It has become customary practice to deliberate on projects involving significant risks and large-scale new investment projects, including investment overseas, several times before making a decision. Reference materials have been provided that are designed to facilitate deliberations, including materials prepared based on requests of outside officers. Overall, the recognition of the Board of Directors concerning risk-taking has increased.
- Fixed-point observation of the inculcation and practice of the Group's Corporate Philosophy (Mission), Corporate Vision and Values was conducted, and the results were reported to the Board of Directors. It was confirmed that they have been widely inculcated, as was the case in the previous year. "MS&AD's Story of Value Creation" that shows the linkage of employees' daily activities to the realization of the Corporate Philosophy was formulated and has been communicated internally and externally by presenting it in the Integrated Report, etc.
- The Board of Directors has gained a deeper understanding of issues related to ESG (environment, society, and governance) as a result of a workshop for executives about the climate change, which was held in response to a request of outside officers.

<To be improved from now on>

- Concerning deliberations on business strategies and the business plan at meetings of the Board of Directors, it is desirable that the Board of Directors deepen deliberations in light of the rapidly changing business environment, including technological innovation.

(2) Operation of the Board of Directors

<Improved >

- The Board of Directors operates appropriately, with materials distributed prior to meetings, information provided to Directors as needed, and sufficient time allowed for deliberations. The fact that briefings prior to meetings of the Board of Directors are held well in advance is also a positive factor.
- Visualization of agenda items has been promoted.
- As a result of greater application of package deliberation, in which explanation of some agenda items during the meetings is simplified, and the review of the agenda items to be presented to the meetings of the Board of Directors was carried out, it has become possible to secure more time for deliberations on important agenda items regarding strategic decisions. Moreover, opinions and questions stated by outside officers at briefings prior to the meetings of the Board of Directors are now communicated at the meetings of the Board of Directors to secure opportunities for outside officers to state their opinions.

<To be improved from now on>

- Specialist terminology that appears in agenda items is paraphrased by simpler terms or notes are provided. Efforts should be continued to facilitate understanding of outside officers.

(3) Other

<Improved >

- Regarding education and provision of information to outside officers, we held workshops (three times in fiscal 2016) on the themes in accordance with the requests of outside officers. In addition, supplementary explanation has been provided for certain themes, taking the opportunities of meetings of the Outside Director Council and the Outside Directors-Audit & Supervisory Board Members Joint Council. Thus, outside officers have greater opportunities for education and access to information than before.

Supplementary Principle 4.14 ② Criteria for Directors and Audit & Supervisory Board Members Training

Please see Chapter 3. 8 "Support Systems for Directors and Audit & Supervisory Board Members" in the "Basic Policies on Corporate Governance."

Principle 5.1 Policies concerning the measures and organizational structures aimed at promoting constructive dialogue with shareholders.

Please see "Policy on Constructive Dialogue with Shareholders" on our company web site.

Group Management and Internal Control Systems

Internal Control Systems

Systems for Execution of Management

MS&AD Holdings has introduced an executive officer system and is strengthening the control of its management by clarifying the roles of the Board of Directors, who are responsible for management decision making and oversight, and the Executive Officers, who are responsible for business execution. The number of Executive Officers is limited to 15.

Group Management Committee

The role of the Group Management Committee is to discuss management policies, management strategies, and other matters that are key issues to the Company and the Group companies. It also monitors specific business operations by receiving reports on approved matters under the rules for the Group Management Committee.
In addition, from fiscal 2017, the presidents of the Group's five domestic insurance companies in which the Company has a direct stake have attended as committee members and discussed key issues related to the Group's domestic insurance companies.
The Group Management Committee met 12 times in fiscal 2016.

Group Management Structure

Role of the Company (the holding company)

(1) To realize management strategies, increase the Group's management efficiency, and ensure the soundness of Group finances and appropriateness of Group operations, the Company concludes management agreements with its directly invested subsidiaries (hereinafter referred to as "directly invested companies") and undertakes the management administration of each company.
- The Company has concluded management agreements with its directly invested domestic insurance company subsidiaries (MSI, ADI, Mitsui Direct General, MSI Aioi Life, and MSI Primary Life) and provides those companies with advice and other assistance.
- Believing that directly and quickly obtaining business-related information from the Group's domestic insurance companies will contribute to the smoothness of Group management, the Company has established a system in which its own directors concurrently serve as directors of the Group's domestic insurance companies. In addition, directors of the Group's domestic insurance companies sometimes attend the Group Management Committee meetings, depending on the proceedings.
- In addition, the Company has concluded management agreements with its directly invested affiliated operating companies (InterRisk Research Institute & Consulting and seven other companies) and undertakes the management administration of each company.

(2) The Company has established Groupwide basic policies-including the "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 invested companies require either the approval of or reporting to the Company in line with management supervision contracts.

(3) The Company establishes Group business strategy, such as the Group's Medium-term Management Plan.

(4) The Company provides guidance and supervision through the 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.

Role of Group Companies (Directly Invested Companies)

(1) Group Companies (Directly invested companies) formulate their own policies and appropriately establish internal management systems based on the Group's Basic Policies, in addition to formulating management plans in each company

based on the Group's Medium-term Management Plan to conduct management as individual companies.

(2) Directly invested companies also appropriately supervise the management of their subsidiaries under management supervision contracts.

Task-Specific Committees

The task-specific committees have been established with the aim to deliberate on various key issues in management when executing operations as well as to coordinate perspectives across various departments. When necessary, the Director(s) and/or Executive Officer(s) in charge summarize the results of discussions in these committees and report them to the Board of Directors and/or the Group Management Committee.

Group Management and Monitoring Committee	Prior-monitoring: Basically two times a month Post-monitoring: Basically once a month	Upon receiving reports on matters related to the Board of Directors and the Management Committee of directly invested Group insurance companies, the committee meeting confirms matters that include whether the related matters have been approved and/or reported, ensures financial soundness of the Group companies, and ensures appropriate risk management and operations. The Group Management and Monitoring Committee met 12 times in fiscal 2016.
ERM Committee	Basically four times a year	The ERM Committee works to maintain growth and improve profitability by ensuring soundness and improving capital efficiency, for the purpose of realizing the increase of the enterprise value. The direction of management strategies involved in promoting ERM, including the allocation of corporate resources based on risk appetite is discussed at the committee. The ERM Committee met six times in fiscal 2016.
Group International Business Committee	Basically four times a year	The Committee confirms and discusses the vision for International Business strategy (International Business investment, etc.) that contributes to sustainable Group growth. It also shares common understanding of issues regarding the role of International Business in strengthening overall Group profitability and demonstrating synergies, and confirms and discusses the direction of measures for handling those issues and their progress. The Group International Business Committee met four times in fiscal 2016.
ICT Innovation Committee	Basically four times a year	The Committee is responsible for coordinating the key issues and managing progress with Group ICT innovation strategy, related strategic alliances and investments, etc. The ICT Innovation Committee met three times in fiscal 2016.
Reorganization by Function Committee	Basically four times a year	The Committee confirms the status of examination regarding matters related to the functional reorganization of MS&AD Group, and, if required, deliberates strategic directions. The Reorganization by Function Committee was established in the second half of fiscal 2016 and met four times.

Risk and Compliance Committee	Basically four times a year	While monitoring the overall risk management and Group's compliance matters, it also deliberates and coordinates the key issues. The Risk and Compliance Committee met eight times in fiscal 2016.
Information Disclosure Committee	Basically four times a year	With the aim to appropriately disclose MS&AD Group's corporate information, including the financial data, it examines operational procedures and evaluates the effectiveness of internal control. The Information Disclosure Committee met eight times in fiscal 2016.
Brand Committee	Basically two times a year	The committee deliberates, coordinates, and manages such issues as the policy and planning of Group brand strategy. The Brand Committee met once in fiscal 2016.
CSR Committee	Basically two times a year	The Committee discusses policy regarding the Group's CSR initiatives, shares information regarding CSR-related global trends and changes in environment, and works to deepen understanding of those issues. The CSR Committee met three times in fiscal 2016.
Group Systems Committee	Basically once a month	The committee deliberates, coordinates, and manages such issues as IT strategy, system risk management, and the large-scale system development of the Group companies. The Group Systems Committee met 12 times in fiscal 2016.

Outline of the Corporate Governance System

(As of April 1,2017)

* MS&AD Holdings has eight affiliated operating companies: InterRisk Reserch Institute & Consulting, Inc., MS&AD Business Support Co., Ltd., MS&AD Staffing Service Co., Ltd., MS&AD Systems Co., Ltd., MS&AD Reserch Institute Co., Ltd., MS&AD Loan Services Co., Ltd., and ANSHIN DIAL Co., Ltd.,

Internal Control Systems

The Company has established its MS&AD Insurance Group Basic Policy Pertaining to System for Internal Controls, and in addition to the systems required under Japan's Company Law, the Company regards the "systems for assuring the reliability of financial reporting" to be an important perspective in the context of enhancing related systems.
The Company maintains a system in accordance with this Basic Policy, and reports to the Board of Directors regarding the results of an inspecton conducted every year about the system building and the appropriate operation.

MS&AD Insurance Group Basic Policy Pertaining to System for Internal Controls (70KB)

Corporate Governance

Compliance

Compliance

The MS&AD Insurance Group formulated the "MS&AD Insurance Group Compliance Basic Policy", with the aim of imbuing all officers and employees of MS&AD Holdings and the domestic Group insurance companies with a thorough awareness of compliance.

Detailed Information of Compliance

Information Management

In light of the importance of protection for personal information, and in the interest of compliance with related laws and regulations as well as proper handling of customer information, we have formulated "MS&AD Insurance Group Basic Policy for Management of Customer Information" and "MS&AD Insurance Group Basic Policy for Shared Use of Customer Information".

Detailed Information of Information Management

Responsibilities in Transactions

We endeavor to engage in fair and equitable transactions, and to achieve on-going advancement and fulfillment of social responsibilities together with our business partners in various business activities.

Detailed Information of Responsibilities in Transactions

Prevention of Corruption & Bribery

The MS&AD Insurance Group formulates "MS&AD Insurance Group Compliance Guidelines for International Business". So as to adequately maintain and administer the compliance framework in the group companies and their overseas entities in accordance with these guidelines, International Business Divisions(*) of the group companies prepare a "Compliance Manual" and promote the preparation and operation of a "Compliance Program" within their overseas entities. Furthermore, "Guidelines on Anti-Bribery Measures" are stipulated in these "Compliance Manuals" and implemented through the establishment of adequate rules and training in overseas entities.

(*) "International Business Divisions" include overseas subsidiaries, branches, offices and the departments at the Head Offices in charge of international business operations.

Compliance

Compliance Basic Policy

We formulated the Compliance Basic Policy and "MS&AD Insurance Group Compliance Basic Policy" which is compliance criterion of the Basic Policy. Based on this Basic Policy or each policy, we and MS&AD insurance companies work positively to develop thorough compliance. All officers and employees carry out our social responsibility with responding to confidence of all the stakeholders including customers through the corporate activities based on the high ethical sense without failing to comply with laws and company internal rules.

- MS&AD Insurance Group Compliance Basic Policy
- Basic Policy Concerning Antisocial Forces
- Basic Policy for Management of Conflicts of Interest

Compliance Promotion Structure

The Company has formed the Risk and Compliance Committee, as one of the task-specific committees under the Board of Directors, to monitor as well as discuss and make necessary adjustments in the compliance structure. For important matters related to compliance, the Risk and Compliance Committee reports to the Board of Directors after discussion in the committee.
The Company established its Compliance Department as the organizational unit to integrate and manage Group compliance matters. This department is responsible for integrating compliance initiatives within the Company and domestic Group insurance companies.
Each unit in the domestic Group insurance companies that is in charge of compliance matters is responsible for the preparation and implementation of policies, internal rules, and measures related to compliance and for planning and operating activities related to business operating rules pertaining to insurance solicitation and sales. These units are also the focal points for fact finding and confirmation as well as conducting investigations related to activities where there are concerns about violations of internal rules and other compliance issues.

Activities

Compliance Program

We and MS&AD insurance companies, as a part of the compliance implementation plan, resolve the Compliance Program at the Board Meetings and pursue the specific issues. The implementation and issues of the Program and responding issues are regularly submitted to each company's Compliance Committee and/or the Board Meetings.

Compliance Manual

We and MS&AD insurance companies have each Compliance Manual that states their compliance-related policies and regulations, with examples and interpretations, for board members and employees. The Manual is distributed to board members and employees, and its content is familiarized through training and examinations. Procedures for reporting inappropriate behavior is stipulated in the Manual for the speedy handling of misconduct.

Compliance-related Training

Based on the Compliance Program, we and MS&AD insurance companies organize annual education / training programs for employees and agencies to raise the knowledge of laws and company internal rules and to enhance the knowledge of compliance.

Compliance-related Inspection

MS&AD insurance companies conduct compliance-related inspections for prevention and early detection of unlawful acts that

may violate laws or company internal rules.

Monitoring Group Companies

The Compliance Department monitors and reports on compliance-related activities of MS&AD insurance companies. Group Compliance Division Meetings are held to share knowledge and know-how on compliance-related issues in order to reinforce compliance throughout the group.

Internal Reporting System

The MS&AD Insurance Group has established various internal reporting systems such as the MS&AD Helpline. Group company employees can contact the helpline to make a report or have a consultation if a compliance-related issue arises. A contact desk has also been established at an external legal office to make it easier for reporters. The identity of reporters is protected and their information is handled carefully to protect them and ensure that they do not suffer any unfair treatment.

Compliance Promotion Structure in International Business Operations

Management and staff of the overseas offices of the MS&AD Insurance Group give highest priority to compliance and take care to respect the cultures, customs, and histories of countries and regions where they serve as well as act in a manner that contributes to development of those regions. The Company has established its International Supervisory Department to integrate and manage matters related to compliance at overseas offices of Group companies, and it monitors the compliance-related initiatives of these overseas offices, while also providing guidance and assistance. This department works with the Compliance Department, which is in charge of overall integration of Group companies, to provide periodic reports regarding the status of compliance overseas directly to the Company's Board of Directors, etc. The department also engages in activities to improve and expand the overseas compliance promotion structure.

Prevention of Corruption & Bribery

The MS&AD Insurance Group formulates "MS&AD Insurance Group Compliance Guidelines for International Business". So as to adequately maintain and administer the compliance framework in the group companies and their overseas entities in accordance with these guidelines, International Business Divisions(*) of the group companies prepare a "Compliance Manual" and promote the preparation and operation of a "Compliance Program" within their overseas entities.
Furthermore, "Guidelines on Anti-Bribery Measures" are stipulated in these "Compliance Manuals" and implemented through the establishment of adequate rules and training in overseas entities.

(* "International Business Divisions" include overseas subsidiaries, branches, offices and the departments at the Head Offices in charge of international business operations.)

Tax compliance efforts

Compliance with laws and regulations

The MS&AD Insurance Group will comply with the laws and regulations of each jurisdiction, and will file all tax returns and pay all taxes required.

Relationships with tax authorities

The Company and each company in the Group will strive to manage tax risk and build good working relationships with tax authorities through prior consultation concerning tax treatments and providing appropriate information in a timely manner in response to requests by tax authorities.

Response to BEPS Project

The MS&AD Insurance Group understands the intent of the OECD BEPS (Base Erosion and Profit Shifting) Project, and will undertake efforts so that suitable tax payments are made in appropriate jurisdictions.
Intra-group transactions are conducted at arm's length prices, and efforts will be made so that an appropriate international allocation of profits is achieved.

MS&AD Insurance Group Compliance Basic Policy

The MS&AD Insurance Group has established a Basic Compliance Policy as follows.

MS&AD Insurance Group Compliance Basic 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.

Basic Policy Concerning Antisocial Forces

The Company has established the "MS&AD Insurance Group Basic Policy Concerning Antisocial Forces." In accordance with this Basic Policy, the Company and its Group companies will strive to sever any relations with antisocial forces, retain the trust of the public and conduct business properly and soundly.

MS&AD Insurance Group Basic Policy Concerning Antisocial Forces

1. The posture of the MS&AD Insurance Group toward antisocial forces that pose a threat to the peace and safety of society must be one of resolute refusal to acquiesce to any unreasonable and inappropriate demands. Effort must be made to sever any relationships with antisocial forces so as to retain the public trust as well as assure the proper and sound conduct of business.

2. In addition to having an organizational system in place to deal with inappropriate demands from antisocial forces, close relationships with outside specialized organizations such as the police, the National Center for the Elimination of Violent Groups and law offices should be developed.

3. If confronted with an inappropriate demand from antisocial forces, in addition to assuring that the highest priority is placed on the safety of officers and employees, responsive action should be carried out at the organizational level rather than by specific persons in charge or individual business units.
   In absolutely no circumstances whatsoever are any transactions that would result in funds being provided to antisocial forces or in concealment of facts to be undertaken. The responsive actions must be legal both in terms of civil and criminal law.

Basic Policy for Management of Conflicts of Interest

As financial institutions are consolidated increasingly and services provided by them became more diverse, there is a growing risk of conflicts of interest arising due to the existence of numerous opposing and competing interests within these financial institutions and financial groups. The Company has established the "MS&AD Insurance Group Basic Policy for Management of Conflicts of Interest" to manage conflict of interest transactions and conduct operations appropriately in order to avoid any unfair disadvantages to customers.
Based on this policy, the Company and the Company's domestic insurance subsidiaries will establish corporate systems and take other appropriate steps, including the formulation of internal regulations and rules regarding the management of conflicts of interest and the establishment of departments to oversee management of such conflicts.

MS&AD Insurance Group Basic Policy for Management of Conflicts of Interest

The Company and its subsidiary domestic insurance companies (hereinafter referred to as the "domestic Group insurance companies") shall manage transactions conducted by financial institutions of the MS&AD Insurance Group (hereinafter referred to as the "Group financial institutions") that may pose a conflict of interest and conduct business properly based on the following policies to avoid any unfair disadvantage to customers.

1. Subject Transactions and Their Types

(1) Subject Transactions

As used herein, "transaction with a potential conflict of interest" (hereinafter referred to as a "subject transaction") shall refer to a transaction conducted by a Group financial institution that has the potential to be unfairly disadvantageous to customers.

(2) Types of Subject Transactions

The Company and domestic Group insurance companies shall manage subject transactions based on their type as follows:

(i) Transactions where the best interests of customers are in potential conflict with the best interests of Group financial institutions.

(ii) Transactions where the best interests of customers are in potential conflict with the best interests of other customers of Group financial institutions.

2. Methods for Managing Subject Transactions

The domestic Group insurance companies shall choose either the following methods or other methods, or a combination thereof, for the proper management of subject transactions:

(i) A method entailing the separation of the business unit conducting the subject transaction from another business unit conducting transactions for customers that might be affected by the subject transaction.

(ii) A method that involves making appropriate disclosure to customers regarding the potential the subject transaction might have in causing unfair disadvantage to the customers.

(iii) A method providing for a change of conditions or methodology of the subject transaction or other transactions with customers that might be affected by the subject transaction.

(iv) A method that involves discontinuing the subject transaction or other transactions with customers that might be affected by the subject transaction.

3. System for Managing Conflicts of Interest

To conduct management of conflicts of interest, the company and domestic Group insurance companies shall establish a department or specific person to be responsible for overall management thereof. Subject transactions shall be managed in a uniform manner by means of compiling information pertaining to conflicts of interest. Necessary education and training shall also be provided to officers and employees so that management is conducted properly, and effort shall be made to prevent customers from experiencing any unfair disadvantages.

4. Scope of Companies Subject to Management of Conflicts of Interest

The companies subject to management of conflicts of interest at the Company shall be the following financial institutions of the MS&AD Insurance Group:

(i) Domestic Group insurance companies.
(ii) Subsidiary financial institutions of the Company, etc.

This shall refer to Group companies of the MS&AD Insurance Group that engage in insurance or other financial business other than the domestic Group insurance companies.

Information Management

Basic View and Policy

The MS&AD Insurance Group will observe the laws and regulations, such as the Act on Protection of Personal Information, and will continuously implement measures to strengthen information management. These measures include setting internal rules, upgrading system security, conducting thorough information management training for staff and agents, and taking steps to mitigate the risk of information leakage.
In light of the importance of protection for personal information, and in the interest of compliance with related laws and regulations as well as proper handling of customer information, we have formulated "MS&AD Insurance Group Basic Policy for Management of Customer Information" and "MS&AD Insurance Group Basic Policy for Shared Use of Customer Information".

- MS&AD Insurance Group Basic Policy for Management of Customer Information
- MS&AD Insurance Group Basic Policy for Shared Use of Customer Information

Structure of Information Management

In accordance with the above Basic Policies, the domestic insurance companies in the Group determine guidelines and internal rules related to information management, and instate security initiatives. They also plan and operate programs for the education of employees and agents, and perform related checks and monitoring. In addition, they make arrangements for response in the event of incidents such as information leaks, take steps for prompt post-incident correction and recurrence prevention, and otherwise work for appropriate handling in this respect.

Monitoring Activities

The holding company monitors the status as regards arrangements for information management at domestic insurance companies in the Group, and reports of its findings to management. In addition, it applies the findings of its monitoring activities in its efforts to reinforce arrangements for information management in the entire Group, through steps such as sharing of know-how with and provision of requisite support to domestic insurance companies in the Group.

MS&AD Insurance Group Holdings, Inc. Declaration of Personal Information Protection (Privacy Policy)

The holding company and the domestic insurance companies in the Group have formulated privacy policy for various items related to the handling of customer information, including a declaration of commitment to compliance with related laws and regulations, appropriate acquisition, and limitation of the purposes of use. They have disclosed these declarations on their respective websites.

Declaration of Personal Information Protection (Privacy Policy) of each company

MS&AD Insurance Group Holdings, Inc.

- Mitsui Sumitomo Insurance Co., Ltd.
- Aioi Nissay Dowa Insurance Co., Ltd.
- Mitsui Direct General Insurance Co., Ltd.
- Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
- Mitsui Sumitomo Primary Life Insurance Co., Ltd.

Basic Policy for Management of Customer Information

In addition to complying with laws and ordinances such as the Act on the Protection of Personal Information, the MS&AD Insurance Group will continue to strive to build a stronger framework for information management, by establishing internal regulations and rules, improving system security, ensuring information management training is provided to employees and agencies, and reducing the risk of information leaks.

MS&AD Insurance Group
Basic Policy for Management of Customer Information

Given the importance of protecting customer information and to improve the public trust toward the business operations of the Group, the MS&AD Insurance Group shall handle customer information properly and institute measures that are appropriate for its secure management in compliance with the Act on the Protection of Personal Information (the "Personal Information Protection Act"), the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures ("My Number Act") as well as other laws, guidelines and the like.
As used herein, "customer" shall refer to "a customer having a relationship to the activities of the MS&AD Insurance Group" with respect to both individuals and companies.

1. The MS&AD Insurance Group shall acquire customer information to the degree that it is necessary for business by means that are lawful and fair, and except were provided otherwise by applicable law, shall provide notice and public releases regarding the purpose for which personal information is to be used and shall use the same only within the scope of such purpose.

2. Except were provided otherwise by applicable law, the MS&AD Insurance Group shall not provide any personal data pertaining to customers to third parties without prior consent from the concerned persons.

3. The MS&&AD Insurance Group may share the use of personal data pertaining to customers within the Group for the purpose of providing better products and services to customers and conducting management of Group companies (See here Link to the policy pertaining to shared use of information).

4. The MS&AD Insurance Group shall strive to prevent leaks, loss or degradation of customer information; shall prepare rules for its handling and a system to provide for its safe management; and shall implement adequate security measures. Necessary and appropriate supervision shall be conducted if the handling of customer information is delegated to outside parties.

5. The MS&AD Insurance Group shall be thorough in providing education and guidance to those who are engaged in business operations, etc. so that customer information is handled properly. The procedures for handling and managing customer information at the Group shall be reviewed and improved on an ongoing basis to ensure they are appropriate.

6. The MS&AD Insurance Group shall respond properly and in a timely manner to any complaints or inquiries pertaining to the handling of customer information. Responses to requests for the release or correction of personal data being held by the Group from concerned persons shall be addressed promptly based on applicable law.

7. The MS&AD Insurance Group shall treat individual numbers and specific personal information as provided in the My Number Act in the following manner:

   (1) We will neither acquire nor use individual numbers or specific personal information for purposes other than those

restrictively specified in the My Number Act;

(2) Notwithstanding clause 2 above, we will not provide individual numbers or specific personal information pertaining to any customer to any third party, even with prior consent from the person concerned, for any purpose other than those restrictively specified in the My Number Act;

(3) Notwithstanding clause 3 above, we will not share the use of individual numbers or specific personal information pertaining to any customer within the Group; and

(4) We will adhere to the My Number Act, the Guidelines for Proper Handling of Specific Personal Information for Financial Institutions, etc. and will endeavor to manage specific personal information in a secure manner.

Basic Policy for Shared Use of Customer Information

The MS&AD Insurance Group has set forth the following provisions on sharing customer information with in the Group.

MS&AD Insurance Group
Basic Policy for Shared Use of Customer Information

In order to provide customers with the highest quality risk solution services centered on activity to achieve "Customer Satisfaction," to the extent that it is necessary, the MS&AD Insurance Group may share the use of personal data of customers within the Group within the scope stated below. When doing so, the handling of such data shall be conducted appropriately in compliance with the Act on the Protection of Personal Information (the "Personal Information Protection Act") as well as other applicable laws, guidelines and the like.

1. In order for the MS&AD Insurance Group Holdings, Inc. (the "Holding Company") to conduct management of the Group companies, the use of personal data may be shared at the MS&AD Insurance Group among the Holding Company and Group companies subject to the following conditions.

   (1) Types of Personal Data

   (i) Shareholder information (names, addresses, number of shares held, etc.).

   (ii) Customer information maintained by the Holding Company and Group companies (names, addresses, telephone numbers, email addresses, gender, dates of birth, other policy information stated in applications and other documentation, information pertaining to insurance claims, and other information pertaining to transactions with customers).

   (2) Parties with Which Information is Shared and Party Responsible for Management
   The Group companies with which the use of information is shared consist of domestic and foreign insurance companies, reinsurance companies and affiliates of the MS&AD Insurance Group (refer to the List). The party responsible for supervision and management of shared use shall be the Holding Company.

2. In order to provide information and the like on products and services handled by the Group companies, the use of personal data may be shared at the MS&AD Insurance Group among the Group companies subject to the following conditions.

   (1) Types of Personal Data
   Names, addresses, telephone numbers, email addresses, gender, dates of birth, other policy information stated in applications and other documentation, information pertaining to insurance claims, and other information pertaining to transactions with customers.

   (2) Parties with Which Information Is Shared and Party Responsible for Management
   Refer to the List of the Group companies with which the use of information is shared. The party responsible for supervision and management of shared use shall be the Holding Company.

Corporate Governance

Responsibilities in Transactions

Basic Perspective and Policy

The MS&AD Insurance Group stipulates in the "MS&AD Insurance Group Compliance Basic Policy" that all executives/employees of the MS&AD Insurance Group should always be conscious of corporate social responsibilities and comply with all laws and regulations relevant to business activities and practice fair and valid conducts in good faith to live up to the expectations and requirements of the society.

MS&AD Insurance Group Compliance Basic Policy

We recognize our responsibility for the actual and potential adverse impact our business activities have on human rights, including the impact of value chain. Our actions and dialogue will show respect for human rights. This Basic Policy stipulated in February 2017 has been adopted to prepare for this.

MS&AD Insurance Group Basic Policy on Human Rights

Furthermore, realizing the actual business needs of contracting out various jobs and services to outside sources, the Group has instituted "MS&AD Insurance Group Basic Policy for Management of Outside Vendors". Taking the above policy into account, the Group companies are conducting proper management upon organizing a setup for managing outside vendors.

MS&AD Insurance Group Basic Policy for Management of Outside Vendors

When engaging the services of outside vendors for business purposes, the MS&AD Insurance Group shall prepare procedures for the proper management of outside vendors based on the following management policy.

1. Outside Contracting Subject to This Policy
When the MS&AD Insurance Group delegates all or part of the administrative work necessary for it to conduct business to an outside vendor, there must be an assurance that such is appropriate in conjunction with the execution of business bearing in mind the need to assure that customers are protected and management is conducted soundly. As used herein, "customer" shall refer to "a customer having a relationship to the activities of the MS&AD Insurance Group" with respect to both individuals and companies.

2. System for Management of Outside Vendors
MS&AD Holdings and the domestic Group insurance companies shall create the following system for managing outside vendors and properly implement the same:
(1) Establish a supervisor and business unit responsible for managing outside vendors.
(2) Establish and disseminate rules pertaining to the management of outside vendors.
(3) Conduct inspections and supervision over outside vendors.
(4) Conduct appropriate management of subcontractors.
(5) Establish procedures for responding to inquiries, complaints and other communications from customers pertaining to outside vendors.
(6) Create other procedures necessary for managing outside vendors and revise the same as appropriate.
Other Group companies shall also create system for managing outside vendors and properly implement the same consistent with the above.

Activities

Confirmation of Eligibility of Outside Vendors

MSI and ADI confirm the soundness of information management systems and outside vendors, and the adequacy of job execution progress by referring to the new "Outside Vendor Adequacy Check List". Domestic Group insurance companies do the same by clarifying the standards for selecting vendors, conducting information management once a year, in principle, and checking periodically outside vendors.

Requests to Business Partners for Environment Related Considerations

MSI and ADI, as a consistent step toward dealing with ISO14001, explain Group Environmental Basic Policy once a year to business partners in each company and ask them to cooperate in their considerations regarding the environment.

Supports for Tackling with Environmental Issues at Agents and Business Partners

MSI and ADI are promoting to their agents and business partners to secure "Eco Action 21" certification, a simplified version of environmental ISO, spread practicing Eco-maintenance(*) and utilization of recycled automobile parts.

Detailed information of Support for Certification under Eco Action 21
Detailed information of Support for the Spread of Eco-maintenance

(*) Support for the Spread of Eco-maintenance
"Engine cleansing" has been stipulated by the government as one specific requisition item in the "Green Purchase Method" since April, 2008. Support for obtaining Eco Action 21 certification leads directly to spread "Engine cleansing".

Mitsui Sumitomo Insurance Transaction Policy

MSI determined the Mitsui Sumitomo Insurance Transaction Policy (on May 27, 2005) to lay down minimum requisite basic rules for transactions in areas such as outsourcing and purchase of supplies. MSI is striving for on-going advancement and fulfillment of social responsibilities with its business partners.

Mitsui Sumitomo Insurance Transaction Policy

- We shall select business partners (contractors, suppliers, etc.) without being bound by past transaction records and with comprehensive consideration of factors including transaction terms, business status, technical capabilities, and concern for the environment.
- We shall properly manage and protect all information received through transactions.
- We shall ask all business partners (contractors, suppliers, etc.) to observe all related laws, regulations, and social norms.
- We shall ask all business partners (contractors, suppliers, etc.) to constantly provide optimal quality, prices, delivery terms and service.

Risk Management

Risk Management Basic Policy

We assign highest management priority to risk management and have set out the "MS&AD Insurance Group Risk Management Basic Policy," which underpins common risk management exercised throughout the Group.
The policy stipulates the basic processes and the Group-wide framework for risk management, and defines the categories of risks which the Group should identify and approaches to managing them.
The domestic Group insurance companies follow this basic policy to set out their own individually tailored risk management policies and be proactive in managing their own risks.

Risk Management Structure

The Company has formed its Enterprise Risk Management (ERM) Committee, as one of its task-specific committees under the Board of Directors, to discuss matters related to ERM and the Risk and Compliance Committee, another task-specific committee that is in charge of monitoring as well as discussing and making necessary adjustments related to ERM and risk management. Under Company procedures, important matters are reported to the Group Management Committee and the Board of Directors after discussion in the ERM Committee and the Risk and Compliance Committee.
The domestic Group insurance companies implement risk management in each company and its domestic and overseas subsidiaries. The Corporate Risk Management Department monitors risks of the Group as a whole and the status of risk management in each of the Group companies. This department implements integrated risk management for the Group as a whole and reports its results to the Risk and Compliance Committee.

【Risk Management Structure】

Insurance Business Risks

There are a variety of risks inherent in the insurance business. Given that the insurance business hinges on insurance claim payments and payment of insurance proceeds and benefits, insurance underwriting risks and asset management risks need to be managed in consideration of the relationship to shareholders' equity and the need to maintain a balance with earnings, rather than simply being repressed. Moreover, we need to manage liquidity risks with respect to its bearing on funding requirements now and in the future. Operational risks stemming from issues such as clerical errors and system failures, on the other hand, need to be minimized by ensuring appropriate operations so as to prevent losses wherever possible.
The MS&AD Insurance Group strives to manage each of these risks with precision to realize the Group's management vision.

Insurance Underwriting Risks	Insurance underwriting risks are risks for underwriting losses due to frequency or levels of damage that significantly surpass the projection on which the insurance premiums are calculated.
Asset Management Risks	Asset management risks are risks owing to fluctuation of interest rates, stock prices, exchange rates, real estate prices, and rents, etc., or the financial condition of investee entities that cause a reduction in value or income, including off-balance assets. They also include risks that we cannot hold assets in alignment with the characteristics of liabilities, such as claim payments.
Liquidity Risks	Liquidity risks are risks that cash shortages caused by large cashouts, such as claims payments due to major natural disasters, force us to secure financing by selling assets at significantly unfair prices (cash management risk) or risks that market disturbances prevent market transactions or force unfair trades (market liquidity risk).
Operational Risks	Operational risks are risks that cause losses due to failure of the operational process or business system, misconduct of executives or employees, or external incidents, such as accidents or disasters.

Risk Management in International Business

To strengthen risk management systems in the overseas subsidiaries of domestic Group insurance companies, we have established the International Supervisory Department as the organizational unit responsible for integrating risk management matters in our international business activities. This department monitors the overall status of risk management in the Group's international business operations and is engaged in upgrading and expanding risk management systems in the Group's international business. The status of risk management in our international business operations is reported to the Corporate Risk Management Department, which conducts integrated risk management for the Group as a whole. After discussion by the Risk and Compliance Committee, related matters are reported to the Board of Directors.

Crisis Management System (Including Business Continuity Management System)

The Group has structured its Crisis Management System to manage risks appropriately through cooperation among Group members to prevent or respond to crises, based on its "MS&AD Insurance Group Risk Management Basic Policy."
To prepare for risks that have emerged as well as for the potential of these risks to spread within the Group, the domestic Group insurance companies have formulated a crisis management manual and business continuity plans. The Group ensures their effectiveness by exercise and testing on a regular basis, and the Business Continuity Management System is reviewed continuously.
Moreover, the Company also evaluates the Business Continuity Management System and the business continuity plans of the domestic Group insurance companies every year to confirm their feasibility.

The Group's Crisis Management System	Group members have carried out timely and suitable measures at the time of crisis by structuring Crisis Management System and formulating a crisis management manual. The Company requires Group members to report about Group crisis situations such as the case of economic loss which may have the serious influence to the Group and needs timely disclosure. The Company shall draft policies for

	settlement of an identified Group crisis based on discussions among Group members by creation of a Group crisis measures division.
The domestic Group Insurance Companies' Business Continuity Management System and business continuity plans	The domestic Group insurance companies have structured the Business Continuity Management System (instituting the policies, development of rules for management, establishment of management structure), and have formulated the business continuity plans for the capital city strong local earthquake and super-flu. The Company reviews the system through the PDCA cycle continuously, the Group crisis management meetings and having shared exercise and testing on a regular basis in each management system of member companies. The Company also evaluates the Business Continuity Management System and the business continuity plans of the domestic Group insurance companies once a year in collaboration with InterRisk Research Institute & Consulting. The Company confirms the feasibility and undertakes the necessary revision through the evaluation.
Group crisis management meeting	The Company has held a Group crisis management meeting once in the quarter on the theme of the Crisis Management System and the business continuity plans for the crisis management Department of Group members. The Company confirms the constant review situation by the PDCA cycle in the management organization of Group members through periodical management of those meetings, and we promote the consolidation of systems for timely and appropriate handling of crisis by sharing information between Group members.

Corporate Governance

Information Disclosure

The MS&AD Insurance Group stipulates in "MS&AD Insurance Group Basic Policy for Disclosure of Information" its external information disclosure policies for each Group domestic insurance company. According to the policies, each Group company has thoroughly put the disclosure rules in practice as set forth by the Financial Instruments Exchange and is disclosing information so that respective stakeholders can have a correct understanding of the true status without delay.

- MS&AD Insurance Group Basic Policy for Disclosure of Information

Disclosure of Information and Investor Relations (IR)

We are conducting investor relations (IR) activities under the principles to win trust from shareholders and other investors, as well as to have our corporate value assessed fairly and properly.

- Detailed information of Disclosure of Information and Investor Relations (IR)

Capital Management Policies and Shareholder Return Policy

The MS&AD Insurance Group aims to ensure that capital is kept in line with the amount of risk while strengthening shareholder returns with "dividends" and "share buybacks."

- Capital Management Policies
- Shareholder Return Policy

＜References＞

We provide reference materials for our shareholders/investors such as the dividends trend of recent years and basic information, which includes the securities identification code and the number of MS&AD Holdings shares.

- Dividend Information
- Basic Stocks Information

Basic Policy for Disclosure of Information

MS&AD Holdings has stipulated its policy on external disclosure at domestic Group insurance companies in the "MS&AD Insurance Group Basic Policy for Disclosure of Information." In accordance with this basic policy, all domestic Group insurance companies strive to thoroughly observe disclosure rules stipulated in laws and regulations and the disclosure rules of stock exchanges. At the same time, the domestic Group insurance companies disclose information to ensure that their respective stakeholders can be made aware of important information in a fair, accurate and timely manner.

▸ Policy for Constructive dialogue with shareholders

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.

Corporate Governance

Disclosure of Information and Investor Relations (IR)

The MS&AD Insurance Group is actively conducting appropriate information disclosure to earn the trust from a wide variety of stakeholders, which includes our customers, shareholders, investors, and business partners, so that our corporate value is assessed fairly and properly.

Basic Policy and the Structure of Our Approach

The MS&AD Insurance Group compiled its stance relating to information disclosure in basic policies. Based on these basic policies, the Group implemented accurate, timely, and fair information disclosure.

MS&AD Insurance Group Basic Policies on Corporate Governance

Basic Policies

MS&AD Insurance Group Basic Policy for Information Disclosure

The "MS&AD Insurance Group Basic Policy for Information Disclosure" is an external information disclosure policy established for domestic Group insurance companies. In accordance with this policy, all domestic Group insurance companies strive to thoroughly comply with the disclosure rules stipulated by laws and regulations and the disclosure rules of financial instruments exchange. At the same time, the domestic Group insurance companies disclose information to ensure that their respective stakeholders can be made aware of important information in an accurate, timely, and fair manner.

MS&AD Insurance Group Basic Policy for Disclosure of Information

Policy for Constructive Dialogue with Shareholders

Towards sustainable growth and improvement of the medium and long term corporate value, the MS&AD Insurance Group works to "constructive dialogue" with shareholders and we are working to further value creation by taking advantage of it to management.

Policy for Constructive Dialogue with Shareholders

IR Policy

The "IR Policy" is the basic policy for IR activities established by MS&AD Holdings. Not only disclosing corporate information required under statutes or regulations of financial instruments exchanges, the MS&AD Insurance Group proactively releases information for investment decisions, ranging from basic policies and management plans to business strategies of the Group, thereby improving its quality of disclosure. In addition, by disclosing such information, we strive to put out information that is timely, fair and easy-to-understand.

IR Policy

Information Disclosure Framework

To ensure timely and adequate information disclosure and evaluate the effectiveness of information disclosure controls, the MS&AD Insurance Group established the "Disclosure Committee" and built a timely disclosure system.

Disclosure Committee

The "Disclosure Committee" has established by a resolution of the Board of Directors, and is the institution at the core of the information disclosure system. The committee is composed of outside directors and officers/directors in charge of the planning, the accounting, and other departments related to information disclosure. The MS&AD Insurance Group regularly holds this committee and verifies the appropriateness of procedures and evaluations, and the effectiveness of the information disclosure controls of the entire Group.

The overview of the structure of timely disclosure is provided in the Corporate Governance Report.

Corporate Governance Report (Japanese Only) (2017/06/28) (6.7MB)

Communication with Shareholders and Investors

The MS&AD Insurance Group is actively implementing dialogue with shareholders, investors, and analysts with management at the core. In addition to holding the various information meetings for institutional investors and analysts, we provide highly convenient and clear information transmission to shareholders and investors on the MS&AD Holdings website. The MS&AD Insurance Group responds in good faith to enquiries from investors/shareholders and securities analysts. We will share within the company such requests and opinions that we received during the course of our IR activities, and will use them to enhance our corporate value.

Policy for Constructive Dialogue with Shareholders

Policy for Constructive dialogue with shareholders

The MS&AD Insurance Group proactively engages in highly transparent information disclosure and constructive dialogue with shareholders and investors in an effort to achieve sustainable growth and increase enterprise value.

Specifically, by providing highly transparent information disclosure, MS&AD seeks to reduce information asymmetries with shareholders and investors. Also, by obtaining feedback from constructive dialogue with shareholders and investors, MS&AD is able to share this feedback with its management and the relevant departments and utilize it in formulating its management strategies.

Main Initiatives

- Announcement of the "Policy for Constructive Dialogue with Shareholders"
- Holding of "MS&AD IR Day" with the objectives being to have the top management of each business division explain business details and to carry on a constructive dialogue between management executives and investors (once a year)
- As measures to strengthen information sharing with management and relevant departments, implementation of regular reporting on IR activities, feedback on how the stock markets view the Company, and quarterly reports on the Company's share prices to Group Management Committee and the Board of Directors
- Creation of a program for feedback meetings to the Group's relevant departments (8 times a year)

Activities Undertaken (Fiscal 2016)

The Group organized Information Meetings, at which the President explained management strategies and performance, as well as MS&AD IR Day, sessions for the constructive exchange of opinions between management executives and investors. It also organized Company information sessions aimed at individual investors in various parts of JAPAN and exhibited at the Nikkei IR Fair 2016 for the first time.

Strategy explanation meetings for institutional investors and analysts (Information Meeting)	Twice
Telephone conferences (earning results) for institutional investors and analysts	4 times
Sessions for an exchange of opinions with institutional investors and analysts (MS&AD IR Day)	Once
Conferences organized by securities companies	6 times
Individual meetings (except conferences)	202 times
Information sessions for individual investors and securities company sales personnel	7 times

Information Meeting (for institutional investors and analysts)

MS&AD IR Day 2016

IR Activities Aimed at Foreign Investors

With foreign individual and corporate investors representing almost 40% of the total, the Group has been strengthening information disclosure and communication for the benefit of foreign investors and actively promoting dialogue with them. A strong effort was made to engage in constructive dialogue, that included active participation in conferences organized by securities companies for foreign investors as well as overseas travel by the President and the officer in charge of the Corporate Communications and Investor Relations Department to visit investors individually. From the perspective of providing swift and fair information disclosure, efforts were made to strengthen English information disclosure on the website and improve the disclosure of information for foreign investors.

Information Disclosure as the Basis for Dialogue

Website (Japanese/English)	Integrated Report (Japanese/English)
The Group makes prompt and fair information disclosure in both English and Japanese.	MS&AD Integrated Report 2016 received one of the "Awards for Excellence" at the forth WICI JAPAN Awards and the "Special Award" at the Nikkei Annual Report Awards, sponsored by Nikkei Inc.

Daiwa Investor Relations "Internet IR Excellence Award 2016"

Japanese version

English version

General Shareholders' Meeting

	FY2015	FY2016
Held	June 22 (Monday)	June 22 (Wednesday)
Shareholders attending	615	654
Ratio of the exercise of voting rights	84.3%	85.8%
Notice of convocation issue date	May 29 (Friday)	May 30 (Monday)
Notice of convocation notice website announcement date (Japanese/English)	May 25 (Monday)	May 24 (Tuesday)

In fiscal 2016, with the goal of holding a general shareholders' meeting with an active question and answer session with many shareholders, an effort was made to improve the content of information provided in the general shareholders' meeting convocation notice. For the resolution results, please see EDINET.

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, Vice President Executive Officers, is currently in charge of this assignment.

Capital Management Policy and Shareholder Return Policy

Ongoing Management Plans and Policies

Capital Management Policy

We will enhance enterprise value by taking balance of financial soundness, capital efficiency, and shareholder return.

Financial Soundness	● We will retain financial soundness by strengthening capital position and reducing risk.
Capital Efficiency	● We will improve the capital efficiency of the Group by appropriate allocation of management resources, growth, and diversification of business portfolio.
Shareholder Return	● We will return approximately 50% of "Group Core Profit" to shareholders.

Shareholder Return Policy and Track Records

Shareholder Return Policy

We will return approximately 50% of "Group Core Profit" to shareholders.

Dividend	● We aim to maintain stable dividends, and steadily increase dividends by strengthening our earnings power.
Share Buybacks	● We will repurchase our own shares flexibly and as opportunities arise, with due consideration to market conditions and the state of our capital.

Track record of total shareholder returns

＊Single-year Shareholder Return Ratio

$$\frac{\text{Dividends for the current fiscal year(To be paid In December of the year and in June of the next year)+ Value of share buybacks determined by the day of the annual general meeting of shareholders in the next fiscal year}}{\text{Group Core Profit of the current fiscal year}}$$

Contributing to Resolution of Social Issues through the Business

Based on Our Mission that "we will contribute to the development a vibrant society and a sound future for the earth by bringing security and safety through the global insurance and financial services business", we will work to enhance corporate value and contribute the creation of a sustainable and resilient society.

Supporting Preparations for Handling Risks and Providing Safety and Security

Accident Prevention, Disaster Prevention and Mitigation

Risks to our society are diversifying and becoming more complex. Whether or not we can recognize risks ahead of time and guard against their occurrence, or prepare for the worst possible scenarios, is a major issue for us as in our attempts to lead stable lives and conduct active business activities. We offer products that meet the diverse needs of customers and services related to accident prevention, as well as disaster prevention and mitigation.

Accident Prevention, Disaster Prevention and Mitigation

Response to Climate Change

The situation of global warming and biodiversity indicate that the sustainability of the world is on the verge of a crisis. The MS&AD Insurance Group works on those issues by providing products and services to secure "a sound future for the earth" with our stakeholders.

Response to Climate Change

Response to Aging Society

The burden of nursing care and increases in medical fees are becoming large issues as our society continues to age. Measures are needed that can stave off disease and promote health. New risks are appearing alongside improvements to medicine and medical technology. It is our mission to respond to those risks.

Response to Aging Society

Development of Local Communities

Declining vibrancy of local communities not only causes depopulation and lack of social services but also leads to various other issues such as overpopulation in urban areas. We think that stimulation of local industries and development of community-based small- and medium-sized companies are necessary for the revitalization of local economies. We are also focusing on social issues of developing countries.

Development of Local Communities

Practicing Responsible Investment to Contribute to Resolving Social Issues

Practicing Responsible Investment to Contribute to Resolving Social Issues

The MS&AD Insurance Group supports and became a signatory to the Principles for Responsible Investment (PRI) Initiative. The Group is working on implementing Japan's Stewardship Code and investment activities with consideration given to ESG issues.

Practicing Responsible Investment to Contribute to Resolving Social Issues

Contributing to Resolution of Social Issues through the Business

Accident Prevention,Disaster Prevention and Mitigation

Protect from Accidents and Disasters

Our mission is "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." The MS&AD Insurance Group has made efforts so insurance payments can be made immediately in case of a large-scale disaster, and we contribute to the reconstruction of areas hit by disasters. We also work on creating a secure and safe society which is resilient to disasters using know-how to prevent and mitigate disasters, and prevent accidents through our non-life insurance business. We also support healthy and enriched lives through our life insurance business.

Major Results in Fiscal 2016

- **Launch of the safe operations service for coastal vessels utilizing smartphones**
- **Providing information of disaster prevention/mitigation information**
- **Enhancement of automobile insurance by utilizing telematics technology**

Business of MS&AD

	Identifying Risks and Providing Information on Risks	Preventing Risks from Being Realized / Reducing the Impact of Risks	Reducing the Economic Burden When Risks Become Real
Main Products and Services	●Risk Management for Accident Prevention ●Risk Management for Disaster Prevention and Mitigation	●Provision of Applications Leading to Safety and Security ●Effort for Accident Prevention and Traffic Safety Promotion ●Provide Information About Disaster Prevention and Mitigation	●Products and Services to Prepare for Traffic Accidents ●Products and Services to Prepare for Disasters

Identifying Risks and Providing information on Risks

Risk Management for Accident Prevention

To prevent traffic accidents, it is important to avoid risks which may result in an accident in advance. The MS&AD Insurance Group will contribute to local safety through visualization of factors that can contribute to traffic accident preventions and services that support safe driving.

Service for Checking Indication of Sleep Apnea Syndrome (SAS)

MSI has provided service for checking indication of SAS (sleep apnea syndrome) for employees. With the smartphone, customers can record and analyze snoring, a symptom of SAS, and the results of the screened employees are reported to managers of the company. SAS is said to be a cause of progression of atherosclerosis, myocardial infarction and brain infarction, and the typical sleepiness caused by SAS may result in a fatal traffic accident. Through this service to support countermeasures against SAS of company employees, we contribute to the safety and health of employees and support the safety of local communities.

Application screen

Provision of "Driving Ability" Diagnosis

MSI, ADI and Mitsui Direct General are providing free smartphone applications, offering "Driving Ability" Diagnosis that analyzes and diagnoses the driving characteristics of a driver and provides advice.

Suma-Ho driving ability tests (MSI)	– Function to give audio advice before driving based on driving characteristics and provide diagnosis after driving based on analysis results – Driving recorder function to record and check videos at dangerous driving locations – Function to provide audio warning when approaching locations where numerous accidents have occurred – Function to deliver the key points of safe driving based on weather information – Function to provide "Animal Alert" when approaching locations where many accidents involving animals have occurred (only for limited regions)
Sapo NAVI "Driving Ability" Diagnosis (ADI)	– Function to analyze and diagnose the driving characteristics of drivers and provide advice – Driving recorder function to record and check videos at dangerous driving locations – Function to verify the status of the person coming to assist drivers when using roadside assistance – Accident Emergency Information Service by which specialized operators make requests for police or fire departments in lieu of drivers
Mujicology Drive (Mitsui Direct General)	– Function to provide one-touch communication with an accident reception center or a road service center – Function to detect sudden braking or collision and automatically record and save scenes before and after it – Function to diagnose appropriateness of driving including acceleration, slowdown, handling stability, etc. – Function to analyze and diagnose the driving characteristics and make strengths, weaknesses and the driving characteristics visible – Function to check understanding of traffic jam by solving questions

Suma-Ho

Sapo NAVI

MUJICOLOGY Drive

Efforts to Prevent and Reduce Traffic Accidents by Utilizing "Accident Map"

MSI, in cooperation with InterRisk Research Institute & Consulting makes use of accident data held by the company through automobile insurance policies as well as data from external institutions(*) to analyze and identify locations where accidents frequently occur, and summarizes the information as a "Map of Locations with Frequent Accidents" for all cities and wards across Japan. This map provides a wide range of information useful for accident prevention, including the most common type of accidents and specific preventive measures against accidents, as well as a map of locations with frequent accidents.

Accident map

(*) Fiscal 2012 data on locations where accidents frequently occur (nationwide) from the Institute for Traffic Accident Research and Data Analysis is used.

Risk Management for Disaster Prevention and Mitigation

It is highly significant to predict risks that might occur in case of a natural disaster and prepare for an emergency. The MS&AD Insurance Group supports disaster prevention and mitigation through various risk management services provided by its business companies based on know-how the Group has cultivated and large amounts of data the Group stores.

Consulting Service that Uses a Tsunami Model

MSI and InterRisk Research Institute & Consulting developed a tsunami model to estimate damage from tsunami in cooperation with a major U.S. company specialized in risk assessment regarding natural disasters. This tsunami model enables a consulting service that can take into account damage from a tsunami in addition to the conventional earthquake risk analysis. By using the results of damage estimates based on "probability analysis(*1)" of tsunami risk, it became possible for the first time among domestic insurance companies to offer "an estimated amount of damages for a return period (the amount to be incurred once in 200 years, etc.)" according to the requests of each customer and to make a proposal on "priority order of measures at multiple bases", which was difficult with conventional "scenario analysis(*2).

Image of New Tsunami Model

(*1) Estimated amounts of damages on covered properties in respect to all expected earthquakes are calculated. The results are then integrated and processed in a stochastic method. With an amount of constructive loss for each return period (excess of loss curve: EP curve), it is possible to visualize the amount of risk based on probability.

(*2) Based on the forecast of earthquakes that have occurred on specific active faults and troughs, an estimated amount of damages on covered properties is calculated. It is possible to visualize "how bad the damage would be if a specific earthquake occurs." For example, the Nankai Trough consolidated type earthquake and the Great Kanto Earthquake during the Taisho era.

Preventing Risks from Being Realized / Reducing the Impact of Risks

Provision of Applications Leading to Safety and Security

MSI and ADI provide various menus leading to safety and security through the smartphone application Suma-Ho (MSI) and Sapo NAVI (ADI). We will continue enhancing information and functions useful for accident prevention and wider adoption of safe driving.

Suma-Ho (MSI)	- MSI's proprietary application providing convenient and useful services related to automobile insurance, fire insurance and casualty insurance under the concept "Insurance on your palm". Click here for detail (MSI Official Site Japanese only)
Suma-Ho Animal Alert (MSI)	- Function to prevent traffic accidents colliding with rare animals. A service to give an audio warning when someone approaches areas of frequent traffic accidents involving animals in Okinawa prefecture, Nara prefecture and Hokkaido. Click here for detail (MSI Official Site Japanese only)
Sapo NAVI (ADI)	- ADI's proprietary application designed to prevent car accidents and to be used as a reliable partner in case of accidents. Click here for detail (ADI Official Site Japanese only)
MSIG Motor Assist Mobile APP (MSIG Malaysia)	- Application for automobile insurance policyholders providing functions for communication in case of an accident, request for trouble assistance services and reporting of damage to the company with image data. Click here for detail (MSIG Insurance (Malaysia) Official Site)

Development of New Accident Prevention Services Suitable for Traffic Conditions in Asian Countries

Since December 2016, MSI, ADI and InterRisk Research Institute & Consulting have been providing ARM (Automotive Risk Management). This is a new accident prevention service to improve driving skills and manners, for the purpose of preventing and reducing traffic accidents in Asia. Due to rapid motorization, Asia has experienced an increase in traffic accidents and casualties due to them, leading to increasing needs mainly from corporate customers for support for accident prevention efforts. In order to meet such customer needs, this service was developed as a new accident prevention service suitable for traffic conditions and accident characteristics in each Asian country. It was created by leveraging the know-how in accident prevention services for corporations (driving aptitude diagnosis, danger prediction training, etc.) cultivated in Japan. The MS&AD Insurance Group will continue contributing to safe driving education and accident prevention as the leading company in the non-life insurance industry in Southeast Asia.

Discount of Automobile Insurance Premiums as the Reward for Attending Safety Training

MSI launched "Accident Cooperation Rider [Dedicated to Safety Management Certification Seminar]" in April 2017. This rider provides a 3% discount on insurance premiums to transportation business operators that attend the Transport Safety Management Seminar (certification seminar*1) promoted by the Ministry of Land, Infrastructure and Transport and designate in advance which section to respond to in case of an accident. The provision of this rider will lead to prevention of serious accidents and their recurrence. It will do this by supporting the further adoption of the transport safety management system (*2) and promoting continuous safety efforts including corporations' voluntary establishment of a safety management system or utilization of the PDCA cycle.

(*1) The certification seminar is a seminar provided by private institutions mainly to medium- or small-sized transport business operators based on curriculums certified by the Ministry of Land, Infrastructure and Transport. Our group company InterRisk Research Institute & Consulting was also certified as an implementing agency for this certification seminar.

(*2) The Transport Safety Management System is a system to promote efforts for better transport safety, and was established in October 2006 in response to increased accidents caused by human errors at transport business operators.

Support for Corporate Risk Measures (BCP)

Preparing for earthquakes and other natural disasters has become more and more important. MSI, ADI, and InterRisk Research Institute & Consulting have actively been engaged in mitigating damage from earthquakes, tsunami and water disasters, and advisory services for formulating Business Continuity Plans (BCPs). They also support operational drills with disaster scenarios, in an effort to contribute to the creation of a flexible and robust society from the prevention and mitigation of disasters to business continuity. In fiscal 2016, in particular, we provided over 100 seminars around the nation following the Kumamoto Earthquakes. We also offered global support by building BCP models for overseas business offices.

Risk Mitigation Effort

MSI makes efforts for risk management and other risk mitigation based on its ample know-how related to damage occurrence risks. The Group as a whole supports risk prevention in the global environment as well as in Japan.

Provision of Risk Management Services

MS Amlin has a risk engineering team armed with professional knowledge and experience, which provides risk management services to customers. By doing so, it is engaged in activities to prevent the occurrence and spread of loss. In particular, the risk management seminars that the company organizes for customers, and the "Loss Incident" report that analyzes the causes of frequent accidents and unusual accidents, and presents countermeasures, has been well received by customers. In these ways, the company is contributing to enhancing risk management for customers, and to preventing the occurrence of accidents.

Effort for Accident Prevention and Risk Mitigation

Responding to customer requests, MSI provides individual investigation and advisory services regarding risks related to activities during transport or in port facilities by utilizing drones and other state-of-the-art technologies. Furthermore, MSI is hosting seminars related to logistics risks at ports, on roads, and at industrial areas and other locations, mainly in Asian countries. MSI is also working to provide further information through efforts such as the creation of DVDs explaining the logistics situation in each country. Through measures like these, we are working to support our customers in achieving the safe and swift transport of products.

Product accident prevention posters (forklift version, pallet version)

Safe Operations Support Service for Domestic Vessels Utilizing Smartphones

Since April 2017, MSI has been providing "SIGNAL", a safe operation support service for domestic vessels utilizing smartphones in partnership with Weathernews Inc. This service alerts domestic vessels sailing in rough water with sound or e-mails via dedicated smartphones provided by Weathernews. It also gives forecasts of atmospheric or marine weather or shows videos of waters around the vessel on a dedicated website. This helps prevent accidents and can also be used by vessel operators to choose safe routes. MSI will continue supporting customers' safe vessel operations and contributing to the prevention and mitigation of maritime accidents.

Campaign for Education in Safe Driving

Business companies of the MS&AD Insurance Group are practicing activities or creating tools leading to education in safe driving, aiming for an accident-free society.

MUJICOLOGY! Project Aiming for Accident-free Auto Society

Mitsui Direct General implements the MUJICOLOGY! Project that aims for an auto society in which there are zero accidents. On the MUJICOLOGY! Laboratory's website, the information broadcasting base of the project, we welcomed Mr. Nishinari, professor of the University of Tokyo and an expert in jamology (science of traffic congestion) as Director. The site provides videos of jamology lectures and content that helps to improve driving manners to promote safe driving.

MUJICOLOGY! Laboratory's website

We also established the MUJICOLOGY Smile Fund, a donation system in which donation amounts to organizations playing active roles in traffic accident prevention, environment protection, education and reconstruction support are decided by customers' votes. This fund has achieved a structure of social contribution based on a new concept in which safe driving supports others. A total of 47,154 customers voted in fiscal 2016 (April 2016 – March 2017).

MUJICOLOGY Smile Fund

Provision of Safe Driving Educational Tools

MSI and ADI are supporting prevention and mitigation of damage from traffic accidents by providing safe driving educational tools for elderly drivers and children. We also focus on efforts for preventing bicycle accidents, which have been increasing recently.

Magokoro Drive (brochure) and Kuruma Torikku (web-based content) (MSI)	This tool focuses on weakening eyesight, one of the causes of traffic accidents by senior drivers. This supports safe and secure car life by enhancing understanding of visual depth perception, a visual ability to perceive the world in three dimensions that weakens with age.
Picture Book about Prevention/Decrease of Traffic Accidents (ADI)	White bear father and his child Toughy & Happy, the mascot characters of ADI's product brand TOUGH, deliver messages to children for preventing/mitigating traffic accidents by depicting the happy everyday life of Toughy & Happy with the theme of the importance of observing traffic rules.

Effort for preventing bicycle accidents

With the increase in serious accidents caused by bicycles, there are greater needs for safe bicycle riding. We are making efforts to prevent bicycle accidents by providing information required for a safe bicycle life including rules for riding a bicycle and know-how for bicycle maintenance, as well as applications and tools leading to safe bicycle riding.

Suma-Ho Anshin Cycle (MSI)	- When the cyclist's speed exceeds the preset speed, the application notifies the rider with a sound or vibration. - Locating bicycle shops with a bicycle safety mechanic, support for inspection and maintenance - Navigation for appropriate actions to take in case of an accident or theft - At the end of a trip, it shows on a graph the travel distance, number of times the preset speed was exceeded, and calories burned
Portable card for bicycle users (MSI)	- Business-card-sized portable card showing a contact information of the card holder in case of communication difficulty due to an accident, a bicycle maintenance check list, and actions to be taken when an accident occurs.
Safe bicycle riding seminar (MSI, ADI, InterRisk Research Institute & Consulting)	- Safe bicycle riding seminar provided by InterRisk Research Institute & Consulting - Comprehensive seminar covering a wide range of topics from environments surrounding bicycles to the reality of accidents and key points for safe riding - Rental of DVD explaining key points for safe bicycle riding

Provision of Information on Disaster Prevention and Mitigation

On its official website (http://www.ms-ins.com/special), MSI provides two pieces of content regarding disaster prevention and mitigation: "Know and Prepare Disaster Measures" and "Advice for Emergency Practice." Recently, many large-scale natural disasters have occurred, including the Kumamoto Earthquakes, and it is important to work on continuous disaster prevention and mitigation without forgetting the experience of such disasters. In order to contribute to such effort, these pieces of content are provided to widely disseminate information on disaster prevention and mitigation to many people regardless of their age based on the concept of "friendly in normal times, reliable in an emergency." MSI will continue working on building a safe and secure society that is resilient to disasters through the provision of products/services that leverage its know-how in disaster prevention and mitigation as well as various other types of information.

Know and Prepare Disaster Measures

Advice for Emergency Practice

Effort for Higher Awareness of Disaster Prevention

In August 2016, the MS&AD Insurance Group held the symposium "Town Building for Disaster Prevention and Mitigation Considered Based on the Government-Private Partnership: How to Prepare for Large-Scale Water Disasters" in the First National Meeting for Promotion of Disaster Prevention hosted by the Cabinet Office at the University of Tokyo. This event aims to improve everyone's awareness of disaster prevention. In this symposium, the participants discussed the creation of a town prepared for water disasters from the perspective of a government-private partnership through speeches and panel discussion by professionals. This was an opportunity to widely disseminate information on disaster prevention and mitigation.

At the symposium

Reducing the Economic Burden When Risks Become Real

Automobile Insurance for 1 Day

MSI and ADI have provided One-day Insurance (MSI) and One-day Supporter (ADI). People who do not own a car can buy the insurance for one day when they drive a borrowed car. We will continue developing products and services that contribute to safety and security by reducing accidents caused by uninsured cars.

"One-day Insurance" logo

Automobile Risk Management Services to Corporate Customers

MSI, ADI, and InterRisk Research Institute & Consulting provide to corporate customers various effective programs and solutions to prevent and decrease accidents.
We invite automobile transportation business operators to the "Transport Safety Management Seminar" (certification seminar) for which InterRisk Research Institute & Consulting was certified by the Ministry of Land, Infrastructure and Transport as an implementing agency. Up to March 2017, the seminar has been held 132 times with 6,161 participants.

Automobile Risk Management Services (Japanese only)

Automobile Insurance Utilizing Telematics Technology

We work on discounting insurance premiums or supporting safe driving of corporate employees based on individual driving information collected by using telematics technology, which combines telecommunication and informatics.

"Suma Navi"

MSI has been offering "Suma Navi," a service supporting safe driving initiatives. "Suma Navi" is a service to support companies in safe driving using telematics technology. The service provides employees of a company with driving ability tests through a smartphone application and provides managers of the company with a summary and analysis of the test results on a dedicated website.
We started our "Education Movie Development Service," which enables a company to easily make a safe driving education movie on the web using movie clips of dangerous driving that employees have actually encountered.
We also launched "GPS Service for Company-owned Vehicles," which lets a company to locate company-owned cars.

Logo and Report

In addition, we have developed a service to discount insurance premiums in accordance with the result of companies' efforts through these services. This effort nurtures safe driving in companies while reducing costs.

Sasaeru NAVI

In April 2016, ADI launched "Sasaeru Navi" for fleet insurance policyholders to provide better safety and security to companies. This is a program that combines the Safe Driving Assistant Service that utilizes a driving recorder and our company's unique Safe Driving Consulting Service based on data on dangerous driving control. We provide robust support for companies' driving control system and their efforts for accident reduction with the program.

Logo

Biz Safety, a Newly Launched Service for Business Operators Utilizing Telematics Technology

In July 2017, ADI launched "Biz Safety", a telematics service for (both fleet and non-fleet) business operators. This service uses a dedicated smartphone application and a special device to meet operators' needs for trying a driving control system and instructions for safe driving utilizing telematics technology with minimum data communication and other costs. Introducing this service enables operators' employees to recognize in a timely way the status of their own safe driving and enables driving controllers to dynamically administer company-owned vehicles and centrally detect the driving characteristics of each employee. This makes it possible to provide employees with effective and specific instructions on driving.

Tsunagaru Automobile Insurance

ADI launched the product "Tsunagaru Automobile Insurance." This works together with the telematics service "T-Connect"(*) developed by Toyota Motor Corporation, which is installed in car navigation systems. By connecting the customer's vehicle with ADI, this automobile insurance offers customer's safety, security, and a good deal on a one-to-one basis. To assure customers who have not been involved in any accidents that it would still be a good idea to sign up for this policy, in addition to delivering peace of mind in the event that an accident does occur, efforts have also been put into preventive safety through the utilization of vehicle operation information.

Logo

(*) T-Connect Navigation is a Toyota connection service that provides safe, secure, and comfortable services by connecting to communication services.

Development of Telematics Automobile Insurance Reflecting Driving Behavior

ADI developed the first automobile insurance product in Japan whose monthly insurance premiums reflect driving behavior detected by telematics technology. Through the driving behavior discount, customers can enjoy lower insurance premiums based on monthly driving distance and driving behavior. This product also provides value-added to accident-free customers by using the Safe Driving Diagnosis Service utilizing telematics technology.

Telematics Monitor System

ADI has been providing trial service utilizing smartphones (telematics monitor system (hereinafter "monitor system")) since January 2017. This was carried out in collaboration with Cambridge Mobile Telematics Inc. in the United States to consider providing products and services utilizing telematics technology.
This monitor system will provide a service such as safe driving diagnosis utilizing onboard device and smartphone dedicated application "Visual Drive" on a trial basis for a certain period for car insurance subscribers.
In May 2017, ADI also started providing "accident emergency automatic notification service." This service is to make a safety confirmation call to a customer's telephone number based on information automatically reported to the company when an in-vehicle device detects a large impact due to an accident. The dedicated operator of the call center will advise customers who are in trouble due to accidents, etc. on a 24-hour, 365-day basis.

Accident Mitigation Support Service for Corporations (Thailand)

Since August 2017, Aioi Bangkok Insurance PCL (ABI), the Thai subsidiary of ADI, has been developing and providing an accident mitigation support service for corporations utilizing telematics technology. It has done so in cooperation with Thai Yazaki Network Service Co., Ltd. (TYNS), the Thai subsidiary of Yazaki Energy System of Yazaki Group. This is a safe driving consulting service (*2) using TYNS's cutting-edge communication-type digital tachograph (service name: iQsan) (*1) to provide better safety and security in companies' accident mitigation efforts. Taking advantage of the introduction of this service, we will contribute to a secure and safe road traffic society in Thailand while supporting the wide adoption of iQsan and safe driving efforts of companies.

(*1) iQsan....The product name of a cloud-based digital tachograph developed for the ASEAN region in which wide-area communication capabilities are embedded. It is pronounced "Ikkyu-san." The Japanese animation "Ikkyu-san" is very popular in Thailand, which is a Buddhist country, and this product name is derived from the image of Ikkyu-san's intelligence.

(*2) The safe driving consulting service is provided by InterRisk Asia (Thailand) Co., Ltd., the Thai subsidiary of InterRisk Research Institute & Consulting of the MS&AD Insurance Group.

Bicycle Insurance "Net de Hoken@Cycle," "Bycle" & "Bycle Best"

With a court decision calling for heavy reparations for bicycle accidents and the trend of local governments enacting an ordinance to encourage insurance policies, social needs for buying insurance policies appear to be rapidly increasing. In response to such needs, the MS&AD Insurance Group sells insurance for bicycles through its business companies.
MSI sells "Net de Hoken@Cycle", whose procedures can be completed online so customers can easily buy insurance policies. This is a product to provide sufficiently large coverage with an affordable level of insurance premiums.
au Insurance sells "Bycle", "Bycle Best" and "Bycle S". They offer reassuring and adequate trouble support also for events other than accidents.
We will continue providing products and services to meet customer needs as we aim to help create a safe and secure bicycle society.

Spreading Earthquake Insurance

Based on the "Act for Earthquake Insurance", earthquake insurance is managed by both government and the non-life insurance companies, and aims to contribute to rebuilding the stability of disaster victims' lives. The needs of earthquake insurance have been increasing since the Great East Japan Earthquake and the 2016 Kumamoto Earthquake. MSI and ADI rediscovered the importance of customers understanding the necessity and the contents of earthquake insurance correctly. For many people to get earthquake insurance, we are offering advice about earthquake risks to our customers.

"Disaster Navigation" Feature on Smartphone Service

MSI has included "Disaster Navigation" feature on its smartphone service useful in case of disaster and advance efforts to support safe and secure actions during a large-scale natural disaster.

Disaster Navigation	・Directions to designated shelters of local governments across Japan using GPS or camera, ・A safety information registration and verification function ・A disaster prevention information function that provides real-time notifications of disaster information disseminated by government ministries and municipalities, as well as a collection of know-how for disasters that provides free tips that can be useful during a disaster ・A service that is available not only to insurance policyholders, but to everyone ・Supporting foreign languages (English, Chinese and Korean)
Earthquake! Ima Doko Service	- Service provided through a dedicated application of "GK Sumaino Hoken Grand", which was fully launched in April 2017 - Function to automatically locate pre-registered family members and share the location by push notification when an Earthquake Early Warning was issued - Function to confirm the location of precious family members or share their safety information even when the phone call is difficult to be connected right after an earthquake - Service for customers who subscribe to personal fire insurance "GK Sumaino Hoken Grand"

Supporting Early Recovery from Disasters

InterRisk Research Institute & Consulting has helped local governments to introduce the System for Supporting Restructuring of the Livelihood of Disaster Victims in an industrial and academic collaboration with Niigata University, Shizuoka University, the National Research Institute for Earth Science and Disaster Resilience and others. This system provides comprehensive support to local governments to help disaster victims restructure their lives, including issuance of Disaster Victim Certificates, and thus contributes to putting their lives back in order as soon as possible. In the wake of the Kumamoto Earthquake in April 2016, we supported the development of a system for issuance of disaster victim certificates.

"System for Supporting Restructuring of the Livelihood of Disaster Victims"

Cat bonds (catastrophe bonds) issuance support services

MSI provides services that support issuance of Cat bonds (*) for customers such as infrastructure-related companies and manufacturers with large production bases.
In recent years, the occurrence of major earthquakes or the progress of climate change have led to increase in customers' demands for preparing a large-scale natural disaster risk. We have decided to launch this service in response to such demands.
The service will reduce customers' burden of cumbersome administrative procedures associated with Cat bonds issuance as well as realize customers' diversification of hedging methods for catastrophe risks through our advice on setting optimal issuance conditions etc.

(*) A Cat bond is a mechanism which transfers catastrophe risks such as earthquakes or typhoons from one party to investors in the capital markets. As long as no disaster exceeding a predetermined threshold occurs, investors (Cat bond purchasers) receive coupons periodically and have principal repaid at maturity. However, in the event that a disaster exceeding such threshold occurs, the principal to be repaid to investors is reduced partially or entirely so that it is used to compensate customers for their losses.

Comprehensive Business Cost/Profit Insurance (Rider Only to Cover Specific Earthquake Risks)

Since July 2016, ADI has been providing a product to cover loss of profits caused by business interruption due to a large earthquake. The aim is to meet increasing needs for measures against earthquake risks following the recent occurrence of large earthquakes and the government announcement regarding the prediction of ground motion. We will continue providing products and services to support early recovery from disasters.

Contributing to Resolution of Social Issues through the Business

Response to Climate Change

Response to Climate Change

Ongoing climate change has been causing natural disasters to grow in frequency and magnitude around the world. As a result, humanity is now exposed to a rising risk of encountering disaster of an unprecedented scale. In addition to the potential occurrence of such a major disaster, even a moderate pace of climate change would undermine the stability of corporate business activities and the daily lives of citizens, thus bringing about physical and financial losses. Climate change-induced natural disasters are huge risk facing nations across the globe. As an insurance company, there is a serious concern about a potential scenario in which growing benefit/claim payments erode the global insurance system, which has close relation with these risk.
Although unable to readily halt climate change, insurance companies must take related measures in preparation for mounting risk. The MS&AD Insurance Group will continue to deliver security and safety to local communities by providing sufficient levels of protection by the use of reinsurance and other various means for losses from a major disaster. Moreover, we will continue to further adapt to climate change by providing appropriate services designed to prevent or reduce damage and losses of customers which is caused by climate change-induced weather disaster. At the same time, through its insurance and consulting services, the MS&AD Insurance Group will support new businesses serving to mitigate climate change.

Major Results in Fiscal 2016

Development of New Risk Assessment System Predicting Flood Damage

Providing Alerting Service of Weather Information

Selling Weather Derivatives Globally

Business of MS&AD

	Identifying Risks and Providing Information on Risks	Preventing Risks from Being Realized / Reducing the Impact of Risks	Reducing the Economic Burden When Risks Become Real
Main Products and Services	●Risk Management for Prevention of Natural Disaster Damage ●Risk Management for Conservation and Utilization of Natural Capital ●Supporting the Enhancement of Environmental Efficiency and Use of Sustainable Resources	●Information Transmission Related to Natural Disasters	●Providing Products and Services to Support Measures against Climate Change ●Providing Products and Services that Leads to Climate Change Mitigation

Identifying Risks and Providing Information on Risks

Risk Management for Prevention of Natural Disaster Damage

Due to climate change associated with global warming, natural disasters have occurred frequently around the world and caused tremendous damage. The MS&AD Insurance Group has offered measures to mitigate risks based on detailed risk analysis and research by utilizing natural disaster risk models developed by InterRisk Research Institute & Consulting.

New risk assessment system predicting flood damage

In May 2017 MSI and ADI of the MS&AD Insurance Group developed a new risk assessment system to predict flood damage ("new flood model") in collaboration with InterRisk Research Institute & Consulting, Inc. and a major US provider of catastrophe risk modeling software. The new flood model makes it possible to predict flood damage caused by seasonal rain fronts and torrential rain as well in addition to caused by typhoons. Furthermore, it is capable of predicting not only the damage of flooding rivers but also the urban type of flooding damage where rainwater overflows because of insufficient water drainage and even the integrated damages due to wind and flood including storm surges caused by typhoons. The MS&AD Insurance Group will continue to improve risk management in natural disaster areas and strengthen consulting services through the use of damage prediction model.

Launch of Consulting Services for Water Disaster

InterRisk Research Institute & Consulting of the MS&AD Insurance Group provides services to reduce loss by water disaster.
Targeting river floods, inundation and high tide, we analyze expected depth, time and damage of floods with a flood inundation simulation based on publicly available materials such as hazard maps and field research. By proposing both software and hardware measures based on those analysis results, we also support flood risk mitigation and the development and improvement of business continuity management (BCM) of companies.

Predicted Scenario	Predicted Water Depth of Flooding
Flood	Max. 0.5-1.0 meter

Scale Frequency of Rainfall	Total Rainfall	Intensity of PeakRainfall (Max.10-min Interval)	Duration of Rainfall
Once in 50-year time	270 mm	207 mm/h	3 h

Flooded areas (calculation results) are displayed with 10m-by-10msquares with each square corresponding to an interval.

Sample of analysis results

Risk Management for Conservation and Utilization of Natural Capital

Natural bounty provided by biodiversity (ecosystem services) is the basis of our lives and business activities. A business model in consideration of biodiversity supports the sustainability of the entire society including companies. 17 goals of the Sustainable Development Goals (SDGs), which were adopted at the Sustainable Development Summit in September 2015, can be achieved by the four goals which is related to natural capital and a stable climate system as a basis. The MS&AD Insurance Group works on the conservation and utilization of natural capital to build a sustainable relationship between natural capital and business activities.

Assessment Services for Impact of Natural Capital

Japanese companies which conduct business globally in particular, proactive disclosure of information about the impacts of business activities on natural capital is now required socially. If the planned business activity has a possibility of causing substantial damage to natural capital, such a business will entail a substantial risk. For such companies, InterRisk Research Institute & Consulting is providing services to quantitatively assess impacts on natural capital.

Brief Assessment Services for Water Risks

An increasing number of areas around the world are witnessing the depletion of water resources due to climate change and population increase of developing countries, etc. Operations of companies are threatened in some cases. Against such a background, there are increasing pressure against companies to ascertain and disclose its water risks. We are also seeing an increase in major manufacturers requesting their suppliers to ascertain and disclose water risks, as well as investors requesting disclosure of water risk information. InterRisk Research Institute & Consulting is providing services to assess water risks (water depletion, water disasters, etc.) for companies' bases in Japan and overseas.

Comprehensive Consulting Services on Biodiversity

Biodiversity is an environmental topic that has begun to draw much attention in recent years. For example, there have been cases where specific companies have come under criticism from society due to the adverse impact that raw material procurement activities have on biodiversity, developing to become management problems. Hence, there has been a rise in the number of companies that are beginning to implement risk management measures, in particular large companies. InterRisk Research Institute & Consulting provides comprehensive consulting services on biodiversity in business activities. Moreover, it is supporting the expansion of greenery in cities taking biodiversity into consideration through consultation of corporate greenery.

Preservation of Biodiversity

Supporting the Enhancement of Environmental Efficiency and Use of Sustainable Resources

The use of sustainable resources and enhancement of environmental efficiency across various businesses not only increases the sustainability of the global environment, it also assures sustainable growth of the companies. Through the support for environmental efficiency and use of sustainable resources, the MS&AD Insurance Group is contributing to the global environment and the growth of our customers.

Consulting Services Related to CSR

As measures for "Threats and Opportunities," "Value Chains," and "Biodiversity" in sustainable management required by ISO 14001, InterRisk Research Institute & Consulting provides consulting service regarding CSR including the acquisition and improvement of the Environmental Management System (ISO 14001, Eco Action 21) certification, environmental risk analysis and support for the development of CSR reports.

Launch of Comprehensive Compensation Plan for Wind Power Generation

MSI and InterRisk Research Institute & Consulting provide Service to Prepare Risk Survey Report on Wind Power Generation Facilities. With this service, MSI comprehensively assesses risks related to the business as a whole based on various conditions, including locations and facilities, for wind power generation customers, and provides a report. Wind power generation has a possibility of having lower operation rates and incurring accidents depending on locations, facility designs, and maintenance conditions, etc., while it is an energy source which has a lower power generation cost than other renewable energies to secure economic performance. Accordingly, MSI aims to encourage customers to take counter-measures for these risks, and at the same time support their stable business operation.

Issuance of "Handbook for Accidents and Failure Risks of Offshore Wind Power Generation Facilities"

MSI and InterRisk Research Institute & Consulting issue the "Handbook for Accidents and Failure Risks of Offshore Wind Power Generation Facilities." The purpose is to provide information to appropriately understand accident and failure risks of offshore wind power generation, which contribute to the development of renewable energy. Offshore wind power generation has the advantage of having richer wind energy available and fewer restrictions on the location for facility expansion than land wind power generation, and is expected to be a promising renewable energy source in Japan, whose land is surrounded by the sea.

Issuance of "Handbook for Photovoltaic Power Generation Business Accident Risks"

MSI, ADI and InterRisk Research Institute & Consulting issue the "Handbook for Photovoltaic Power Generation Business Accident Risks," a co-development tool by the three companies, to support stable operation of the photovoltaic power generation business. While the photovoltaic power generation business has rapidly expanded in the last several years, accident risks arising from natural disasters, etc. have also become obvious along with it. This handbook provides information to assess these accident risks appropriately.

Identifying risks and providing information on risks

Alerting Service of Weather Information

MSI, in cooperation with Weathernews Inc., has provided the Alerting Service of Weather Information for the first time in the non-life insurance industry to policyholders of construction insurance ("Building All-in", "Civil Engineering All-in") and fire insurance ("Property Master", "Business Keeper") or transport insurance ("Full Line", "Support One") for companies.

Screen of Alerting Service of Weather Information

This service sends alert mails to customers when a forecast for precipitation amount, wind speed and amount of snowfall exceeds standards(*) at up to five locations that customers preset on the dedicated website, or when lightning is observed at locations within the standard values(*) from the observation point. Through provision of weather information, we will help prevent and mitigate damage caused by natural disasters and support business activities of our customers.

(*) Customers preset two levels: Alert and Warning. Regarding lightning, the distance is between the observation point and the point struck by lightning.

Business Tasks with the concern for Climate Change as ClimateWise Members (UK)

MS Amlin participates in ClimateWise. ClimateWise is an organization set up through a collaboration by the insurance industry, the University of Cambridge, and research institutions. It makes use of the specialized knowledge and experiences of the insurance industry related to natural disasters for work on the climate change issue.
The MS&AD Insurance Group has participated in workshops which discuss climate change patterns and damages in each country and region based on the natural disaster risk analysis by risk management specialists. We are supporting the activities of ClimateWise by sending panelists to participate in international conferences and the submission of recommendations.

Preventing risks from being realized / reducing the impact of risks

Providing Products and Services to Support Measures against Climate Change

Extreme weather caused by climate change has various impacts on business activities. By providing measures to mitigate such impacts, we can support the development of sustainable business in a society with the influence of climate change. The advancement of global warming is unavoidable, and therefore, appropriate adaptation measures are now crucial to success in business.

Weather Derivatives

MSI and ADI offer weather derivatives that enable customers to mitigate fiscal losses arising from bad weather. When sales decrease or costs increase due to rainfall, overly hot or cold summers, extremely cold or warm winters and other weather-related phenomena, or power generation is insufficient due to the lack of sunshine in photovoltaic power generation or other renewable energy business, we support our customers by underwriting weather derivatives.
Overseas as well, MSI sells weather derivatives, primarily in North America and Europe, through its U.S. subsidiary MSI Guaranteed Weather. In December 2016, it started global marketing of weather derivatives utilizing NASA and other satellite observation data for the first time as a Japanese non-life insurance group. This enabled us to provide weather derivatives in regions where underwriting had been difficult because precise data was not available. We will actively sell weather derivatives globally including in Asia, South America and Oceania to support business expansion overseas and local economic activities of customers.

Comprehensive Compensation Plan for Food and Agribusiness

For the agricultural and the livestock industries, unfavorable weather risks exist. These include examples such as the lack of sunlight, abnormally low and high temperatures, and lack of rainfall, which can result in a poor harvest for agricultural raw materials and a decline in the output of animal products. As a result of these affects, market prices would surge.
The "Comprehensive Food and Agribusiness Compensation Plan" sold by MSI offers climate derivative products for unfavorable weather risks, based on a climate index which influences the yield and output of target agricultural crops and animal products.

Support to Reduce Water-related Disaster Damage at Ports

Due to climate change, flood disasters caused by incidents such as typhoons or high tides are causing more damage which is beyond past assumptions. For instance, direct impacts by large-scale typhoons coupled with high tides can lead to major losses if they impact finished vehicles being stored in port areas just prior to their export. On the other hand, through the execution of appropriate countermeasures in advance, the damage caused by such disasters can be lessened.
MSI offers customers detailed guidance on expected typhoon routes and high tide times ahead of their occurrence and proposes countermeasures such as the transfer of vehicles and use of waterproof covers. We are working to support efforts to lessen the damage caused to our customers.

Sample of Guidance materials

Pacific Catastrophe Risk Assessment and Financing Initiative Insurance Facility

MSI is an underwriting company for insurance covering natural disaster risks in Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI) Insurance Facility, which was established jointly by the Japanese government and the World Bank. This facility is designed to finance quick reconstruction funds to nations and regions in the Pacific Islands (Samoa, Tonga, Marshall Islands, Vanuatu, and Cook Islands), where insurance markets have not matured sufficiently, that are afflicted by natural disasters (cyclones and earthquakes) of a certain scale. By participating in this facility, MSI intend to support measures against natural disasters in the Pacific area, and fulfill social responsibilities for the area.

[The System Scheme]
Through derivative trading with the International Development Association of the World Bank, we are providing financial support for reconstruction in the event of natural disasters of a certain magnitude in Pacific Island countries.

Support for the Flood Reinsurance System through Participation in Flood Re

Since February 2017, MS Amlin has been participating in Flood Re, a flood reinsurance system established by the U.K. government and the Association of British Insurers (ABI). Flood Re is a reinsurance fund for personal flood insurance and administered and managed by the insurance industry. It supports high-flood-risk households by providing them with a wide range of preparation measures for flood disasters.

Providing Products and Services that Leads to Climate Change Mitigation

New businesses have emerged that address the worsening issue of global warming. Through providing insurance and consulting services, we contribute to stimulating the economy and mitigating climate change by proactively supporting the growth of such businesses. In addition, we are working to develop and offer products that lead to a reduction in the burdens placed on the environment.

Support of Renewable Energy Projects

We are indirectly supporting the wider adoption of renewable energy by providing various services or information for risk assessment and consulting, as well as selling various insurance products that comprehensively cover a wide variety of risks surrounding renewable energy business operators (property damage, loss of profits, liability of damage, etc.).

Photovoltaic Power Generation	・Comprehensive Mega Solar Compensation Plan ・Photovoltaic power generation business accident risk handbook, mega solar facilities earthquake and tsunami risk analysis and sunshine evaluation, mega solar facilities hazard information investigation, photovoltaic power generation comprehensive risk management
Wind Power Generation	– Comprehensive small wind power generation compensation plan – Wind power generation facilities handbook for accident risk assessment, service for development of wind power generation facility risk survey reports, handbook for small wind power generation facilities, comprehensive wind power generation risk management
Biomass power generation	– Comprehensive biomass power generation compensation plan – Handbook for biomass power generation facilities
Small- or medium-sized water power generation	・Comprehensive Coverage Plan Small- and Medium-sized Hydro Power Generation Compensation Plan ・Comprehensive small- or medium-sized water power generation risk management

Environmentally Friendly Automobile Insurance

The MS&AD Insurance Group makes efforts to achieve a sustainable global environment by developing and providing products in its core product area of automobile insurance that helps reduce environmental burdens.

Contributing to Resolution of Social Issues through the Business

Response to Aging Society

Supporting a Healthy, Enriched Life

The MS&AD Insurance Group is striving to enhance our line-up of various services and to provide insurance products for new medical industries, in order to deliver greater peace of mind to elderly customers as we confront an increasingly aging society.

Major Results in Fiscal 2016

Launched a smartphone application ("Suma-Ho") "Kokokara Diary"

Began distributing handy health information via "Karada-Care Navi"

Providing fire insurance products corresponding to aging society

Business of MS&AD

	Identifying Risks and Providing Information on Risks	Preventing Risks from Being Realized / Reducing the Impact of Risks	Reducing the Economic Burden When Risks Become Real
Main Products and Services	●Provision of Smartphone application for Promoting Healthy Living ●Study and Research through Collaboration between Industries and Universities	●Information Transmission Related to Medical Care and Health	●Provision of Products and Services to Support for Aging Society ●Provision of Products & Services for Nursing Care and Medical Care

Identifying risks and providing information on risks

"Kokokara Diary" – A Smartphone Application ("Suma-Ho") that Helps People Promote Healthy Mind and Body

Since April 2017, MSI has been providing "Kokokara Diary", a smartphone application ("Suma-Ho") aimed at helping people to have a healthy mind and body. Customers can make use of this application to manage health on their own, by measuring their stress status, finding out the calories consumed based on the number of steps taken, recording height, weight, hours of sleep and other data, and using other functions of the application.

For corporate customers, MSI offers a special website exclusively to compile and display data (number of steps taken, calories consumed, weight, body fat percentage, BMI value, blood pressure, hours of sleep) of employees who use Kokokara Diary. This website is useful for providing employees with health guidance, including ways to prevent lifestyle diseases, and can also be utilized for holding events, such as a walking rally aimed at managing health. At MSI, we will continue to help promote the good health of individual customers and to support companies manage the health of employees.

Screen Image

Collaboration between Industries and Universities for Innovation in Health and Medical Fields

MSI is participating in the "Osaka University Cross-Innovation Initiative," which aims to realize innovations in the health and medical fields through the industry-academia cooperation.

MSI will contribute to further development of the health and medical industries and the realization of healthy long-living society by supporting the realization of safe and stable innovations in this initiative, which endeavors to commercialize future medical services beyond organizations and fields.

A scene from press conference

Preventing risks from being realized / reducing the impact of risks

Activities to Communicate Medical Information to Customers

Activities to communicate handy health information

Since April 2017, MSI Aioi Life has begun operating Karada-Care Navi, an information provision website for users to view helpful health information. MSI Aioi Life offers useful information that immediately comes in handy in four categories: Illnesses and medical care to be aware of, tips on health, staying healthy with food, and healthy life.

Cerebral Stroke Project

MSI Aioi Life organizes the "Cerebral Stroke Seminar" in collaboration with the Japan Stroke Association. This seminar is conducted by specialist stroke physicians from across Japan. As of the end of March 2017, over 15,400 customers in total participated in the "Cerebral Stroke Seminar". MSI Aioi Life also operates the "Cerebral Stroke Report", a website containing various information on cerebral stroke, such as what kind of disease cerebral stroke is, its prevention, and ways to handle it in the case of its onset.

"Cerebral Stroke Seminar"

Promotion of Study & Research that Contribute to Elderly Care and Traffic Safety

MSIG Holdings (Asia) Pte. Ltd., the Asian holding company of MSI, gives awards to study and research that contribute to enhancing elderly care and traffic safety. Through this initiative, they promote the safety of communities and the healthy living of elderly people.

Grant Programs of the Mitsui Sumitomo Insurance Welfare Foundation

The Mitsui Sumitomo Insurance Welfare Foundation(*) funds to provide assistance for research and other activities in the two fields of traffic safety and welfare services for the aged. It also presents the "Mitsui Sumitomo Insurance Welfare Foundation Prize" to the authors of excellent publications and papers. It also engages in activities to provide partial grants for the purchase of welfare vehicles used by welfare facilities for the elderly. They started to offer overseas aid to South East Asia in fiscal 2007. They subsidized studies in Singapore and Thailand, investigated and considered appropriate subsidy methods to expand subsidization coverage to include more countries. By the end of fiscal 2016, it has furnished 894 million yen in aid for 843 projects in the elderly welfare (cumulative totals since its establishment).

Presentation ceremony in Singapore

Mitsui Sumitomo Insurance Welfare Foundation (Japanese only)

(*) Mitsui Sumitomo Insurance Welfare Foundation: Established in 1975; change of status to a public welfare corporation in December 2009

Reducing the economic burden when risks become real

Fire Insurance Products for Aging Society

MSI and ADI are the first in the non-life insurance industry to offer fire insurance products for aging society. With the recent advancement of aging in our society, there have been more cases of elderly persons dying alone in rental housing, and needs for services to support the elderly in day-to-day living have been growing year after year. In order to respond to these changes in the environment, they developed and offer a special rider for fire insurance (new establishment of a special rider for landlord expenses, enhancement of fiduciary liability rider) and incidental services (furniture moving, light bulb replacement service).

Meanwhile, in recent years patients with dementia have been increasing in number. Once developed, the illness can cause a patient to wander, etc. and get involved in an accident or go onto train tracks by mistake and stop a train. Since such cases which are subject to a large amount of damage claim can be expected, there are growing needs to secure insurance if an accident should happen. Therefore, since January 2017 we have been offering a new rider to cover "liability to pay for damage caused by suspension of train operation, etc. not involving property damage," which was not covered by the conventional liability rider for individuals.

Taking into account the further advancement of aging, we will continue to combine the know-how of group companies in actively pursuing the development of products and services that contribute to the "establishment of an aged society which is comfortable to live in."

Recommending: GK Sumai no Hoken "Kazai Grade Up Hosho no Goannai" (insurance guide on coverage for furniture & household goods and upgrading)

Tough Sumai no Hoken "Kazai no Hosho Jyujitsu Package" (package for enhancing coverage for furniture & household goods.)

Services and Tools Considering the Elderly People

Due to population aging and decline, the number of elderly people who live along or as couples increasing, driving the demand for services that will support them in daily lives. In light of these circumstances, MSI developed a new fire insurance "GK Small Insurance Grand" and started selling it in January 2017.
This product not only provides protection in case of emergency, but also offers complementary services that make life comfortable, so that the customers feel the value of this product even in daily life when they do not have to use the insurance for emergency cases.
To deliver peace of mind and comfort, this product offers "Grand Select Service" which is widely useful in everyday life and can be used not only by the customers who join the insurance program but also by their relatives registered as emergency contacts.
In addition, MSI is making various tools more convenient for elderly customers by making them easier to read, understand and use.

"Grand Select Service" menu examples

Disaster prevention/mitigation information alert service	– In the advent of torrential rain, typhoon, heavy snow, lightening, and other critical situations that cause damage to the housing of a policyholder and his/her families/relatives (e.g., a child living away from home), an emergency notification is sent to the policyholder and his/her families/relatives by e-mail, etc.
Phone consultation service	– Free-of-charge consultation is provided by a specialist staff over the phone when a policyholder is facing issues related to health/medical, nursing care, pension/taxation, legal matters, inheritance tax, pets, PC operation, etc. in daily living.
Tsunagari report service	– A notification on the status of policyholder's use of services is sent to the policyholder's family/relative (e.g., a child living away from home). The service offers assurance for the family/relative living away that the policyholder is doing well.

The followings are the other incidental services (Japanese only)

Examples of tools corresponding to the aged society and offering enhanced user-friendliness and convenience

Brochures, policy provisions, insurance certificate, etc.	– The description space was considerably expanded (doubled in the brochure, 1.5 times in the policy certificate), and larger, easier-to-read letters as well as more illustrations have been adopted. – Policy brochure is also available in the form of a video (AR (augmented reality) content).
Product description DVD	– Offering a product description DVD that describes the coverage in an easy-to-understand manner.
Special insurance certificate folder	– We provide a binder made of highly durable material that comes with an inner pouch on which an explanation on the policy certificate placed is printed.

Advanced Medical Care Benefit Direct Payment Service (responding to all medical institutions that perform proton therapy, heavy ion radiotherapy)

MSI Aioi Life arranged to offer its "advanced medical care benefit direct payment service(*)" for all medical institutions in Japan that perform proton therapy and heavy ion radiotherapy from February 2017. This service not only reduces the burden of policyholders to prepare funds in advance but also offers a sense of security for policyholders since they can receive types of treatment with particularly high technical fees.

(*) A service of directly paying advanced medical treatment fees for proton therapy and heavy ion radiotherapy to a medical institution on behalf of the policyholder. This service is available for a contract with an addition of any of the following: "advanced medical care rider," "advanced medical care rider α," "advanced medical care rider (no cash surrender value return)," "lump-sum payment advanced medical care rider," "advanced medical care for cancer rider," and "advanced medical care for cancer rider α."

Support for the Development of Regenerative Medicine Technology

MSI is a managing insurance company for the "Liability Insurance for Clinical Research, Including Regenerative Medicine," a system established by the Japanese Society for Regenerative Medicine. We commenced sale of a dedicated insurance product in line with this role. Under this system, when conducting clinical research on regenerative medicine in accordance with the Act on the Safety of Regenerative Medicine, etc., MSI provides donors and patients with compensation while offering coverage for damage liability that should be borne by medical institutions under law in this clinical research.

Under the system of "Liability System for Treatment, including Regenerative Medicine" introduced in July 2017, MSI as a managing insurance company began the sale of a dedicated insurance product. This provides compensation for health damage in cases where a doctor/medical institution covered by the conventional medical professional liability insurance is liable for compensation under law. In addition, the system of "Liability System for Treatment, including Regenerative Medicine" provides compensation in cases where a doctor/medical institution bears no liability for compensation under law, and offers compensation for donors as required under the Act on the Safety of Regenerative Medicine, etc. and also for patients not provided for under the said Act.

MSI will continue to operate these systems with a view to contributing to the increasingly sound development of technologies for regenerative medicine, etc. and the prompt, safe penetration of regenerative medicine in Japan.

Provision of Self-supporting Means to Build Assets

In response to the advancement of our aging society, MSI Primary Life offers a diverse lineup of fixed/variable annuity whole life insurance/pension insurance products as a means for customers to build up their own assets to complement their public pensions, and as a means to ensure that assets are inherited in an appropriate way by the next generation. There is the popular foreign currency-denominated fixed amount whole life insurance "Shiawase Zutto (happiness forever)" which accommodates the needs to "expand" and "leave behind" assets. In addition, a new product (currency selected special whole life insurance) "Yasashisa Tsunagu (connecting thoughtfulness)" which responds to the needs to "receive," "connect," and "leave behind" assets was launched in August 2016. "Yasashisa Tsunagu" is whole life insurance that enables the beneficiary to receive the survival benefit right after the contract is concluded. By setting a family member as the beneficiary of the survival benefit, assets may be given on a periodical basis. We will continue to take initiatives to support the aged society by offering life insurance products that respond to customers' diverse needs on asset formation and guarantee.

Provision of Products & Services for Nursing Care and Medical Care

Given the advancement of aging, there are growing needs for products that support the nursing care business and medical care and related services. The MS&AD Insurance Group offers products & services that meet the needs of customers in an aim to contribute to building a society in which the elderly and other people living in local communities can live with a sense of security and building communities that can withstand disasters.

Comprehensive Medical Institute Compensation Plan

MSI has developed and commenced sales of a new product, the "Comprehensive Medical Institute Compensation Plan," targeted at medical institutes, with the aim of covering the various risks confronting organizations such as hospitals (risks of property loss, liability, information leakage, etc.). In order to distribute the necessary compensation to customers in a reasonable manner, this product comes in a package that comprises both insurance and risk consulting services.
By offering this plan, MSI seeks to provide support to customers that are entering new medical fields, and to contribute to the safe and stable operation of businesses.

Comprehensive Compensation Plan for Welfare & Nursing Care Business Operators, Nursing Care Insurance & Comprehensive Insurance for Social Welfare Business Operators

MSI and ADI distribute products that incorporate insurance and risk consulting options in a package so that welfare & nursing care business operators can rationally secure the necessary compensation against various risks (property damage risk, compensation liability risk, information leakage risk, etc.) that surround these business operators. Factors such as the diversification of services, the advancement of information disclosure, and the introduction of robotic nursing equipment have increased the complexity of risks faced by welfare and nursing care businesses. They contribute to the safe and stable operation of these businesses and support customers newly entering the welfare & nursing care sectors by providing solutions to these business operators.

BCP Support Tool for Welfare Facilities

MSI, ADI, and InterRisk Research Institute & Consulting developed an "earthquake/flood BCP creation support tool" for welfare facilities and a "risk prediction training tool" for welfare & nursing care facilities, and began offering these tools free of charge. Furthermore, ADI organizes and holds BCP Creation Workshops using this tool in communities. They will continue to provide information and tools that provide support for initiatives to prevent accidents and disasters relating to the welfare business and that contribute to ensuring business continuity when disasters occur.

Provision of Nursing-Care Services

Mitsui Sumitomo Insurance Care Network Co., Ltd. is a subsidiary of MSI that provides a wide range of services for the advent of a super-aged society such as nursing homes, "Yu Life Yokohama" (established in 1995) and "Yu Life Setagaya" (established in 2006), as well as in-house nursing care services (Yokohama, Nagoya). They are highly appreciated from various quarters as a business operator selected and trusted by customers by providing high quality nursing care services. For their nursing homes, they bring in animal volunteers and collaborate with citizens in local communities. For example, they hold nursing care seminars for local residents, and coordinate with nearby nursery schools.

Yu Life Setagaya

Rehabilitation training conducted at Do-Life Shinagawa

ADI focuses on nursing care prevention and rehabilitation through its subsidiary Fureai Do-Life Service that operates day service centers in four locations. Being an operator of day service centers, which is expected to demonstrate its role as a function to support independence of users, they offer muscle training and functional training programs led by physical therapists and other specialists in an aim to help users maintain their physical functions and good health.
Furthermore, they interact with elementary and junior high schools in the neighborhood, accept volunteers to experience and study about welfare on site, and actively coordinate with volunteer organizations. In addition, they continue to engage in community-oriented activities, such as holding an open house at the welfare training center annexed to each day service center and welcoming volunteer organizations and business operators in the community (151 times in fiscal 2016) and organizing nursing care seminars for nursing care business operators in the community. Furthermore, they provide information necessary for nursing care through our website where they show "First nursing, Easy nursing" videos on nursing care training. The information is available in themes, including the basic nursing care edition, how to use a wheelchair, how to select and use nursing care beds, basic knowledge on dementia, and bathing assistance.

Insurance for Compensating Salaries During Nursing Care Leave

MSI and ADI will introduce a "special rider for compensating nursing care leave taken for parents" for the general group livelihood protection insurance for corporations and begin selling it for insurance contracts commencing on or after October 1, 2017. At the same time, they will offer a "special rider offering lump-sum payment for nursing care for parents" for the general long-term disability insurance (GLTD) in an effort to expand the lineup of products that support nursing care for parents.
In order for employees of companies, etc. to continue working, not only do they need to provide for themselves but also to prepare for nursing care for their parents. Many employees who face nursing care for their parents are in their 40s and 50s and belong to the manager strata that takes on the core role in operating the business for a company. Hence adopting a group insurance system, which supports the effort of keeping a good balance between work and nursing care, is beneficial for both the company and its employees. MSI and ADI will continue to help their corporate customers establish and improve their workplace environment while providing employees involved in nursing care and their families with solutions to mitigate concerns in an aim to prevent workers from leaving jobs to give nursing care.

Support Service for Companies to Keep a Good Balance between Work and Nursing Care

MSI and ADI developed a service to support human resources departments of companies in their effort to keep a good balance between work and nursing care for their employees. In the current aged society, seeing employees leave jobs to give nursing care is a pressing issue for companies. As such, they decided to develop and provide a charged support service based on the initiatives presented under the "model for supporting balancing work and family care and preventing workers from leaving jobs" of the Ministry of Health, Labour and Welfare. We will continue to take part in promoting stable management of companies and in realizing a worker-friendly society.

MSI	- Launched in June 2016 - Development/provision jointly with InterRisk Research Institute & Consulting and Mitsui Sumitomo Insurance Care Network - A support service for giving advice on identifying issues, setting the direction to move toward, etc. based on the five initiatives presented by the Ministry of Health, Labour and Welfare in its model for supporting balancing of work and family-care to prevent workers from leaving jobs to conduct nursing care"
ADI	- Launched in July 2016 - Development/provision jointly with Fureai Do-Life Service, an affiliate providing nursing care service - A service using the "assessment sheet for measures to balance work and nursing care" to evaluate the level of measures for balancing work and nursing care of a company and offering services to the company for holding seminars depending on the status of measures, establishing a consulting desk, etc.

Contributing to Resolution of Social Issues through the Business

Development of Local Communities

Invigorating Local Communities and Promoting Sustainable Growth

The weakening of vitality of local communities leads not only to depopulation and insufficient social services but also to various other issues.
We are engaged in various initiatives in Japan and abroad, with the aim of contributing to the development of local and international communities. We are also keeping an eye on social issues in developing countries.

Major Results in Fiscal 2016

- **Study & research based on industry–academia collaboration with universities, etc.**
- **Comprehensive partnership agreements with local governments**
- **Provision of products & services corresponding to new risks**

Business of MS&AD

	Identifying Risks and Providing Information on Risks	Preventing Risks from Being Realized / Reducing the Impact of Risks	Reducing the Economic Burden When Risks Become Real
Main Products and Services	●Study & research based on industry–academia collaboration	●Comprehensive partnership agreements with local governments ●Support for regional revitalization	●Support for sustainable development of small– and medium–sized enterprises ●Provision of products & services corresponding to new risks ●Support for resolving issues of emerging countries

Identifying risks and providing information on risks

Study & research based on industry-academia collaboration with universities, etc.

The MS&AD Insurance Group pursues initiatives and supports activities for the development, practical application, etc. of advanced technologies through forming industry-academia collaboration and partnerships with universities engaged in innovative study and research beneficial for the next generation.

Entrance into an Industry-academia Collaboration Agreement with Tokyo Denki University for Development & Commercialization of Robots, etc.

A scene from the Smart Forestry Symposium

In October 2015, MSI concluded with Tokyo Denki University the "Agreement on Industry-Academia Collaboration for Development and Promotion of Education and Research on Robot Development, etc." for the first time in the insurance industry.
While there are strong hopes for the development and commercialization of robots in various sectors, proper risk management measures must be implemented in the process. Tokyo Denki University engages in research related to the development, etc. of work-supporting robots, medical devices and welfare equipment. By entering into this collaboration agreement with MSI, which has a track record in abundant risk management and matching support in the field of robotics, the university promotes the sound and safe development and enhancement of businesses related to robots. Furthermore, since July 2016 the university has been periodically holding the Smart Forestry Symposium with about 30 institutions, including companies, organizations, and local governments introduced by MSI, in an effort to strengthen collaboration for considering the development and use of robots in the forestry sector.

First in the Insurance Industry to Collaborate with Shiga University, First University in Japan to Establish Department of Data Science

In April 2017 ADI entered into an industry-academia collaboration agreement with Shiga University, the first university in Japan to establish a department of data science. It opened the Japan Safety Society Research Center, the country's first research site specializing in big data for the insurance industry, at Shiga University in order to pave the way for promoting further use of big data. Meanwhile, based on the acquisition of Box Innovation Group (BIG), the largest telematics insurance business operator in the U.K., ADI also sells the largest volume of telematics auto insurance in Europe through Insure The Box (ITB), a core company of BIG that maintains over 5 billion kilobytes of auto insurance telematics data. Thus ADI has been actively collecting big data and promoting sophisticated use of such data through various projects in Japan and abroad. It is under these circumstances that ADI has managed to form a partnership with Shiga University, which engages in research on the use of data in various fields and development of teaching materials for data science education. ADI has done so in our effort to contribute to the creation of new added value and the establishment of a safe, secure society.

Entrance into an Industry-academia Collaboration Agreement with Gunma University for Research Concerning Societal Implementation of Next Generation Mobility

With a view to promoting research concerning social implementation of next-generation mobility, ADI and Gunma University entered into a collaboration agreement in December 2016. The purpose is to build a cooperating structure based on the spirit of reciprocity in areas where mutual collaboration is possible in terms of research & development and personnel exchange and development. ADI will cooperate with the university in pursuing research toward societal implementation and commercialization of next-generation mobility for achieving fully autonomous automatic driving.

Ceremony for Industry-academia Collaboration Agreement with Gunma University

Preventing risks from being realized / reducing the impact of risks

Regional Revitalization Support

The initiative to promote regional revitalization is one of the priority ones of the Japanese government and is being pursued across the country as a measure against rapid population decline and aging society. The MS&AD Insurance Group supports regional revitalization by helping industrial development activities that meet the characteristics of each region.

Regional Revitalization Support Menu

MSI implements the "Regional Revitalization Support Menu" in collaboration with local governments, etc. to develop and support small business owners and entrepreneurs with the aim of revitalizing regional economies.
This Menu is a package that contains the know-how accumulated thus far by the MSI Management Support Center on "working style reform support (personnel and labor)," "sales channel exploiting (marketing capability enhancement) support," "entrepreneur development," "successor development," "inbound business support" and more. It can be deployed as a program in each region. Working with regional governments and other parties, MSI is working to offer seminars and individual assistance with the objective of enabling small business owners and entrepreneurs to continue achieving sustainable growth independently.

Regional Revitalization Project

ADI recognizes value in being "local community-oriented" as set forth in its action guidelines and has always valued its ties with local communities in pursuing bell mark-based CSR activities, supporting sporting events for persons with disabilities, and taking other initiatives. In fiscal 2016, ADI launched a regional revitalization project in response to the movements to promote regional revitalization across the country. ADI began supporting regional revitalization efforts by providing a menu of beneficial solutions for issues relating to "communities, people, and jobs" of regions. By working together with local governments and financial institutions, companies, etc. in local communities, ADI will widen our network in each region and create a certain form of "local community-oriented" style.

Collaboration & Comprehensive Partnership Agreement, etc. with Local Governments

The MS&AD Insurance Group enters into collaboration and comprehensive partnership agreements, etc. with local governments that promote administrative measures toward revitalizing local economies and building safe and secure communities. The Group also provides risk consulting services and promotes industrial development by effectively making use of the unique characteristics of each region. These initiatives are taken in an effort to contribute to the development of a safe and secure society. We will promote public-private partnerships and work to build resilient communities.

Major Initiatives	
Promotion of safe, appropriate use of bicycles	MSI, ADI, and au Insurance concluded a business collaboration agreement with Osaka Prefecture based on the enforcement of the "Ordinance for the Promotion of Safe and Appropriate Use of Bicycles in Osaka Prefecture" (hereinafter referred to as the "Bicycle Ordinance"). These insurers have begun offering plans with low insurance premiums that can be purchased by a wide range of residents in Osaka as well as plans that offer sufficient coverage for the entire family.
Building resilient communities	The MS&AD Insurance Group supports and assists local governments and local companies implement crisis management measures in preparation for natural disasters and other unforeseen situations. ADI contributes to building communities that are resilient to disasters through holding BCP (Business Continuity Plan) seminars and supporting risk management by using the BCP formulation kit.
Support for companies entering overseas markets	MSI entered into a partnership agreement with Miyagi Prefecture, etc. and has been conducting support activities using its international networks deployed in various countries, such as providing companies that have entered overseas markets with information on politics, economy, livelihood (safety), etc. of overseas countries, holding seminars and individual consulting sessions for companies operating in overseas markets, and providing information locally to observation teams visiting overseas locations.
Support for the development of agriculture	The MS&AD Insurance Group supports regional revitalization through assisting in industrial development of regions according to the characteristics of each region. ADI collaborates with local governments and local financial institutions in holding risk management seminars for sixth-sector industrialization of agriculture and taking other initiatives.

The Regional AD Club

The Regional AD Club instituted at ADI engages in community contribution activities, such as holding various seminars and hosting events for inter-industrial exchange. In addition, the club operates a website for each of the 47 prefectures and provides locally oriented information and business information via website and mail news.
In fiscal 2016, over 3,000 companies newly participated in these events. In fiscal 2017, ADI will organize programs aimed at regional revitalization, including seminars for management in local companies, events to promote exchange among real estate business owners, and events for activating regional revitalization efforts. ADI will also continue to engage in bell-mark activities and activities to ensure there are no accidents as part of its efforts to achieve community contribution.

A gathering to show gratitude

The Regional AD Club

The "MS&AD Insurance Group Award" for Venture Companies

In February 2017, MSI gave "the Mitsui Sumitomo Insurance Award" to three venture companies at the business contest "MIRAI 2017" organized by a corporate consortium "Incubation & Innovation Initiative." "MIRAI 2017" is Japan's largest-level business contest aimed at supporting the creation and growth of businesses that can have an impact on society. Several original themes deeply connected with insurance were set and ideas were widely solicited from corporations and individuals. The three companies that received the award have high affinity with the business of MSI along with excellent know-how, and MSI will begin considering pursuing collaboration in each of the relevant fields going forward. MSI works to develop innovative products and services through pursuing collaboration with various companies and widely incorporating external insights and know-how.

Reducing the economic burden when risks become real

Support for Sustainable Development of Small and Middle-sized Companies

For many companies, overseas expansion is a critical business strategy issue. For example, shrinking domestic markets are triggering expansions into overseas markets, and increasing overseas operations is requiring special measures as a supplier, and requiring diversifying risk factors such as considering natural disasters when locating production sites. The MS&AD Insurance Group provides products and services in preparation for various risks arising from expanding operations overseas.

Supporting Small and Medium-sized Companies to Expand Overseas Operations

MSI has been certified as a supporting organization for "New Exporting Power Consortium" that is the later system of "SME's Overseas Development Fastpass." Through this system, MSI provides appropriate advice regarding local risk management and general matters about insurance using our overseas network, which includes 42 countries.

Comprehensive Global Business Compensation Plan

MSI and ADI jointly developed and launched the "Comprehensive Global Business Compensation Plan," a product targeted at small- and medium-sized enterprises that are expanding overseas. Focusing on the three types of risks that are shared by many companies expanding overseas and export companies--risks related to products for export, risks related to business travelers and expatriates, and risks related to transport cargo and export transactions, this product packages the five insurance products that widely cover these risks into a single plan. In addition, it offers enhanced compensation in the event of an accident, as well as services and systems that provide support from everyday tasks to emergency response. Through these means, it facilitates the smooth operation of business activities overseas.

[Products included in the plan]

(1) Overseas product liability insurance (MSI: "Business Protector (for overseas export)," ADI: "Tough Biz Global PL")
(2) Overseas Crisis Management Expense Insurance
(3) Overseas travel insurance (comprehensive contact for corporations)
(4) Export trade credit insurance
(5) Ocean-going marine cargo insurance (pet name "Global Support One")

Fire Insurance for Small- and Medium-sized Enterprises

MSI and ADI jointly developed a fire insurance targeted at small- and medium-sized enterprises, and commenced sale of the product which started the insurance period from 1 October 2015. In addition to the introduction of the insurance premiums discount system according to actual risks, it is made possible to flexibly customize in accordance with the needs of customers, such as setting the amount of deductibles by types of accidents, and adding coverage for damages from business suspension and indemnity liabilities.

Development of Products and Services Responding to New Risks

The MS&AD Insurance Group is focusing on fields emphasized by the Japanese government's growth strategy and developing new products designed to offer optimal coverage of the new kinds of risks and needs we expect to be generated by the growth strategy's implementation.
MSI and ADI have been actively engaged in the joint development of products. They have launched products to support overseas expansion of small- and medium-sized enterprises, those to boost the utilization of renewable energy, and those to cover risks of the extending healthy lifespans industry including medicine, nursing care, and welfare. In addition, they will develop and spread in a timely manner progressive products and services in response to new risks, including products responding to the needs for measures against cyber risks.

Products to Cover Cyber Risks

MSI and ADI jointly developed and launched insurance products that comprehensively cover risks arising from cyber-attacks. In recent years, cyber-attacks, such as e-mails that target companies and organizations, have been growing in number and becoming increasingly sophisticated in methods applied, causing more serious damage. Since it has become an important issue for corporate management to take measures against such risks, we have developed insurance products to cover damage related to cyber-attacks, including information leakage and damage to operations of another party. In addition to offering coverage for damage, our products also cover the various costs necessary to respond to accidents. They also offer an optional coverage for the loss of profit caused by a suspension or halt of networks.
Furthermore, if damage arises due to a cyber-attack, etc., we provide a "specialist introduction service" of introducing experienced specialist companies, if requested by our customer, for investigating causes in a way that requires expertise and technology, and dealing with the accident, including preservation of evidence. In addition, for small-and-midsize enterprises, they offer a free-of-charge service "standard mail training service" to support the implementation of cyber security measures. This service entails transmitting a training e-mail in a standard format to the employees (up to 100 persons) of a company, and providing a simple report that includes advice for the future compiled by InterRisk Research Institute & Consulting based on the status of clicking the URL indicated on the e-mail sent out. In addition, they offer a "cyber-attack damage calculation service" in which we conduct simplified calculations of damage caused by a cyber-attack under four scenarios, such as "leakage of personal information," based on the customer's responses to a standard set of questions (9 questions).

Development of a Comprehensive Coverage Plan for Operation Test of Automated Driving

MSI and ADI sell the "Comprehensive Coverage Plan for Autonomous Cruising Demonstration Experiments" to cover risks surrounding experiments using autonomous cars.
With the progress in advanced automobile technology and the acceleration of research due to the government's growth strategy, etc., they are seeing more actions by the public and private sectors for the development and growth of autonomous cars. It is expected to reduce traffic accidents, solve traffic jams, and support mobility of the elderly. On the other hand, since the development of autonomous cars needs repeated practical experiments which entail various risks, they have developed this plan to comprehensively cover risks surrounding companies engaged in the experiments.
Through this plan, MSI and ADI will contribute to the realization of a secure, safe and comfortable society with autonomous cars.

Covering Reparation Risks Incurred in connection with International Maritime Transportation of Hazardous Materials

MSI and ADI sell the "Hazardous Material Transportation Liability Insurance" that comprehensively covers reparation risks of shippers in international maritime transportation of hazardous materials.
After the explosion accident at the port of Tianjin, China, which occurred in August 2015, there is a heightened interest in risks for transportation and storage of flammable and explosive hazardous materials. In addition, it is expected to be clarified by the scheduled amendment of the Commercial Code in the future that shippers will be obliged to notify transporters that "Transported cargoes are hazardous materials," and if an appropriate notification is not made, costly damages may be claimed. Accordingly, they have developed a new product to widely cover shippers' risks for repatriation, targeting customers such as chemical manufacturers and trading companies. MSI and ADI will contribute to the creation of a secure and safe society by providing in a timely manner products and services based on various risks.

Launch of a Comprehensive Drone Compensation Plan

MSI and ADI sell the "Comprehensive Drone Compensation Plan," a plan jointly developed to comprehensively cover various risks associated with business use of drones (compact unmanned helicopters).
Drones are being used for various operations, such as spraying pesticides, taking aerial photographs, surveying disasters, and inspecting and measuring security facilities and construction sites. They are expected to be used for wider purposes and spreading, along with their use for industry and the general public. On the other hand, since the use of drones entails the risk of damaging the airframe itself and liabilities for third parties due to a fall or crash, MSI and ADI will support the realization of the "Industrial Revolution in the Air" by providing products to prepare for such risks.

Supporting Companies' Export Expansion by Leveraging Domestic Reinsurance Policy

Based on the domestic reinsurance agreement concluded with Nippon Export and Investment Insurance (hereinafter, "NEXI"), MSI underwrites export trade credit insurance using the agreement.
MSI has provided products corresponding to "bankruptcy risk of overseas counterparties" and "risks of uncollectible accounts receivable due to delays in payment by counterparties" for companies engaged in exporting transactions. In order to respond to the needs of customers for more enhanced coverage, MSI will improve the convenience of customers by introducing a scheme in collaboration with the NEXI, while substantially expanding the covered countries for export and the amount of compensation. MSI will contribute to the revitalization of trade in Japan and overseas as well as support global economic development by assisting the reduction of risks in export transactions, etc.

Unoccupied Housing Liability Insurance

Effective February 1, 2017, MSI and ADI launched "Unoccupied Housing Liability Insurance," a product jointly developed for businesses that manage unoccupied housing. The number of unoccupied dwellings has been on an increase across Japan, and the issue of empty houses not being properly managed has become apparent. This has led to a rise in business operators that are entering the unoccupied property management service business of managing empty properties on behalf of owners as well as increase in owners who consign management of unoccupied properties to such service providers. At the same time, there have been growing needs for insurance to cover any damage from an accident caused by management/ownership of unoccupied housing. In light of these circumstances, they provide the "Unoccupied Housing Liability Insurance" to cover any damage and costs incurred by unoccupied property management business operators and owners of unoccupied housing.

Comprehensive Support for Inbound Businesses

MSI and ADI offer the "Supporting Menu for Inbound Businesses" for businesses, such as hotels and restaurants, receiving foreigners visiting Japan from abroad. Given the rapid increase in foreigners coming to the country, there have been growing needs to help business operators be prepared to service foreigners. Therefore, they developed this menu consisting of insurance targeting foreign travelers in Japan, risk consulting on inbound businesses, and other services. Through providing this menu, they support the inbound businesses of companies while providing visiting foreigners with safety and security.

Support Developing Countries to Resolve Issues

Insurance Penetration (India)

As India's insurance market penetration has been limited to certain sections of population only, providing social security services to the majority of the population without access to such services has been recognized as a social issue.
Under these circumstances, in 2007 the Indian government launched a medical insurance scheme for low income households, called Rashtriya Swasthya Bima Yojana (RSBY), to further promote the enhancement of social security. Cholamandalam MS General Insurance Company Limited (Chola MS), which is MSI's affiliated company in India, was commended by the Indian government for three consecutive years (from 2011 to 2013) for its work to promote the penetration of this government scheme and its claim payment services.

Smart office

Sticker written in local language

At present, Chola MS sells, in addition to RSBY, accident insurance for self-help groups(*) (SHG Bima Yojana), medical insurance for rural areas (Chola Aarogya Bima), and original medical insurance combined with accident coverage (Chola Swasth Parivar). In addition, the company also offers a government-led agricultural insurance scheme (PMFBY).
Agricultural insurance covers the loss of income of famers due to bad weather and other unforeseeable events. In particular, this product indemnifies farmers, who purchase fertilizers, farming equipment, and machinery with loans, for a loss of income, thereby supporting the sustainable livelihood of farmers (number of insurance contracts in fiscal 2016: approximately 2 million; premium income: roughly 2.8 billion rupees). Further, Chola MS sells animal insurance for livestock farmers in rural areas (number of insurance contracts maintained in fiscal 2016: approximately 10,000 policies; premium income: roughly 50 million rupees).Animal insurance helps livestock farmers, who are also low-income, stabilizing their income by providing coverage for the death of livestock, etc.

Because of its vast land, another issue faced by India is how to promote insurance penetration in rural areas. Chola MS began rolling out small offices equipped with a policy-issuing machine (Smart Offices) which enables consumers to buy insurance policies on the spot in rural towns and villages with fewer than 100,000 residents. By doing so, the company is committed to improving access to insurance products in rural areas. There have been only a small number of insurance company branches in these areas, and this fact has been one of the obstacles to insurance penetration. The roll-out of Smart Offices at many locations is contributing to resolving this issue. At this point, Smart Offices sell standard individual insurance products, such as automobile, medical, and accident insurance policies. To further promote insurance penetration in rural areas, Chola MS is considering the expansion of the product line-up available at Smart Offices going forward.

(*) A self-help group means a group consisting of approximately 10 to 20 people who share a socio-economic background, such as income, occupation, and area of residence.

Contributing to Resolution of Social Issues through the Business

Practicing Responsible Investment to Contribute to Resolving Social Issues

The MS&AD Insurance Group is engaged in initiatives in the areas of insurance underwriting and investment analysis, which take the environment, social, and governance (ESG) into consideration.

Signing to the Principles for Responsible Investment

In June 2015, the MS&AD Insurance Group became a signatory to the Principles for Responsible Investment (PRI) Initiative. This seeks to incorporate environment, social, and governance (ESG) issues into the investment decision-making process. And we began taking initiatives that contribute to resolving social issues by implementing investment & lending activities and providing financial products & services. We also works to establish investment and lending processes that take ESG issues into consideration and strives to expand investment opportunities in new areas.

Signatory of: PRI Principles for Responsible Investment

Implementation of Japan's Stewardship Code

From the perspective of fulfilling their social responsibility as institutional investors, MSI and ADI have announced their agreement with and acceptance of Japan's Stewardship Code, a code of behavior laid out for institutional investors.
In line with the Code, we have constructive dialogue with investee companies to encourage them to enhance long-term and medium-term value and sustainable growth, and, through the dialogue, we focus on understanding their management issues, the shareholder return policy, ESG, and non-financial information.
In fiscal 2016, MSI and ADI conducted constructive dialogue with a total of 535 firms.

MSI Our Policies According to ≪Japan's Stewardship Code≫
ADI Our Policies According to ≪Japan's Stewardship Code≫

Environmental, Social, Governance Friendly Investment and Loan

The MS&AD Insurance Group supports the promotion of corporate environmental, social and governance (ESG) issues through investment and loan activities and financial products and services.

Investment in Sustainable Development Bond

MSI, ADI, MSI Aioi Life, and MSI Primary Life invested in the Sustainable Development Bonds (private placement format: USD 120 million equivalent to roughly JPY 13.5 billion) issued by the World Bank (International Bank for Reconstruction and Development). This Sustainable Development Bonds was issued by the World Bank for the MS&AD insurance Group and is the first such bond issued by the World Bank for a single insurance group.
The World Bank raises funds in the international capital markets to support the financing of sustainable development projects in borrowing member countries. These projects focus on poverty reduction and inclusive growth across a range of sectors including education, healthcare, agriculture and food security, and essential infrastructure. World Bank Sustainable Development Bonds provide investors with an opportunity to support member countries in achieving their development goals.

Investment in Mirai Creation Fund

MSI and ADI invest in funds that are deeply connected with the environment. They have made capital contributions to the Mirai Creation Fund established by the Sparx Group with the aim of helping to accelerate innovation by supporting companies with technologies that drive the growth of future society, such as artificial intelligence, robotics, and technology for realizing a hydrogen-based society. In addition, they invest in equity funds based on decisions made upon evaluating the capabilities of individual firms to respond to environmental and societal issues.

Investment in Regional Economy Vitalization Corporation of Japan

MSI and ADI support the efforts to revitalize local economies through investing in the fund established by the Regional Economy Vitalization Corporation of Japan (REVIC). The objective is to support the prompt management improvement of firms standing at the core of local communities and help to develop core firms that serve important roles for local communities.

Investment in Loan Funds for Small- and Medium-sized Enterprises

MSI supports the growth and business revitalization of regional companies in collaboration with regional financial institutions through investing in fund, established by TOPAZ CAPITAL, INC., that for the first time in Japan provides risk money mainly based on loans.

Participation in Initiatives

The MS&AD Insurance Group takes its social responsibilities and roles as a global financial institution seriously. With a view to strengthening its efforts to ensure environmental and social sustainability as well as spreading these efforts to society at large, it participates in a variety of domestic and international initiatives.

Participation in Initiatives

Enhancing the Quality of Products and Services

We will earn trust of stakeholders by constantly enhancing the quality of products and services as well as improving operations.

Leveraging Stakeholders' Voices to Improve Quality

We will develop various systems to ascertain the expectations and needs of stakeholders and utilize them to improve the quality of products and services.
Leveraging Stakeholders' Voices to Improve Quality

Leveraging Stakeholders' Voices to Improve Quality

Development and Improvement of Products and Services from Stakeholders' Perspective

We will understand various issues and risks of stakeholders to develop and improve products and services.

Development and Improvement of Products and Services from Stakeholders' Perspective

Upgrading Customers' Ease of Understanding and Convenience

In order to deliver information on insurance and services to various customers, we are trying to improve convenience for the elderly and persons with disabilities, while offering procedures using PCs and smartphones.

Upgrading Customers' Ease of Understanding and Convenience

Payment of Insurance Claim Service Preferable to Customers

We provide reliable claim services to customers by responding with high levels of accuracy, speed, and integrity.

Payment of Insurance Claim Service Preferable to Customers

Growth with Our Agents

Communicating with agents, we will continue delivering high-quality products and services to customers in order to achieve growth together.

Growth with Our Agents

Enhancing the Quality of Products and Services

Leveraging Stakeholders' Voices to Improve Quality

To remain a corporate group that is truly needed by society, we consider it important to know what our stakeholder voices are to improve the quality of products and services. The MS&AD Insurance Group has constructed various schemes to absorb stakeholder opinions, and are reflecting them in efforts to improve our products and services. In addition, stakeholder views are being reflected not only in business processes, but also in discussions at the management level.

Schemes for Receiving Feedback from Customers

The MS&AD Insurance Group has formulated a "Basic Policy for Responding to Customer Communications" and receives a wide range of feedback from customers including through consultations, requests, and complaints. This feedback is used to make quality improvements. In line with the policy, Domestic Group insurance companies utilize customers' views to improve their business processes so they can provide products and services that satisfy customers.

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.

We disclose the substance and results of these activities for improvement on our website so that the customers can see the actual improvement.

Domestic Group insurance companies: Approaches related to customer views

- MSI (Japanese only)
- ADI (Japanese only)
- Mitsui Direct General (Japanese only)
- MSI Aioi Life (Japanese only)
- MSI Primary Life (Japanese only)

Customer Questionnaires

MSI, ADI, Mitsui Direct General and MSI Aioi Life ask customers to fill out "a customer questionnaire" at contract closing and claim payment, and use their opinions for new product development and quality improvement including service improvement. The questionnaire asks about customers' "degree of satisfaction" with the services at the time of contract, as well as their "degree of satisfaction" with accident response provided by our company/agents and the "advisability" of the products and services to others.
MSI Primary Life also conducts a survey on customers who have signed new contracts with the company and customers who have made changes to their contracts, to find out their "degree of satisfaction" in areas such as how easy to understand the procedures were.

MSI, ADI and MSI Aioi Life set the main items on the questionnaire (level of satisfaction and advisability) as KPIs(*) to promote CSR initiatives.

(*) Indices to Quantitatively Evaluate Initiatives

Customer Feedback Structure

Conformance of the Complaint Response Management System with the International Standard ISO 10002

The Group companies operate a complaint response system in conformance with international standard "ISO10002" (Quality management – Customer satisfaction – Guidelines for complaints handling in organizations).
By thoroughly implementing the system, we will further make voluntary improvement activities (PDCA cycle) take root in response to customer opinions and promote initiatives to improve customer satisfaction.

Domestic Group insurance companies: Approaches related to ISO10002

- MSI (Japanese only)
- ADI (Japanese only)
- Mitsui Direct General (Japanese only)
- MSI Aioi Life (Japanese only)
- MSI Primary Life (Japanese only)

Schemes to Absorb External Experts Opinions

In a bid to offer more satisfying products and services to customers, MSI and ADI periodically exchange ideas with outside experts to receive opinions on issues for quality improvement. Expert opinions are also reported to management and utilized to improve the quality of products and services.
In addition, external professionals in the consumer-related field are called in to gather opinions from consumers' viewpoints on brochures and application forms used at insurance solicitation and various materials about policy service procedures. The aim is to make them easier to understand.

Examination of Insurance Payment

MSI, ADI, and Mitsui Direct General examine cases that are determined to be ineligible for insurance claims, payments and cases where a customer filed a complaint. For cases meeting certain conditions, the examinations are conducted by a board of review consisting of outside lawyers and experts.
At MSI and ADI, state of examination is disclosed at the company's website.
Moreover, both companies put efforts into sharing information about the results of the examination through means such as internal news, contributing to further improving the quality of loss support work.

- MSI (Japanese only)
- ADI (Japanese only)

Schemes to Absorb Opinions of Agents

MSI and ADI have built their own agent networks as part of their measures to reinforce communication with agents. They receive opinions and proposals in a timely way on development of easy-to-understand products and revision from their member agents. They then proceed to develop better products and services using those opinions.
In addition, MSI, ADI, and MSI Aioi Life runs system which receives the request of improvement from our agents and canvassers(*) through our offices. Those requests to the system are being fully utilized for product development and revision, making forms simpler and improvement of agent system.

(*) Permanently-hired employees and trainees engaged in solicitation

Schemes to Absorb Employee Opinions

At the MS&AD Insurance Group, to reflect employees' ideas in improving quality, employee's voices are assembled for review by the headquarter departments and they build a system to feed back the review results.
There is a bulletin board on the in-house intranet which is a tool for posting proposals to the head office divisions and displaying the discussion results. Assigned corporate executives have periodic meetings to exchange opinions in sites across Japan. Employees' opinions are utilized to improve management, products and services through the above efforts.

Enhancing the Quality of Products and Services

Development and Improvement of Products and Services from Stakeholders' Perspective

The mission of the MS&AD Insurance Group is to provide the best solution to social anxiety and risks, reflecting its basic focus on the public nature of the insurance and financial service business. Our aim is to deliver security and peace of mind and facilitate people's efforts to lead active, healthy, and enriched lives, and we are seeking to accomplish this developing and improving products that respond to social issues and risks while always listening to the opinions of our customers and other stakeholders, and taking into account the various changing circumstances of our environment.

Mechanism of Development and Improvement of Products and Services

The MS&AD Insurance Group analyzes and considers information obtained at any point of contact with customers and other stakeholders, so as to improve the quality of our products and services, as well as our operations. Through efforts for increasing corporate value and resolving social issues, it aims to fulfill its responsibilities to its stakeholders, and meet their expectations.

Main Products and Services

The environment surrounding the insurance industry is quickly and drastically changing due to the advancement of climate change and global warming, the emergence of growing industries and advanced technologies, the increase in companies expanding operations overseas, the decline in birth rates and rise of aging populations, and the diversification of customer needs with changing lifestyles. In order to support the "reinvigorated social development and sound future of the earth," the MS&AD Insurance Group will provide products and services to detect various risks arising from social issues which obstruct them; prevent occurrence of risks; and when risks come into reality, mitigate their impact and compensate for economic effects.

List of MS&AD Groups' Products and Services to Contribute to a Sustainable Society

Products and Service	Outline	Environmental / Social / Governance
＜Non-Life Insurance＞		
○Products for individuals(*1)		
Earthquake insurance	Support the restructuring of the livelihood of earthquake victims and the early recovery of areas hit by earthquakes.	Social
Automobile insurance for 1 day,	Promote the reduction of accidents caused by uninsured vehicles through the sales of automobile insurance for borrowed vehicles that is available from one day.	Social
Automobile insurance related the actual mileage	Promote lower gasoline consumption by insurance premium setting based on the actual mileage driven to help reduce environmental burdens.	Environmental
Automobile insurance with eco-mark	Have obtained Eco-Mark certification through promotion of eco-insurance certificates and web policy clauses, provision of information for safe driving, and initiatives to reduce environmental burdens such as encouraging the use of recycled automobile parts.	Environmental
Fire insurance products for aging society	Provide a package of coverage including the fire insurance rider for aging society (rider for landlord liability insurance, enhanced rider for renter liability insurance, etc.) and ancillary services (for moving furniture and changing light bulbs). In addition to supporting the lives of the elderly, help the elderly move in rental homes by offering coverage for the loss of rent income and cleaning and other expenses incurred by landlords from solitary deaths of the elderly. We have also started to provide new riders for damage compensation, which can result from dementia patients entering a railway track, in order to contribute to building an age-friendly society.	Social

Agricultural Insurance (India)	Provide agricultural insurance scheme Pradhan Mantri Fasal Bima Yojana (PMFBY) , in order to contribute to income stability for the low income earning farmers, who have financed purchases of fertilizers and farm equipment through loans, by compensating possible decreases of income caused by bad weather.	Environmental Social
Animal insurance for cattle breeders (India)	Compensation for the death of cows and so on which provides income stability for the low income earning cattle breeders.	Social
○Products for business		
【Exclusively for Safety Management Certification Seminar】Special Contract for Cooperation at Accidents	Discount on insurance premiums based on the advance designation received from the accident management department is applied to transportation companies that took road safety management certification seminar promoted by Ministry of Land, Infrastructure, Transport and Tourism.	Social
Comprehensive food & agribusiness compensation plan	We provide compensation for major risks surrounding food and agribusiness, in order to support the development of food and agribusiness.	Social
Comprehensive mega solar compensation plan, Insurance for market of solar photovoltaic generation entrepreneurs	Comprehensively cover risks faced by renewable energy producers. Promote lower CO2 emissions (reducing environmental burdens) with alternative energy.	Environmental
Comprehensive small wind power generation compensation plan		Environmental
Comprehensive off-shore wind power system compensation		Environmental
Comprehensive biomass power generation compensation plan		Environmental
Comprehensive small and medium hydro power generation compensation plan		Environmental

Comprehensive medical institute compensation plan	Provide a package that comprises various types of insurance and risk consulting services for medical institutions. Contribute to the stable business development of medical institutions, thereby supporting the aging society.	Social
Comprehensive welfare/long-term care business operators compensation plan	Comprehensively cover risks faced by welfare and nursing care business operators. Contribute to the stable business development of welfare and nursing care business operators, thereby supporting the aging society.	Social
Comprehensive cyber security compensation plan, Cyber security insurance	Comprehensively cover risks of cyberattacks. Contribute to stable management of companies, thereby supporting the development of society.	Social Governance
Comprehensive demonstration experiment of autonomous driving compensation plan	Comprehensively cover risks related to demonstration experiment of autonomous driving vehicles. Facilitate the innovation of autonomous driving technology to support the realization of a safe, secure, and comfortable automobile society.	Social
Liability insurance for hazardous material transportation	Comprehensively cover the liability risk of shippers in international maritime transportation of hazardous materials, thereby supporting the realization of a safe and secure society.	Environmental Social
Comprehensive drone compensation plan	Comprehensively cover risks associated with the commercial use of drones. Contribute to sophisticating operations using drones such as pesticide spraying and aerial photographing, thereby supporting the development of society.	Social
Comprehensive global business compensation plan	Comprehensively cover risks related to overseas business expansion for small and medium-sized enterprises (SMEs). Facilitate the smooth operation of business activities overseas to support the stabilization of SMEs' business operations overseas and the development of local communities.	Social Governance
Supporting menu for inbound entrepreneurs	We provide insurance, training, seminars, risk consulting, etc., targeted at inbound businesses such as travel agencies and hotels, in order to support regional development by backing inbound businesses.	Social
Comprehensive clinical research like regeneration	Cover risks related to clinical research of regenerative medicine. Contribute to the development of medical technology, thereby	Social

medicine compensation plan	supporting the aging society.	
○Services		
Free smartphone application "Suma-Ho", "Disaster Navigation" feature on smartphone service	Support safe and secure evacuation activities such as through the provision of directions to evacuation shelters, notifications of disaster information disseminated by local governments, know-how on disasters, and life line information.	Social
Free smartphone application "Suma-Ho", Providing Apps that Promote Safety	Provide analysis of driving skill characteristics, drive recorder, advice before driving, audio warnings when drivers are approaching locations where accidents frequently occur, wild weather forecast delivery, and other services.	Social
Smartphone application (Suma-Ho), KokoKara Diary Smartphone application (Suma-Ho), KokoKara Diary	We support personal health improvements by measuring stress condition, number of steps taken, and calorie consumption, as well as recording health data including weight and meal contents. For corporate customers, we support their health management by providing a dedicated website that can be used to aggregate employee health data, provide health guidance, etc.	Social
Free smartphone application "Support NAVI"	Provide driving ability diagnosis systems with drive recorder, accident emergency information service, etc.	Social
Free smartphone application "Suma-Ho", "Animal Alert Function"	Provide service which gives alert sound upon reaching accident-prone area. Service starts from Okinawa Prefecture (Okinawa Rail).	Environmental Social
Efforts to prevent and reduce traffic accidents by utilizing "Accident Map"	Provide "accident maps" created by analyzing and identifying locations where accidents frequently occur based on accident data held by the Company and data from external institutions.	Environmental Social
Free smartphone application "Suma-Ho", "Safety cycle" (providing diagnosis tool of safe bicycle driving)	Support the safe use of bicycles by providing warnings about excessive speed, check lists for inspection and maintenance, etc.	Environmental Social
Service for Checking Indication of Sleep Apnea Syndrome	A service targeted at corporate employees that enables the checking of bedtime snoring, a symptom of sleep apnea syndrome (SAS), with	Social

(SAS)	a smartphone placed by the bedside.	
"Suma Navi", a service supporting safe driving initiatives	A telematics service that supports companies in their safe driving initiatives.	Environmental Social
"Sasaeru Navi", a telematics service for enterprise	A telematics service targeted at fleet policyholders that supports corporate customers in their vehicle operation management and accident reduction initiatives.	Environmental Social
Navigational support services for domestic vessels	We support safe navigation by proposing the use of a special smartphone provided by Weathernews Inc., which alerts domestic vessels when they navigate in dangerous waters, and provides weather and oceanic forecasts and images of the area around a vessel.	Social
Alerting service of weather information	Send out alert e-mails when rainfall, wind speed, or snowfall is forecasted to exceed the standard values at a monitored location, or when lightening is observed at a location within the standard distance from the monitored location, to contribute to preventing and mitigating damage from natural disasters.	Environmental Social
Eco insurance certificate/web policy clause	A system that enables policyholders to view their policy certificates and policy clauses on the website of each company. Promote the reduction of environmental burdens through paperless operation.	Environmental
Electronic contract method	Complete the contracting procedure on the screen of a PC brought in by an agent. Promote the reduction of environmental burdens through paperless operation.	Environmental
Family Eye (Relatives Notification System)	This is a system in which one relative of a policyholder is registered as an emergency contact for insurance policies. It makes it possible to contact the registered relative and ensure more reliable delivery of important notifications for insurance policies to the registered relative in an emergency, such as when we cannot contact the policyholder, or to have the relative share contract information after a simple identification procedure when inquiries are made.	Social
Supporting companies to expand overseas operations	We offer risk management services to Small and Medium-sized Companies expanding overseas and support the overseas development of SMEs.	Social Governance

Repair service for damaged equipment under the corporate fire insurance plan	Reduce recovery costs and ensure early recovery by enabling the repair of damaged devices and equipment, which previously had to be replaced with new ones, with emergent corrosion inhibition measures and full-scale recovery work.	Environmental Social
Abbreviation service of claims documents	Omit the submission of claim documents, etc. for car accidents that meet certain conditions. Promote the reduction of environmental burdens through paperless operation.	Environmental
＜Life insurance and medical insurance＞		
"&LIFE" New income security insurance	This insurance provides for the risk of becoming unable to work or of something with a similar effect occurring(*2).	Social
"&LIFE" New medical insurance A Plus	This insurance provides measures for an aging society as a means to prepare for hospitalization and surgery due to illness or injury(*2).	Social
"Shiawase Zutto" foreign currency-denominated fixed amount whole life insurance	In response to an advancing aging society, this insurance provides policyholders with measures for building up their own assets to complement their public pensions and for ensuring that assets are inherited in an appropriate way by the next generation.	Social
Products for persons with disabilities (Malaysia)	Provide coverage for injuries, health care, and automobile accidents to support the lives of persons with disabilities in Malaysia.	Social
Electronic contracting processes through "Seiho Kantan Mode"	Launching paperless (electronic) procedures called Seiho Kantan Mode, we have improved convenience and reduced environmental burdens by converting various paper forms into electronic formats.	Environmental
＜Financial services and other businesses＞ ◯Financial products		
Weather derivatives	Derivatives that cover losses caused by extreme weather.	Environmental Social
CAT bond (catastrophe bond) issuance support services	Service to support the issuance of CAT bond (*). In addition to reducing the burden of cumbersome administrative procedures related to the issuance of CAT bonds, we provide our customers with advice on optimal issuing conditions and help them to diversify catastrophic risk hedging instruments.	Environmental Social Governance

	(*) A CAT bond is a mechanism through which the risk of a large-scale disaster such as earthquake or typhoon is transferred from one party to the capital markets. As long as no disaster exceeding a predetermined threshold occurs, investors (CAT bond purchasers) receive coupons periodically and have principal repaid at maturity. However, in the event that a disaster exceeding such threshold occurs, the principal to be repaid is reduced partially or entirely so that it is used to compensate customers for their losses.	
◯Support systems		
Pacific catastrophe risk assessment and financing Initiative Insurance Facility	Under this program, which was set up jointly by the Japanese government and the World Bank, MSI as a risk underwriting insurance company provides reconstruction funds to the nations in the Pacific Islands that are afflicted by natural disasters to promote the restructuring of the livelihood of disaster victims and the early recovery of areas hit by disasters.	Environmental Social
◯Risk consulting service		
Human rights risk management support services	Help our customers to manage human rights issues by supporting them in the formulation of human rights policies based on international standards, human rights impact assessment, organization of lectures and trainings on human rights risks, collection of information and implementation of surveys related to human rights risks, and other efforts related to human rights risk management.	Social
Supporting for Business continuity management system (BCMS)	Support the establishment of a system that ensures the resumption of operations within a target time frame in the event that business activities are suspended due to a large earthquake, infectious disease, or other reasons, and the formulation of business continuity plans (BCPs).	Social Governance
Consulting by Tsunami risk models	Consulting services that incorporate damage from tsunami in earthquake risk analysis	Social Governance
Consulting service for water disaster prevention	Support companies in developing their business continuity management (BCM) plans through consulting focusing on river flooding, inundation inside a levee, and high tides.	Environmental Social Governance

Supporting system for victims of natural disasters to relief	A system that provides comprehensive support to local governments to help disaster victims restructure their lives, including issuance of Disaster Victim Certificates	Social
Service for risk management of automobile insurance	Various effective programs and solutions to prevent and decrease accidents	Environmental Social
Seminar for safety drive	Accident prevention and reduction seminar, conducted by a group company certified by the Ministry of Land, Infrastructure and Transport and Tourism as an implementing agency, targeting automobile transportation business operators	Environmental Social
Risk consulting service abroad	Assume possible material risks overseas, such as terrorist attacks and large-scale disasters, and support measures against these risks.	Social Governance
Consulting service against environmental risk	Service for quantitative assessment of impacts on natural capital and service for assessment of water risks (water depletion, water disasters, etc.)	Environmental Governance
Supporting service for energy business	Support initiatives such as electricity and energy conservation, improving comfort in the working environment, and reducing energy costs.	Environmental Governance
Environmental CSR management consulting service	Support the acquisition of accreditation for and improvement of environmental management systems and the formulation of environmental CSR reports.	Environmental Governance
Consulting services on biodiversity	Make proposals to companies for biodiversity preservation initiatives and their improvement.	Environmental Governance
Water Risk Assessment Service	Simple assessment of exposure to water risk on individual manufacture point (domestic/ overseas) bases.	Environmental Social

◯Other businesses

Pay home for the aged with a nursing	Operate You Life Yokohama and You Life Setagaya.	Social
In-home nursing care business	Operate in-home nursing care support business and home-visit nursing care business offices at a total of three locations in Yokohama and Nagoya.	Social
Visit nursing business	Operate four day-service centers in Shinagawa, Mizuho, Omiya, and Ibaraki.	Social

(*1) Products in ＜Products for individuals＞and ＜Products for business＞ are categorized based on their main scope.
(*2) Donations are made to the Authorized nonprofit organization—Japan Committee Vaccines for the World's Children to provide funds for purchasing vaccines etc., with the amount depending on the number of new contracts acquired.

Enhancing the Quality of Products and Services

Upgrading Customers' Ease of Understanding and Convenience

In order to deliver information on insurance and services to various customers, the MS&AD Insurance Group is developing and providing simpler and more convenient business procedures. We are trying to provide business procedures and information which pay due consideration to the elderly and persons with disabilities, while utilizing PCs and smartphones.

Provision of Easy-to-understand Explanatory Materials

MSI, ADI, MSI Aioi Life, and MSI Primary Life have laid down in-house rules concerning terms to be used in policy clauses and items for notation in pamphlets, we began using policies and pamphlets with plain terms and figures.

When soliciting insurance with policies effective, we have adopted a fonts type that are easy to read and identify (UD font) in pamphlets and disclosure statements for explaining to customers about important areas in their documentation such as the "policy summary" and the "information calling for attention." Regarding the disclosure statement, we have worked to present the materials in easier-to-understand formats, such as formats that explain processes in chronological order.

Disclosure statement

Easy-to-understand Pamphlet

At MSI, a pamphlet called "Book to Answer Your Questions on Automobile Insurance" is available for children to aged readers, which easily explains what automobile insurance is. With larger prints and full of illustrations, the pamphlet answers customers' doubts in a question-and-answer session to provide an "easy" image to automobile insurance which is considered to be hard to understand.

"Book to answer your question automobile insurance" pamphlet

In the pamphlets of its core "TOUGH Automobile Insurance," and other products, ADI has made efforts for helping customers get an easy-to-understand general idea about automobile insurance, which is often considered difficult. They do this by providing pages that shows the entire coverage for bodily injury and property damage liabilities. A simple pamphlet is also provided, which includes summaries of products offered.

"TOUGH Automobile Insurance" pamphlet

For "&LIFE New Medical Insurance A Plus," MSI Aioi Life has prepared pamphlets which lay out the main contract and each special contract in different colors by category. They provide this pamphlet, which was made to be easily understood by customers and to allow us to communicate easily with our customers as they turn the pages.

"&LIFE New Medical Insurance A Plus" pamphlet

Improve the Convenience for Customers in Contracts

Internet Services

MSI sells overseas travel insurance, insurance for bicycle users, golfer insurance, and motor bike liability insurance on the website of agencies. In addition, driver's insurance that is sold on a 24-hour basis, called "1 Day Insurance" was launched in fiscal 2015. Approximately 800 thousand customers or more use the "Customer Web Service" provided to private customers on the website. Online, customers can confirm the content of policies with the "eco insurance certificate" and "insurance clause on the web," change the address, and take procedures to replace vehicles covered by "GK Automobile Insurance." It is also possible to confirm the contents of policies and take procedures to change your address through the free smartphone application, "Suma-Ho."

ADI provides "My Page" to customers with any online environment, for example, PC, smartphone, tablet PC, or cell phone. ADI supports customers with various services , such as the "eco insurance certificate" and the "insurance clause on the web" to confirm policy contents, the "accident progress report" to confirm the status of accident responses, prizes for customers to apply with accumulated points to receive gifts, and donate bell marks. More than 7 million customers have used these services as of April 2016.
In addition, customers who do not make use of the "My Page" service can also make changes to their address for all contracts, as well as make changes in the "vehicle replacement," "age criteria," and "driver limited" sections for automobile insurance, through the website 24 hours a day, 365 days a year.

Mitsui Direct General sets "My homepage" for each policyholder and has about 700,000 registered users as of March 2017. Available services at the "My homepage" include procedures for contract renewal, getting estimates for a new policy, application procedures and reporting an accident.
In addition, for the purpose of improving operability of smartphones and tablets, the use of which is rapidly increasing, the responsive web designs are adopted to optimize the layout for each device customers are using.

MSI's website

Insurance Policy
Detail screen at Customer
Web Services (MSI)

ADI's website

Electronic Contracting Procedure

MSI and ADI are promoting electronic procedures in which a customer can apply for a car and fire insurance contract on a computer screen brought in by staff of an agent.
It is possible to indicate the contents of insurance contract in an easy-to-understand manner on the screen, change the contents of coverage, and re-estimate the premium on the spot. The contracting process is completed by pressing the application button on the screen. As a result, it is not necessary for a customer to sign or submit an application form. The function in which the registration site of credit card information can be easily called from a mobile phone was added for customers who want credit card payment, which contributes for paperless and improve the convenience. We hope to expand the usage of electronic procedures by making the functions strengthened and improved.

MSI Aioi Life offers paperless (electronic) procedures called "Seiho Kantan Mode" which allow customers to make an insurance contract just by going through the application procedures on a computer. In addition, digitizing paper items such as product brochures that were necessary for proposing insurance products to customers allows them to obtain various pieces of information and make inquiries through a computer. We have achieved a significant improvement in convenience and simpleness from proposal to contract process.

Dissemination of Information on Insurance Products, etc. on "LINE"

MSI and ADI offer new services for customers using "LINE", a communication application operated by LINE Corporation.

MSI offers customers registered with "Customer Web Services" a useful function in case of an accident or disaster. The function, using the Talk and Personal ID function of "LINE", allows users to check the details of their own insurance contract and report an accident. To provide the service including making inquiries to an agent and reporting an accident through "LINE" is the first attempt in the industry.

ADI is trying to make contract procedures more convenient, while providing information on "One-day Supporter," automobile insurance whose contract procedure can be easily completed through smartphones, and on insurance products according to the season. In addition to information on insurance products, it is delivering useful contents, such as quizzes for safety driving and healthy recipes.

The MS&AD Insurance Group will continue offering products and services that satisfy customer needs.

Receive UCDA Award 2016 (Non-life Insurance Direct Sale Type)

Mitsui Direct General was presented with the highest award, UCDA Award 2016 (for non-life insurance direct-sale type) at the 2016 UCDA Awards organized by the Universal Communication Design Association (UCDA). It is the first time as direct general insurance company that Mitsui Direct General received "the UCDA Award" for two consecutive years.

To explain important notice, which was one of the evaluation items, Mitsui Direct General has made layers of improvements to make the contents simple and easy-to-understand, thinking beyond the precedents. It carefully selected contents to include in the document, reviewed the layout and colors and effectively adopted illustrations. These efforts were recognized.

Postcard for announcement of maturity date

Quotes for contract renewal

Consideration for the Elderly and Persons with Disabilities

MSI and ADI are promoting appropriate insurance sales to the elderly and persons with disabilities by instituting the fundamental rules that salespeople must strive to "gain an accurate grasp of customer' intentions," "explain things in an easily understood and polite manner," and "arrange for customers' relatives to sit down together with customers to assist in decision making.

Moreover, aiming to market insurance products with still greater politeness and appropriateness, the companies have instituted detailed rules for conscientiously catering to customer needs when necessary through such methods as "arranging for customers to be served by multiple salespeople," "arranging for multiple meetings when requested," and "arranging for another salesperson to confirm and follow up on transactions." Additional "making a memorable impression" rules for interacting with elderly and disabled customers include "speak in a steady voice, slowly, clearly, with clear enunciation," "seek to present explanations while replacing foreign loan words and insurance jargon with ordinary words."

MSI and ADI stipulate that sales people deal with persons with disabilities in the same manner as they deal with the elderly. In light of the implementation of "the Act on the Elimination of Disability Discrimination", we will further strive to avoid discriminatory treatment and give reasonable consideration to disabled customers.

Furthermore, we are working to make reference material easier to understand by using fonts with lettering that is easily distinguishable and that can be easily read by even the elderly, such as "Universal Design Fonts," enlarging text sizes, and adopting colors and designs that consider individual differences in the ability to see color among persons with disabilities and the elderly. In order to ensure the appropriateness of these initiatives, we will continue to improve products and services even further by analyzing opinions from elderly customers as well as customers with disabilities and considering appropriate improvement measures.

Relatives Notification System

"Family Eye (Relatives Notification System)", started in January 2016 by MSI and ADI, has achieved 110,000 registered contracts both MSI and ADI combined as of the end of March 2017. This system is the first service in the non-life insurance industry which makes sure to deliver important notifications regarding insurance policies to the registered relatives of the policyholders from us or agents/canvassers during emergencies when we cannot contact elderly policyholders. We will support security and safety of the aging society by establishing this system as a "bridge to provide the link between parents and children" in order to deal with recent changes in the environment where elderly people are increasingly living apart from relatives with the further aging of society and fewer children.

MSI Aioi Life launched the system in December 2016, and MSI Primary Life also has implemented a similar service for policyholders. We are making expansions and improvements for insurance claim payment in the future by expanding support services for the policyholders' family members and relatives.

Improve the Services Aimed at Meeting the Specific Needs of Elderly Customers

MSI Primary Life carries a rich line-up of products, including asset-building products that complements public pension through the customer's own efforts, and products that can be used as inheritance measures to ensure that assets are passed on appropriately to the next generation. MSI Primary Life has many policies outstanding to senior citizens. After giving consideration to improve services to the elderly and tailor them specifically to their needs, we made various efforts. For example, we introduced to customers "Family Registration Service" started in January 2016. It allows family members of a policyholder to inquire about and obtain the details of an insurance contract. In fiscal 2017, we will make progress in "Reinforcing Services for the Elderly" as a priority issue for enhancing the quality of the whole company.

Holiday Home Visit Service

MSI began "Holiday Home Visit Service" for elderly customers and customers with disabilities in August 2016. The service is for those who have been involved in an automobile accident, reported the accident to the holiday accident report center and have difficulties in communicating the details of the accident over the phone. Dedicated staff visit the customers' home even during holidays and confirm the details and status of the accident in person while explaining the upcoming processes of the accident response. We have been providing "Holiday Home Visit Service" to those who are hospitalized, and we decided to launch the service for the elderly and persons with disabilities as well. We did so by taking into account the changing societal environment and diversified customer needs including the progress of the aged society and elimination of discrimination against people with disabilities. MSI will continue making efforts for improving the quality of accident response.

Adoption of SP Codes

MSI has adopted SP codes, which were developed for older people or those with visual impairment, on the pamphlets for its GK Automobile Insurance, GK Fire Insurance and GK Personal Accident Insurance products. When the codes are read with a special reading unit, the recorded information is reproduced by voice.

SP Codes (Japanese only)
(Website of Kosaido Publishing Co., ltd.)

"GK Automobile Insurance" pamphlet

Printed Material in Using Color Universal Design

The MS&AD Insurance Group has brochures incorporating the concept of Universal Design in a bid to provide information in an easy-to-see and appropriate manner to many people.

MSI	・Obtained a certification by Color Universal Design Organization, an NPO entity ・Selected colors and designs from users' perspectives (Brochures for GK series)
ADI	・Adopted colors and designs that take into consideration differences in color vision due to disability, aging, and other factors (Brochures for Tough series)
MSI Aioi Life	・Used fonts that are easy to read for the elderly (Minnanomoji) (Life insurance declaration form)
MSI Primary Life	・Used a design combining different shapes, patterns distinguished by line and colors and other features to look neater and more legible to users. (Part of pension payment invoice and ledger sheets for insurance protection procedures) ・Obtained "Easy-to-understand design certification " by Universal Communication Design Association (UCDA), a general incorporated association

Internet-based Roadside Services for People with Hearing Impairments

MSI and ADI offer an Internet-based roadside service system for people with hearing impairments. Customers can use the e-mail and Internet functions of mobile phones and smartphones (iPhone and Android) and follow on-screen guidance to transmit the required information, rather than using oral communication. Customers can also use this service through their smartphones (iPhone, Android devices).

Development of Insurance Products and Services for the Persons with Physical Disabilities

With insurance products, MSI's Malaysian local subsidiary is playing an important role providing security and safety to people. We deem it our social mission to deliver insurance products to handicapped persons as well.
Based on such thinking, we have offered four automobile insurance products to persons with disabilities since October 2015.

1. Individual Personal Accident – Plan 1 (Accident Insurance)
2. Bodyguard Personal Accident – Silver Plan (Accident Insurance)
3. Individual Healthcare International – Executive Plan (Healthcare Insurance)
4. Insurance for Private Automobile (Automobile Insurance; Comprehensive Cover)

Going forward, we will continue conducting research and collecting information on products to provide insurance for more people.

Quality Improvement using Advanced Technology

The MS&AD Group, in a bid to respond to various customer needs in a sophisticated manner, is engaged in various efforts. These include the development of products and services utilizing technology such as advanced ICT and making innovative changes on how to solicit insurance leveraging new technology such as artificial intelligence (AI), Big Data and voice-recognition.
In addition, we have integrated system security across the Group for stable service and protection against cyber risk that is increasing along with the advancement of ICT technology.

Claim investigation using "FaceHub"

MSI will launch "FaceHub", a video chat platform developed and operated by FacePeer, in March 2017 to communicate with customers regarding damage investigation and claim payment. Communication with customers had been mainly via telephone and in writing. Utilizing "FaceHub", we will enable us to give meticulous explanations to customers and arrange for prompt payment by sharing videos and still images with them in real time in a simple operation.

Quality Improvement using Artificial Intelligence (AI)

MSI conducts various demonstration experiments and creates an environment that is necessary to improve products and services using artificial intelligence (AI). In addition, MSI and ADI have improved the efficiency of the company-internal operations leveraging AI. We will make progress in quality improvement using AI and work on developing innovative products and services to meet various customer needs.

Launch of Demonstration Experiments for Advanced Insurance Sales

MSI, in cooperation with UEI Corporation (UEI), began a demonstration experiment for the advancement of insurance sales using AI. The demonstration experiment is to improve the sales capability and ensure accountability of insurers by analyzing sales methods of an insurance sales person and a customers' facial expressions with AI.
In the experiment, a high-performance, 360-degree camera developed by UEI records the insurance solicitation process, and AI's deep learning technology analyzes sales methods of the insurance solicitor and the customers' facial expressions. Visualizing implicitly known successful patterns and sharing them will contribute to increasing the sales of insurance products and improving customer satisfaction. We will obtain the consent of customers in advance for recording scenes for the analysis.
We will analyze the videos collected through the demonstration experiment and discuss building a new sales support system that enables insurance solicitors to fulfill their duty of accountability to customers. Insurers are required to fulfill duties for provision of information and understanding customers' intent after the revised insurance business law took effect. Therefore, we endeavor to advance insurance sales using AI and provide a higher level of services to them.

Creating an Optimal Environment for AI Learning

MSI and Sakura Internet Inc. (Sakura Internet) are jointly creating an optimal cloud environment for deep learning of AI, using the high-performance computing foundation specialized in calculation that is provided by Sakura Internet. A computer environment capable of making high-speed calculations is necessary for AI's deep learning. Collaboration between MSI, which has various types of big data concerning non-life insurance, and Sakura Internet, possessing expertise in high-performance calculation systems, enabled the creation of one of the best AI development environments in Japan. MSI will continue proactively developing products and services that meet diversifying customer needs through AI development utilizing the MSI's big data.

Improving Efficiency of Internal Operations for Inquiries

MSI and ADI have started working on improving the efficiency of the company's internal operations to respond to inquiries. It will do so by utilizing IBM Watson (*1) technology equipped with an ability to understand and learn languages. IBM Watson is utilized in the answer logic of the company's internal operations for responding to inquiries, and repetitive question and answer processes will deepen learning and improve the accuracy of answers. We will enhance the inquiry response productivity through this effort.

(*1) IBM Watson is a cognitive system (*2) to derive accurate answers based on questions and dialogues in a timely manner. It can improve the accuracy of answers through experience.
(*2) A cognitive system is a new computer system that naturally interacts with people by understanding huge amounts of data, learning extensively and making an inference for a purpose.

Quality Improvement of the Contact Centers

The Contact Centers of Domestic Group insurance companies' personnel play a vital role as the "face" of their company. Also, the integration of Group companies' telephone system infrastructure has resulted in group synergies such as the reduction of system maintenance costs.

Quality Improvement in the Group

"MS&AD Group Contact Center (CC) Quality Standards", evaluation standards for CC's operations and quality that is common to the whole Group, have been developed. Each Group company checks its CC's operations against the standards, and carries out the necessary improvement measures. By sharing the status of each Group companies' efforts and best practices within the whole Group, we are improving the quality of the whole Group. Concerning evaluation by an external organization, at FY2016 HDI Benchmark organized by HDI-JAPAN, the world largest organization in the support service industry, MSI, Mitsui Direct General and MSI Aioi Life received three stars, the best rating for the following ratings: "Contact Point" and "Support Portal" ratings, and MSI Aioi Life won a three-star, the best rating for "Monitoring" rating. In addition to winning three stars for the "Monitoring" rating, ADI received "a five-star certification" which means that "its management of commercially value-added support centers and leadership in management of companies and centers meet certain standards comparing with internationally recognized best practices."

Received three stars the highest rating

Contact Center Strategy Meeting

"Strategy meetings" by heads of the Contact Center of each Group company and PT (theme: center operation, education and training) by persons in charge are held periodically. The purpose is to improve the quality of the whole Group's contact centers, reinforce operations, and improve operational efficiency and human resources development while sharing information.

Personnel Exchange

For information sharing (exchange) among the contact centers in the Group and training each other, the staff of contact centers actively interact with each other through "the Group Contact Center (CC) Joint Training" and "CC Visit".

Telephone Support Contest

Aiming to improve the customer service quality and mutual training of customer service representatives, the Group holds the "MS&AD Group Contact Center Telephone Support Contest" every year. The contest provides an opportunity for exchange among contact centers, and creates a climate of friendly rivalry conducive to learning new things above and beyond the framework of each contact center's operating style. In fiscal 2016, from around 4,000 staff members at contact centers, 16 were chosen to participate in the contest and competed to show off their telephone support skills.

Telephone support contest

Enhancing the Quality of Products and Services

Payment of Insurance Claim Service Preferable to Customers

The MS&AD Insurance Group is taking various steps with high levels of accuracy, speed, and integrity in order to provide customers with reliable claim services.

Reliable Receipt System for Accident Report and Provision of the Course of Accident Response

The Group's domestic non-life insurance companies have established "accident reception centers" that are open for receiving information on accidents in Japan 24 hours a day, 365 days a year. On weekday nights and holidays, the centers will provide various kinds of initial support, such as contacting the other parties in automobile accidents on behalf of customers, and in cases when customers have been injured and hospitalized, the centers offer such special services as visits to the hospital by specialized staff. Moreover, the post-accident response measures include staff members telephoning customers to provide detailed explanations of the progress of claims adjustment situations, aiming to put themselves in customers' shoes, alleviate their worries, and respond to whatever questions they may have.
MSI receives information on accidents on the internet through the MSI's website or own "Suma-Ho" smartphone application. In order to ensure the accident response reliable to our customers, MSI installed a "one-accident, one-team" system for reinforcement of coordination when two or more personnel are assigned to a single case. In this and other ways, the work processes constructed in response to customer views are in operation at Service Centers nationwide. ADI is working to deliver quick, considerate and reliable accident response services under "the Full Support Declaration". In addition, we launched "24/7 Accident Response Service" in FY2016 and are providing the same level of accident response services as those provided during normal business hours even during night time and holidays. We are doing this in a bid to provide an accident response that meets the needs of individual customers. We take in accident reports through our website and website for feature phones as well as normal telephones. In addition to accident report menus on our website and website for feature phones, a fax number dedicated for people with a hearing or speech impairment is available to take accident reports. We have created a barrier-free environment for accident reports.
Mitsui Direct General provides "My home page" on the Internet for contracted customers. It enables customers to make change in "personal data," "vehicle replacement" and "insurance coverage", and to access information regarding response to accident 24 hours a day, 365 days a year.

Improving Customer's Satisfaction by Responding to Incidents

Aiming to realize non-life insurance services which satisfy customers, the MS&AD Insurance Group is taking various steps to improve the work quality of claim service staff.
MSI is engaged in the "Best Action Campaign" to deal with customers appropriately and quickly with high quality and expertise.
Individual employees are engaged in activities based on three pillars: unparalleled speed, high level of skills as professional, and hospitality (customer support with empathy). The aim is to exceed customers' expectations and provide satisfactory services.
ADI, under "the Full Support Declaration," aims to be a reliable partner by delivering quick, considerate and reliable accident response services. We make our best efforts to ensure customers feel "I'm happy that you are the person in charge," and be a customer-preferred insurer.

Quality Improvement Campaign

MSI carries out practical training such as role-playing on telephone response and daily guidance by a trainer with specialized skills, and holds presentations of accidents cases. Through those efforts, MSI improves employees' skills to ensure high level and uniform service nationwide. In addition, we utilize the opinions offered in the questionnaire postcards sent to customers when paying insurance money to further improve quality.

For elderly people who need support and those with disabilities, we continue until they can understand the contents of the insurance products and the flow of response to accidents.

In addition, we introduce a mechanism that allows customers to send pictures of damages and videos at the time of the accident by smartphone application "Suma-Ho" and official website in the event of insurance claims.

Bypassing the interactions of sending documents enables us to pay the insurance money more quickly.

A Scene from Know-How Presentation

ADI is working to improve customer service skills through carrying out regular trainings and conducting Nationwide Heartful Support Contest etc. We have certified the winners of the Nationwide Heartful Support Contest as Meisters. As a missionary of the call-handling skills, they are working on strengthening the customer service quality of the whole department.

Participants in Heartful Support Contest

Moreover, ADI launched LIPS (Lady Improvement Projects). Members of LIPS confirm, improve and review the progress of their approaches at each workplace while presenting and sharing results of various activities at the annual national meeting and enhancing performance and quality of the entire claim service department.

Work of Claims Adjusters

Claims adjusters of insurance companies investigate damages of a car accident when such accident occurs, such as the confirmation of damages of a vehicle and the finalization of repair cost.

In addition to deepening the cooperation between claims adjusters and case managers, MSI has established claims study teams at 21 locations across Japan to further promote the appropriate certification of repair costs. Moreover, we are always performing quicker and more appropriate handling of accidents from the perspective of customers; for example, when vehicles and buildings are damaged at the same time by wide-area water disasters, we investigate their damages together.

At ADI, its affiliate, Aioi Nissay Dowa Claims Adjusting Company, Limited holds a national claims adjuster skill contest and a national good practice presentation, where adjusters show results of daily self-improvement and good practices and share them nationwide to further improve the skills and capabilities of damage investigations.

Quality Improvement by Reviews on the Insurance Claims Payment Processes

Mitsui Sumitomo Insurance Underwriting at Lloyd's(*) Limited (MSIUL), which is MS Amlin's subsidiary, has established an internal working group with the aim of building an insurance claims payment system that customers can rely on. In addition to conducting analysis and reviews on the insurance claims payment processes, it has also introduced important management indicators to improve insurance claims payment services by providing initial support to accident response and payment of insurance claims. Through these efforts, we have achieved greater efficiency, speed, and transparency in our insurance claims payment processes.

In addition, we are working on training employees with necessary expertise and skills for supporting the handling of special accidents and improving the operational quality of affiliated companies that provide accident support services in a bid to deliver accurate, quick, stable and high-quality services. Our claim payment department and risk engineering department cooperate to issue a periodic report titled "Loss Incident". In it, the causes of frequently occurring accidents and special accidents are analyzed and countermeasures are discussed. This report contributes to improving risk management and accident prevention among customers.

(*) Lloyd's is an international insurance trading market located in London, UK. MSI was the first Japanese insurance company to enter the Lloyd's market in 2000, when it commenced underwriting work.

Improve Customer Satisfaction in Accident Response (Australia)

Aioi Nissay Dowa Insurance Company Australia Pty (ADICA), which is the subsidiary of ADI, Toyota Finance Australia Ltd., and Toyota Motor Corporation Australia Ltd. verify customer satisfaction survey results done by a third party company that are conducted every quarter of a year at the "Australia Toyota Committee." Based on these results, the ADICA created a business quality improvement team in the company, and is pushing ahead with solution plans, which identifies the problematic points on the basis of feedback from customers. To be more specific, the ADICA has conducted activities always from a viewpoint of customers in an effort to improve business quality and customer satisfaction. For example, they pursue readability by reviewing the renewal notification and contents of insurance clauses, send out a leaflet indicating the procedures after accidents and Q&As to make customers feel at ease and understand.

Business Quality Improvement Team

Launch of "Quadrilingual Service" using Phone Interpretation

In November 2016, MSI and ADI started "services in four languages" using a telephone interpretation service. The purpose of the service is to deliver high-quality services to customers who have difficulties in communicating in Japanese by improving the multilingual environment. The MS&AD Insurance Group, as a whole, will continue further improvement of customer service quality to bring safety and peace of mind to non-Japanese-speaking customers.

"Introduction of Accident Response" screen

At Mitsui Direct General, "Information on Accident Response" contents have been provided on our Website about accident-response services to remove customer's anxieties and provide assurance. In order to convey our messages of our quality improvement efforts in a literally "visible" manner and carry our customers' voices who have actually experienced our accident services, our employees assigned to accident services with their photos in place. Adding new contents such as guidance of own "designated repair shop" service and information dissemination using cartoon, we are also putting our best effort so that many of our customers may share their feelings of assurance.

Screen of "Information on Accident Response"

"Information on Accident Response" (Japanese only)

Claim Support Guide

In order to inform the insurance claims procedures in an easy-to-understand manner, MSI Primary Life is taking the following steps:

(i) Placement on the website

MSI Primary Life has produced videos about the insurance claims procedures about which it receives many inquiries, and released them on its website. We provide explanations from the inquiries that we receive when family members of contracted customers first call to the payment of insurance claims, as well as samples of required documents and notification of completed procedures.

Video screen

(ii) Insurance Claims Support Guide

When sending insurance claim forms, we enclose the "Insurance Claim Support Guide," which simply explains the flow of procedures. The "Insurance Claim Support Guide" has obtained from the Universal Communication Design Association the "Viable Design Certification," which is the certification standard not only for design and color design but also for the meaning of sentences and the convenience of use.

Click here for the actual videos: (Japanese only)

Provision of Recovery Services of Afflicted Facilities

MSI and ADI, in collaboration with BELFOR Group, the world's top class disaster recovery specialty company, have been providing high-quality recovery services for afflicted facilities(*).The recovery services of afflicted facilities provide "emergency treatment for corrosion inhibition", which inhibits progressive corrosion and rusting, and "full-scale recovery work", which is conducted by using specialty technologies of dismantling, precision cleaning, drying, reassembly and inspection, to "recover" the afflicted facilities to such status hitherto possible only with "replacement by new facilities", thereby shortening the recovery period dramatically and making "early" and "economical" recovery possible for restarting business. While corporate awareness of BCP (Business Continuity Plan) is rising in the wake of such natural calamities as earthquakes and typhoons, we intend to support our afflicted customers for early recovery by providing these afflicted facilities recovery services in support of BCP.

(*) MSI has been providing the service in 11 Asian countries in cooperation with BELFOR Asia. In addition, in cooperation with Recovery Pro, this service is provided in Japan to the customers of Comprehensive Corporate Property Insurance (called "Property Master"), Business Activity Comprehensive Insurance (called "Business Keeper"), Basic Fire Insurance, and the Business Cost/Comprehensive Profit Insurance. ADI has provided the service in Japan in cooperation with Recovery Pro. This service is provided to all customers of the Comprehensive Corporate Property Insurance as well as the customers of the Business Activity Comprehensive Insurance (called "Tough Biz Business Activity Comprehensive Insurance").

- Affiliation with Belfor Asia (Japanese only)
- Affiliation with Recovery Pro (Japanese only)

Examination for Payments of Insurance Claims

MSI, ADI, and Mitsui Direct General examine cases that are determined to be ineligible for insurance claim, payments and cases where a customer filed complaints. As for the other cases that meet the certain criteria, the examinations are conducted by a board of review consisting of outside lawyers and experts.
At MSI and ADI, state of examination is disclosed at the company's website.
MSI and ADI share information via internal newsletters and take advantage of the access to extra information in enhancing service quality of damage support.

- MSI (Japanese only)
- ADI (Japanese only)

Enhancing the Quality of Products and Services

Growth with Our Agents

We strive to maintain and improve quality through ongoing dialog with agents. By supporting improvement of the work quality of agents, the Group aspires to deliver high-quality products and services to all its customers and grow together with its agents.

Improvement of Agent Work Quality

Scheme and System for Improvement of Agent Work Quality

At MSI, ADI, and MSI Aioi Life, the headquarters' department in charge of agent education has offered education policies and educational programs for the agents to gain knowledge for insurance sales such as compliance, products, office work/systems and sales skills. The educational programs are offered through Internet and collective trainings, while staffs in charge of education at sales departments promote attendance at sessions and support to raise levels of agent business skills.

Support for Improvement of Agent Work Skills

Providing an Online Learning Environment

MSI and ADI have a "College" that allows for the integrated management of insurance qualifications, group training attendance, and e-learning progress by participant. The e-learning contents are used by agents and canvassers (*), delivering preliminary learning for seminars and qualification acquisition on compliance, details of products, and other information, which leads to better solicitation quality. MSI, every month, delivers the "Agent Educational Program", a studying tool to enable an agent to develop and educate solicitation staff independently.
By distributing Good Practice News and quarterly journals on the Internet, ADI introduces information and tools useful for solicitation activities by agents and canvassers.

(*) Permanently-hired employees and trainees engaged in solicitation

Training in Response to the Needs of Agents

To fulfill diversifying customer needs and to improve the consulting capability in response to the changes in the market, MSI Primary Life is enhancing various training programs and supporting sales systems of agents.
Since fiscal 2016 we have developed and provided "Professional manager training" for managers to diagnose the current management style, incorporate the latest learning theory, acquire the attitudes, knowledge, and skills necessary as a manager. In addition, we also started providing "Training to Promote the Active Participation of Women" for women not only to learn the knowledge and skills for working proactively and vigorously but also to plan a well-balanced career design and way of work according to one's own environment and situation.

A scene of training

In fiscal 2017, we started developing and offering "Assertive Communication Training" to learn how to communicate frankly while respecting both counterparts and yourself.
The purpose of maximizing the training effect is to promote active learning type training styles, and to introduce the latest learning devices such as tablet PCs, which enables two-way communications between lecturers and trainees.

Feedback of Customer's Voices (Complaints and Compliments)

MSI and ADI take the valuable opinions of customers seriously, clarify issues from customers' perspectives and develop improvement measures to enhance the quality of agents' operations.
Both companies facilitate implementation and use of "the Customer's Voice Management System", have agents themselves analyze customer's opinions, lead them to operational improvement and carry on activities to be a customer-preferred agent. In addition, they develop a system to feed back the customers' opinions collected through "Questionnaires to Customers" to their agents and share the statistics and analysis results at agents' regular meetings and training to reflect them in operational improvement.
We will continue proactively analyzing and utilizing customers' opinions to understand the expectations and needs of customers and society and make efforts to keep responding to them.

Framework to Secure Quality in Agent Work

Basic Perspective

MSI, ADI and MSI Aioi Life offer support to enhance the quality of agents which serve customers and have scheme to inspect their business conduct in order to deliver high-quality products and services to customers of all types.

Agent Quality Certification System

MSI and ADI have established a systematic operation process (*) related to the solicitation of clients for agents to surely follow so that all customers can afford insurance with confidence.

(*) MSI named it the "Fundamental Insurance Cycle" and ADI named it "AD Quality Standards".

In addition, MSI and ADI each created the Agent Quality Accreditation System to secure Quality in recruitment of insurance and response to accidents in collaboration with agents.

Communication with Agents

Regular Training and Seminar

MSI and ADI hold collective training sessions regularly held for agents in order to strengthen mutual communication and help improve their quality effectively and efficiently. The head office division supplies training tools every month based on themes such as the revision of product and administrative systems, and initiatives that harness feedback from customers, while training sessions are conducted by the sales section branch offices

Cooperation with Organization of Agents

MSI and ADI are supporting mutually enhanced information exchange between the company and its agents through the agent organization, so that communication is activated and services of higher quality are offered to customers. Each agent organization through its operations works on the development of a system and the enhancement of growth potential of member agents and local and social contribution activities aiming to deliver high-quality services and the best insurance products to customers.

Professional Agents Association	Mitsui Sumitomo Insurance Agent Association (MSA)
	The Nation-wide Professional Group (AD Professional Group)
Automobile Mechanic Businesses Association	Advanced Club (AC)

Management Support for Agents

The number of agents has been increasing in size, creating the need for a higher level of managerial skills. In providing support to agents, therefore, greater specialization, objectivity, and medium- to long-term perspectives have become important.

To this end, MSI and ADI deploy dedicated staffs with expertise in support for agents, covering areas from management and systems to individual operational issues. The companies make efforts to improve and expand the management foundation and quality of agents through various supports by such staff including trainings, seminars and individual meetings.

Approaches to the Environment

The climate system, a vital part of people's lives, has become more unstable due to climate change, while natural capital including air, water and living organisms, which brings benefits to daily lives, is also in danger of becoming unsustainable due to climate change, development and overexploitation. Regarding environmental problems as an important management issue, the MS&AD Insurance Group is engaged in business activities to enhance the sustainability of the environment.

Policies and Management Systems Related to Enviironmental and Social Contribution Activities

Based on Our Mission, we have established the Group's Environmental Basic Policy. Through our management system, we are working on natural conservation and social contribution activities.

Policies and Management Systems Related to Environmental and Social Contribution Activities

Reduction of Environmental Impact

We offer products and services that are responsive to climate change and working to reduce the environmental burden created by our business activities.

Reduction of Environmental Impact

Preservation of Biodiversity

Our entire Group is working on preserving biodiversity out of the belief that doing so, along with climate change, is vital to the sustainability of our society.

Preservation of Biodiversity

Approaches to the Environment

Policies and Management Systems Related to Environmental and Social Contribution Activities

The MS&AD Insurance Group positions environmental problems as an important management issue, and aims to build a sustainable relationship between the Earth's environment and our business activities. Based on the MS&AD Insurance Group Environmental Basic Policy, we are actively engaging in environmental activities.

Environmental Basic Policy

MS&AD Insurance Group Environmental Basic Policy

Under its Group Mission Statement, "Through our insurance and financial service businesses, bringing security and safety to people and businesses around the world and making a lasting contribution to the enrichment of society," the MS&AD Insurance Group has made the environment a part of its corporate strategy. The Group has established the following Key Issues and is advancing efforts in these areas in line with the Standards of Conduct listed below.
The Group is committed to ongoing improvement through its environmental management system, and to abiding by environment-related laws, regulations, principles and guidelines agreed to by all members of the MS&AD Insurance Group.

1. Key Issues

(1) Mitigation of and adaptation to climate change
(2) Sustainable use of resources
(3) Reduction of environmental burden
(4) Preservation of biodiversity

2. Standards of Conduct

(1) Initiatives via our insurance and financial services
We will create insurance and financial services that contribute to the Key Issues, and work to resolve social issues and thus enhance corporate value.

(2) Initiatives as part of the business process
Through an innovative reassessment of our business processes, we will work to enhance quality and improve business operations, while making more efficient use of resources and energy.

(3) Environmental awareness and protection activities
By raising environmental awareness among all of our executives and employees, our communities and the next generation, we will work with stakeholders to promote environmental protection activities, gaining their trust and building sympathy for these issues.

Established April 1, 2010
Revised April 1, 2016

Policies and Management Systems Related to Environmental and Social Contribution Activities

All Group companies have been working collectively on solving environmental issues by combining ISO14001 certification, the international standard for environmental management system with "MS&AD Our Earth Project", the Group's unique environmental management system.

Approach for Acquisition and Maintenance of ISO 14001 Certification

The MS&AD Insurance Group is working to acquire and maintain ISO14001certification, the international standard for environmental management system. The MS&AD Insurance Group has formed a common environmental policy and management manual. We are promoting the provision of products and services that lead to solving environmental issues, and promoting operational efficiency through activities in our business at the headquarters of seven Group companies(*).

(*) MS&AD Holdings, MSI, ADI, Mitsui Direct General, MSI Aioi Life, MSI Primary Life, InterRisk Research Institute & Consulting

Support for Certification under Eco Action 21

The MS&AD Insurance Group supports to obtain certification under Eco Action 21 for environmental management systems recommended by the Ministry of the Environment. MSI participates in "Partner companies Greening Program" in which auditors in each areas hold seminars and provide follow-up for the members of "Advance Club", an organization of service and repair shop agents who engage in eco-maintenance, and is continuing to engage in environmental management.
ADI is focusing on the prevention of global warming together with local communities by promoting proposal activities to local SMEs as well as to the agents.

MS&AD Our Earth Project

The MS&AD Insurance Group and its bases are promoting "MS&AD Our Earth Project" to push forward with environmental and social contribution activities. The Group as a whole is grappling with activities for reducing the consumption of electricity, gasoline and paper, which are consumed in our business activities, and conserving biodiversity and contributing to society.
In fiscal 2015, the original logo was selected by a vote of all group employees to further promote these activities. We created this logo in collaboration with an NPO by making a request to a young artist. It expresses the idea that each one of our employees engages in environmental and social contribution activities to create the Earth's future for all of us.

"MS&AD Our Earth Project" logo

Awareness Raising Activities for Stakeholders

The MS&AD Insurance Group, together with society, has been making efforts to build a sustainable global environment.

Spread of Eco-maintenance and Eco-inspection

Through the Advance Club, an organization of service and repair shop agents, MSI is promoting the spread of eco-maintenance and eco-inspection. Eco-maintenance and eco-inspection consist mainly of engine washing; the interiors of combustion chambers in automobile engines are washed by a special procedure. Besides curtailing emissions of toxic gas, the removal of residue of carbon and other substances in the chambers helps to reduce CO2 emissions because it improves fuel efficiency and thereby decreases fuel use. As of March 31, 2017, the number of repair shops performing engine washing reached 391.

Green Power Supporter / Eco-maintenance and Eco-inspection (Japanese only)

Promotion of Eco Safety Driving

In the non-life insurance industry, approaches to building environment-friendly, accident-free society have been pursued by practicing "Eco Safety Driving". The MS&AD Insurance Group has prepared tools to assist promotion of eco safe driving, a term referring to practices that are gentle to the environment, help to reduce fuel costs, and also decrease accidents. We are actively advocating these practices to corporate customers.

Enlightenment of the Employee

MS&AD Eco Smile Check

We believe that continuous awareness activities for our employees, the principle actors of our business, are necessary in order to promote the Group's environmental and social contribution activities.
The MS&AD Insurance Group conducts its "MS&AD Eco Smile Check" campaign every year so that every employee can reflect on environmental protection and social contribution activities—such as eco-life practices including energy saving, eco-activities at office, volunteer work, charitable giving—as well as enhancing their consciousness toward them.

Environmental and Social Contribution Education

Environmental problems surrounding us, such as global warming and the crisis of biodiversity, are becoming more serious. To tackle these environmental problems, the MS&AD Insurance Group is conducting e-learning sessions, etc. for environmental education in order to share that same recognition with all of our employees.

Awarded Minister of the Environment's Award at "Environmental Education Award 2016"

The MS&AD Insurance Group was selected for the Environment Minister's Award (grand prize) at "the Environmental Education Award 2016" organized by the Environmental Consortium for Leadership Development (Eco Lead) of Ministry of Environment. The Group's efforts for human resource development for raising awareness about environmental and societal issues were recognized. Following the excellent awards received in 2014 and 2015, the Group received the Minister's Award (grand prize) in 2016.

Approaches to the Environment

Reduction of Environmental Impact

Alongside our work to contribute to the global environment through our insurance and financial services businesses, effort to reduce the environmental burden created by our own business activities also represent an important social responsibility for the company. All companies and employees of the MS&AD Insurance Group work together to reduce environmental burdens from business activities by enhancing environmental management systems.

Medium- and Long-term Reduction Goal of CO2

The MS&AD Insurance Group supported the Paris Agreement adopted at COP21 (21st Conference of the Parties to the United Nations Framework Convention on Climate Change) in December 2015, and signed on to the Paris Pledge for Action dealing with climate change and global warming. Following up on this signing, we have established the CO2 reduction goal of 2050 for the whole group including overseas, in addition to the existing one for fiscal 2020. As an insurance and financial group engaged in business globally, we will proactively pursue reduction of CO2 emissions as an entire group.

Reduction goal (%)	FY2020	FY2050
[Base FY] FY2009	▲30%	▲70%

Reducing the Environmental Burdens of Business Processes

We have achieved a significant reduction in environmental burdens by digitizing insurance policies and payment procedures. We are also contributing to the environment by saving resources used in automobile repairs. We will promote initiatives to feed back the environmental preservation results by sharing the fruits of the efforts to reduce environmental load shown above.

- Digital Insurance Policy Procedure
- Provision of Recovery Services of Afflicted Facilities

Approach to the "Eco-insurance Certificate" and the "Web Policy Clause"

MSI promotes the "Green Power Supporter program", which engages in the global environment protection with customers through insurance. According to the level of achievement of the 4 approaches below, MSI donates to environment protection and other activities,: 1) "web policy clauses/eco-insurance certificate," and 2) "Electronic contracting procedures," which helps reduce paper consumption, 3) "Use of recycled automobile parts," which facilitates eco-friendly car repair, and 4) "Eco-maintenance/Eco-inspection," which helps reduce CO2 emissions and emissions of hazardous substances. In fiscal 2016, we donated to the Indonesia tropical rainforest recovery project and Tohoku reconstruction aid. From 2009, which is when we started our involvement, through March 2017, the total number of cases amounted to 42 million, leading to approximately 217 million yen worth of donations.

ADI, as part of environmental preservation activities, is working to cut down on the usage of paper resources by introducing Eco-Insurance Certificate and Web Policy Clause. Donations are made in accordance with the number of customers who selected Eco-Insurance Certificate and Web Policy Clause to support "More Trees", a general incorporated association, and NPOs engaged in forest and environmental preservation activities as well as making donation for the affected areas and children of the Great East Japan Earthquake through National Federation of UNESCO Associations in Japan and others.

- MSI Green Power Supporter and Eco-insurance Certificates / Web Policy Clauses (Japanese only)
- ADI Donations through Eco-Insurance Certificate and Web Policy Clause

Go Green Program (German)

Aioi Nissay Dowa Insurance Europe (ADE German branch) which is the Europe subsidiary of ADI has been participating in "Go Green Program" held by Deutsche Post DHL since the spring of 2011. In the "Go Green Program," an environmentally friendly delivery service is practiced in which the amount of carbon dioxide (CO_2) exhausted when delivering postal mails to customers is calculated and the same amount of CO_2 is reinvested to environmentally friendly projects (like hydroelectric power generation and wind power generation plant). ADE German branch made a donation equivalent to total of about 45 tons of CO_2 in the end of 2016, and was awarded a certification by Deutsche Post DHL. Many Germany companies including the local subsidiary of the MS&AD Insurance Group's business partners are participating in the program.

Certification by Deutsche Post DHL

Environmentally-Friendly Building

The new wing of MSI's Surugadai office, completed in February 2012, is an energy-thrift architecture built with the latest environmentally symbiotic technology. Having the full-fledged double-skin (double window pane construction) exterior system installed, the building is expected to allow for more reduction in thermal load in summer and added insulation effects in winter. Moreover, Natural ventilation system is in place and lightings in the office are controlled by sensors for automatically switching on and off, sensitive to lightness and human presence, thus saving energy. On roof-tops, solar battery panels are installed.

MSI's Surugadai office

Promotion of Use of Forest Certified Paper(*)

At the MS&AD Insurance Group, switch over to forest certified paper has been in progress since 2010 for printing material like pamphlets. By using paper stock made from forest lumbers properly managed, we contribute to conserving forests and maintaining biodiversity.

(*) Paper made of wood pulp from forest lumbers properly managed for the purpose of sustainable use and conservation of forest resources

Approaches to the Environment

Preservation of Biodiversity

Natural bounty provided by biodiversity (ecosystem services) is the basis of our lives and business activities. A business model in consideration of biodiversity supports the sustainability of the entire society, which includes companies as well. At the MS&AD Insurance Group, the action plans in the MS&AD Basic Environmental Policy explicitly include approaches to preservation of biodiversity and we promote our approaches.

Signing the Natural Capital Declaration

In July 2016, the MS&AD Insurance Group signed to the Natural Capital Declaration.

Signing the Natural Capital Declaration

Research and Educational Activities

We are conducting a study on what we should do to protect biodiversity, and disseminating widely the importance of protecting biodiversity.

Japan Business Initiative for Biodiversity (JBIB)

April 2008 saw the establishment of the Japan Business Initiative for Conservation and Sustainable Use of Biodiversity (JBIB), which serves as a network for joint research by companies concerned about preserving biodiversity and making sustainable use of natural resources. Ever since its establishment, MSI has been supporting the JBIB's activities as the chair company.

JBIB, to provide references for environmental efforts to companies in Japan, develops guidelines for land use and raw material procurement caring biodiversity and discloses results of the studies. The activities of JBIB were referred to in "National Biodiversity Strategy of Japan 2012–2020". JBIB is highly regarded as one of the bodies with which the government should pursue further collaboration and cooperation. JBIB participated in the 13th meeting of the Conference of the Parties to the Convention on Biological Diversity (COP13) held in Mexico in December 2016. It is bolstering its presence in efforts for biodiversity preservation by exchanging information with "the Mexican Alliance for Biodiversity and Business".

Activities for Preservation of Biodiversity (Japanese only)

Cancun Business and Biodiversity Pledge Signing Ceremony at a business forum

Scene from discussions with "the Mexican Alliance for Biodiversity and Business"

JBIB logo

Symposium "The Story of Biology Told by Companies"

Since 2007, MSI has been holding a symposium "The Story of Biology Told by Companies" for corporate staffs as an enlightenment for companies in approaching biodiversity.
In March 2017, 10th symposium was held with the co-sponsorship of Ministry of Environment, Tokyo Metropolitan Government, Chiyoda City, Keidanren Committee on Nature Conservation, and the special cooperation of JBIB and InterRisk Research Institute & Consulting. In the 10th symposium held this year, based on the latest trends of the SDGs and natural capital and achievements and challenges identified by the COP13 took place in 2016, we took into consideration efforts for biodiversity conservation toward 2030 and legacies after that. We also provided lectures on initiatives for new value creation focusing on National Resilience of Japan and cooperation between companies and government from the perspectives of the heads of government and management. In addition, we organized three subcommittee dialogue for the themes; "The focus of companies' attention: natural capital to create value for the next generation," "Ideal urban cities to sustain a green economy," and "Green Resilience." Experts and person in charge of companies already making efforts delivered presentations on actual cases and exchanged opinions. The dialogues were well received by more than 220 participants while some described it as a valuable opportunity to contemplate on what roles companies should play in the biodiversity conservation.

Symposium "The Story of Biology Told by Companies" (Japanese only)

ABINC Certification Business Support

MSI takes a role as Chairman company in JBIB (Japan Business Initiative for Biodiversity) who formulated "JBIB Guidelines for Sustainable Business Sites." ABINC founded in 2013 is an organization that evaluates and certifies efforts related to biodiversity based on the guideline. The scope of evaluation covers from quantity and quality of green spaces of companies and factories to management and environmental activities. By FY2016, 46 facilities are certified by the certification system. As the secretariat, InterRisk Research Institute & Consulting contributes to certification business and dissemination activities.

Participation in Symposium on Utilization of Natural Capital

MSI participates in the Green Resilience Working Group as a member of Association for Resilience Japan. "Green Resilience" is to promote disaster prevention and region revitalization through proper placement and management of natural capital. This concept is starting to attract attention, such as being listed as a keyword in the Action Plan for National Resilience 2017.
We support the promotion of Green Resilience through convening the Green Resilience Symposium in May 2016, and awarding advanced organizations with the 1st Green Resilience Grand Prize in March 2017.

A scene from Symposium

Activities for Preservation of Biodiversity

Triggered by the establishment of the MS&AD Insurance Group in 2010, we launched our biodiversity conservation activities with a focus on wetlands, positioning this as the Group's environmental initiative. Employees across the country are engaged in volunteer activities in this area. We are also engaged in various other activities aimed at protecting biodiversity, such as regenerating Indonesia's tropical forests with their rich biodiversity, and paying attention to biodiversity for the green spaces around our office buildings.

Biodiversity Preservation by Sumaho, "Animal Alert Function Service by Smartphone"

In cooperation with InterRisk Research Institute & Consulting, MSI offers a smartphone service that calls users attention by an audio alert when a car approaches areas prone to accidents involving wild animals. The service was developed because traffic deaths, so called roadkill, is one of the reasons for the declining number of endangered species, and finding an effective measure had been an issue for local communities and the Ministry of Environment. A collision with a large mammal can be a significant automobile accident and cause damage, which the service contributes to the safety of automobile drivers. The scope of the service was expanded to medium and large-sized mammals including deer and raccoon, and the service is offered in six prefectures in addition to Okinawa Prefecture (Okinawa Rail or Iriomote Wildcat), Kagoshima Pref. (Amami Rabbit) and Nagasaki Pref. (Tsushima Wildcat). The scope of the target animals and services will be expanded gradually to cover wider areas of Japan.

Alert image

"MS&AD Ramsar Supporters"

The MS&AD Insurance Group has been conducting "MS&AD Ramsar Supporters: Life-Connect-From the Waterfront" initiative, which is a waterside environmental preservation initiative focused on the Ramsar Convention registered wetlands. The initiative, which started in fiscal 2010, has now expanded to activities at 11 wetlands across the country, with about 1,800 group employees and their families participating. Departments and branches are also active. In fiscal 2015, to practice "wise use" which is advocated by the Convention, we started to grow rice in "Fuyumizutanbo," (winter rice-paddies) at Oyama City, Tochigi Prefecture which is good for living creatures. Employees and their families participated in activities to experience the fun of growing rice and the joy of interacting with living creatures.

Rice harvesting in a rice paddies filled with water during winter

MS&AD Ramsar Supporters (Japanese only)

Supporting the Regeneration the Forests and the Creation of a Sustainable Local Communities (Indonesia)

MSI has promoted the tropical rain forest recovery project in Yogyakarta, on Indonesia's Java Island.
Since 2005, in cooperation with the Department of Forestry of Indonesia, we have planted approximately 300,000 trees to restore and rehabilitate wildlife sanctuaries, which deteriorated due to illegal logging by local residents during the economic crisis in the second half of the 1990s. Agricultural technical guidance to help the local residents gain even greater financial independence as well as environmental education for teachers of elementary schools have been implemented, in order to regenerate the forests and build sustainable local communities. These efforts receive high evaluations from the Indonesian government. We started the Phase III project in April 2016, and we are working to revitalize regional economies and conserve protected forests by providing afforestation and forest guidance to local residents. In October 2016, the second phase completion ceremony was held in Yogyakarta with guests from Yogyakarta Special Governor, Indonesia Financial Services Authority and Embassy of Japan in Indonesia. In addition, the tour for employees that began in fiscal 2014 will be the third in fiscal 2016, and by visiting the regenerated forests and exchanging with local elementary schools that our overseas entities continuously support, we are deepening our understanding of social contribution efforts.

Indonesia Reforestation Project (Japanese only)

Training of agricultural techniques

Education program

The Green Area at the Surugadai Building

The green area at the Surugadai Building became the first building in downtown Tokyo in 2011 that was certified as Superlative Stage, which is the highest rank in "Social and Environmental Green Evaluation System (SEGES)" managed by "Fund for Greening in Cities". And it has obtained maintenance certification in 2016 as well. It was highly rated that the Surugadai Green Area PT formed in 2003, where concerned departments and both internal and external experts with expertise for green space management cooperate, and runs "the Green area management system". In the selection of trees, special care is given to choose types in addition to the local species that birds and butterflies prefer in consideration for biodiversity. As a result, we now have been able to observe wild birds such as Varied Tits and Black-faced Buntings. Surugadai Building and Surugadai New Annex collectively work as green bases to form "an Ecological Network" that connects the Imperial Palace and Ueno Park to expand habit ranges of wild birds.

SEGES
Superlative Stage
Certification label

In recognition of these biodiversity-friendly activities, MSI Surugadai Building and Surugadai New Annex obtained "the Business Innovation in Harmony with Nature and Community Certification" run by "the Association for Business Innovation in Harmony with Nature and Community" in February 2014. In 2016, they received the excellence award, the highest rank among offices certified in "the first ABINC award".
In addition, the green areas that have a hierarchical structure of trees have beneficial effects on retaining rainwater and mitigating urban water flood. In a calculation, the roof garden only is capable of retaining 750 tons of rainwater, which is equivalent to a three-hour shower precipitating at 100 millimeters per hour. These multilateral functions of the green areas were recognized and awarded the excellence award in "the First Green Resilience Award in 2016".

ABINC logo

Green Space around Surugadai Building (Japanese only)

Awareness Activities for Local Communities and the Society

Approximately 40,000 employees work at the MS&AD Insurance Group. In order for the Group to promote environmental and social contribution activities, we believe that it is necessary to continue implementing educational activities for our employees, who are the main actors in these activities.

Out-reach programs on Wetland Biodiversity

In order to promote education about the environment, the MS&AD Insurance Group produced an educational program on the environment in 2014, which comprises six sets of video materials and Q&A. Using this material, we began conducting outreach programs. We prepared a celluloid sheet and handbook for distribution to each child, as well as a life-size stuffed migrating bird to enjoy learning by real experience. In fiscal 2016, we gave classroom lessons in seven locations in Japan, and 150 elementary school students participated in them. Going forward, we will continue engaging in Community Education Public Awareness (CEPA) activities to preserve biodiversity in the wetlands as set out in the Ramsar Convention.

Classroom lesson delivered to Osaki City Miyazawa Elementary School in Miyagi Pref.

Let's learn! Ramsar Supporters

Communication Activities at ECOM Surugadai

"ECOM Surugadai", which opened in May 2012, is an environmental communication space to disseminate various information on the environment and nature. In the space where solid wood of Yoshino hinoki cypress are used for the walls, users can enjoy the green areas in front while being surrounded by an interior and furniture made of selected woods. Photo exhibitions and events related to nature and living creatures are organized monthly based on themes related to the nearby area and green spaces.

We are actively engaged in collaborating with Universities. For instance, Surugadai green spaces act as research areas to support universities looking into biodiversity in urban areas, and the impact of green spaces on the mitigation of the heat island phenomenon.

Joint event with the Nature Conservation Society of Japan

Approaches to Local and International Communities

Activities by each employee as a citizen of local communities do not just lead to employee growth, they are also important as means of understanding the issues faced by the societies in which our business activities take place and the kind of behavior expected for us.The employees of the MS&AD Insurance Group are undertaking various activities with people in every region, both domestically and internationally.

Contribution to Local and International Communities

As a member of local and international communities, our employees voluntarily conduct activities to conserve the environment and contribute to local communities in order to support the sustainable development of the communities, in addition to activities benefiting communities through our insurance and financial service business.

Contribution to Local and International Communities

Social Contribution in the Field of Sports, Culture and Education

We aid Japan's promotion of sports by fostering and supporting players to be successful on the front line in the sports world, and we are working to spread and strengthen sports for persons with disabilities. Furthermore, we also conduct activities to contribute to local communities and the society, for example, we manage concert halls, support local cultural promotion foundations, and endow courses at universities.

Social Contribution in the Field of Sports, Culture and Education

Approaches to Local and International Communities

Contribution to Local and International Communities

The MS&AD Insurance Group, as a member of local and international communities, is involved in a sustainable development of society by, for example, employees' voluntarily conducting activities to conserve the environment and contribute to local communities, in addition to activities benefiting communities through our insurance and financial service business.

Disaster Donation Matching Gift Program

The MS&AD Insurance Group has been engaging in Disaster Donation Matching Gift Program in which the Group provides disaster victims with donations in addition to those from employees. In the approximately 13 years since the start of this program in fiscal 2004, we have donated a total of more than 600 million yen.
In fiscal 2016, a cumulative total of 21,010 employees gave donations for four disasters, which, coupled with a matching gift from the Group, resulted in donations totaling 53.69 million yen being provided to disaster victims. These donations included 35.50 million yen, comprising donations from 12,007 employees and the matching gift from the Group, which was given to the Kumamoto Prefectural Government, the Oita Prefectural Government and groups engaged in activities to assist disaster victims, in response to the 2016 Kumamoto earthquakes. In addition, we collected donations of about 4 million yen from our overseas branches, providing support on a global scale.

- **Types of disaster covered** Domestic: disasters covered by the Disaster Relief Act, for which donations are collected
  Overseas: large-scale disasters for which the Japan Business Federation provides information related to Assistance
- **Amount of donation** As a general rule, the same as the amount of donations collected from employees.

Past Donations

Continued Support for the Areas Hit by the Great East Japan Earthquake

Six years have passed since the Great East Japan Earthquake, and there are still so many people in the afflicted areas that are in need of support and assistance. With this in mind, the MS&AD Insurance Group is committed to providing continued support through a variety of approaches.

Reconstruction and farming assistance volunteer activities in Minami-sanrikucho

In 2011, we restored tsunami-damaged rice paddies in Minami-sanrikucho in Miyagi Prefecture to "fuyumizutanbo", a thriving habitat for a wide variety of creatures. During the ensuing three-year period, cumulatively totaling approx. 470 the MS&AD Insurance Group employees and their family members provided cooperation for local rice planting and harvesting. During the 2015-2016 period, cumulatively 36 group employees cooperated in the cultivation of Japanese angelica, a renowned local medicinal plant. We continue to visit Minami-sanrikucho to interact with local citizens, in addition to aiding their farming.

Soccer School Organized by J Leaguer in Minamisanriku-cho

Since fiscal 2013, the MS&AD Insurance Group has sponsored a soccer school organized by the Japan Pro-Footballers Association in Minamisanriku-cho. Such as the competition of boys and girls' soccer team and J leaguer, it is a fun social event.
In fiscal 2016, 60 children participated and 8 people from the Japan Pro-Footballers Association and 10 employee volunteers cooperated in running the event.

Soccer School

Supporting Schools in the Disaster Areas by Donating Bell Marks

ADI started an activity to donate collected Bell Marks to local elementary and junior high schools, with Bell Mark collection boxes set up in the Company in January 2011. After the Great East Japan Earthquake, the destination of donations was changed to elementary and junior high schools in the disaster areas, as part of our measures for reconstruction aid. The activity has been advanced together with the local citizens including customers, agents and canvassers. The number of companies and organizations that agree with the activity (Bell Mark supporter) has increased year by year, exceeding 3,800 as of the end of March 2017. As a result, Bell Marks equivalent to approximately 13,700,000 points were collected over six years, and donated to 141 schools in total. The activity will continue in fiscal 2017 to support schools in the disaster areas such as Tohoku and Kumamoto area.

Supporting schools in the disaster areas by donating Bell Marks

Assistance to disaster-affected companies through local community reconstruction matching event "Yuinoba" and restoration aid sales events

In an effort to help resolve various business challenges faced by disaster-affected companies, MSI has continually participated in a Reconstruction Agency-sponsored local community reconstruction matching event titled "Yuinoba" as a partner company on 15 occasions since the 2012 launch. We have been engaged in management seminars and support for individual companies, etc. in many areas.

Fiscal 2016 was yet another year in which, as part of the Yuinoba initiative, we held an internal sales event titled "Reconstruction Assistance Marche," selling disaster-affected companies' products, at the Surugadai headquarters building of MSI. This event was intended to help expand sales channels of fishery and processed food products from companies based in three disaster-affected prefectures, which was the biggest challenge for such enterprises. The latest sales event generated sales of about 9.6 million yen, the highest amount among sessions held to date, including three previous ones, which pointed to the fact that all employees continued to engage in assistance activities as one team with a high awareness about the reconstruction aid initiative.

Sales event in progress

In June 2016, ADI participated in a Kumamoto products fair for the purpose of cooperating in boosting sales of the prefecture's local souvenir and other products, which had dropped sharply due to a reduced number of tourists in the wake of the Kumamoto earthquakes. We used some of the sales proceeds to donate mineral water to the residents of the Sawatsu area, where resumption of the water supply was slow, in Minamiaso-mura, Kumamoto Prefecture. Meanwhile, in March 2017, we organized the annual Tohoku reconstruction assistance sales event held every year since fiscal 2011. This time, it was organized jointly with three companies headquartered in the Ebisu area (Shibuya-ku, Tokyo), namely, ADI, Sapporo Holdings Limited and SUBARU Corporation. The aim was to provide an opportunity to demonstrate the appeal of the disaster-affected areas and their local products. Among products offered for sale on the day were charity can badges made by the students of Shizugawa High School in Miyagi Prefecture for the purpose of gifting a bus to Minami-sanriku-cho, Miyagi, and we donated some of the sales proceeds.

Held a reconstruction assistance charity concert

Music performance in progress
by Miyagi Prefecture high school students

In August 2016, ADI held a charity concert at the Phoenix Hall(*) by inviting high school students in disaster areas as well as Soai University members who had been continuing to engage in disaster area assistance activities in Osaka.
Since after the Great East Japan Earthquake occurred, this company has been providing various types of assistance for restoring the educational environment for children in disaster areas. As part of such assistance, the company has been donating the cost of buying musical instruments to children who had lost their musical instruments due to the disaster, being denied the opportunity to play music. Cherishing the bonding with disaster area residents, through music, we organized the latest charity concert in the hope that music would lead children to have aspirations and courage for the future. We donated to the Tohoku Brass Music Association all donations deposited with the company by visitors to the charity concert in the form of admission fees.

(*) The Phoenix Hall of ADI

Supporting a Marathon Event Held in Kawauchi Village, Fukushima Prefecture, Japan

Under the MS&AD Unison Smile Club, a executives-and-employees' donation scheme of officers and employees, ADI co-sponsored, as the main sponsor sequentially last year, the Second Kawauchi-no Sato Kaeru Marathon event held in Kawauchi-mura, Fukushima Prefecture. This event had materialized due to a proposal made by children in Kawauchi-mura at a special class session titled "Reconstruction Children Class" for considering the area's future. The second installment of this event drew 1,521 runners from across the country from Hokkaido to Okinawa, about 200 more than in the previous installment.
In addition to ADI serving as sponsor, many of its employees and others took part in the event as volunteer runners, helping improve the atmosphere of the event.

"Second Kawauchi-sato Kaeru Marathon"

Soccer School Organized by J Leaguer for Children in Foster home

Since 2000, the MS&AD Insurance Group has sponsored a soccer school organized by the Japan Pro-Footballers Association for children in foster home. In fiscal 2016, the JPFA Soccer School event was held in the Kanto, Kansai, Hiroshima and Kyushu areas with the attendance of 217 children. For the operation of this event, cooperation was provided by 29 members of the Japan Pro-Footballers Association as well as 102 employee volunteers.

Soccer school

Support Activities of Social Contribution by Employees

Various activities are underway since we believe that each individual employee taking action as a citizen in the local community will not only lead them to grow but also be important for the purpose of knowing what challenges are faced by the community that our business activities involve as well as what is expected of us.

System of Volunteer Leave/Temporary Retirement

MSI, ADI and MSI Aioi Life have instituted the system of Volunteer leave/temporary resignation, and supports employees to participate in the social service activities such as welfare activity, disaster-relief activity, and bone-marrow donation.

Local Contribution Activities Conducted Nationwide

Branches of MSI and ADI all over the nation actively conducted activities to conserve the global environment and contribute to society according to needs of each community.

At MSI, which encourages branches to perform at least one environmental or social contribution activity a year, 172 branches conducted 191 activities with the themes of "Environment", "Safety", "Welfare", or "Support for reconstruction from natural disasters" in fiscal 2016.

At ADI, as a part of activities related to "Appreciation Month (Thank you, local citizens!)", approximately 12,600 employees nationwide conducted 214 activities with the themes of traffic safety, environmental conservation and other topics to convey their gratitude to each community. In particular, they have proactively worked on activities for traffic safety together with local citizens and police offices, aiming to prevent and reduce accidents.

MSI Aioi Life conducts environmental protection and local contribution activities through employee volunteer activities. For example, they maintain flowerbeds and green spaces at "Zoorasia Yokohama Zoological Gardens" Furthermore, "Heart Point System" has been implemented, where points are granted to employees who conduct voluntary and active social contribution activities, and contributions are made to NPOs, etc. according to the total number of points. We have also carried out various local community contribution activities with a promoter appointed for each workplace, for example, "community cleanup campaign" and "fund-raising/donation."
Each year, volunteers from Mitsui Direct General conduct cleaning in Koishikawa Korakuen park lying in the vicinity of its headquarters building. Fifty-four employee volunteers participated in the cleaning event in 2016.

Activities in the "MS&AD Forest" in Shimane

Traffic safety activities in Hamamatsu

Maintenance flowerbeds and green spaces at "Zoorasia Yokohama Zoological Gardens"

- Nationwide Efforts Made by MSI (Japanese only)
- Efforts Made by ADI (Japanese only)

Activities of Social Contribution by Employees

In the MS&AD Insurance Group, employees are participating in activities for solving social issues of each region at the sites not only in Japan but also all over the world.

MS&AD Unison Smile Club

At the MS&AD Insurance Group, employees donate 100 yen apiece monthly toward one or more initiatives that they support. The money goes to NPOs or social contribution programs. As of the end of March 2017, there were a total of 16,159 participants from the entire Group.
In addition to group-wide activities, individual group companies have been engaging in independent activities such as the donation of wheelchairs and welfare vehicles, donation to guide dog development aid organizations and assistance for disability sports in Thailand.

(Main activities of the Group)

- Donation to NPOs matched by the company
- Support program of world's children in troubled area / suffered area of the disasters through charity Christmas cards
- Let's present knitted goods to children around the world Project

"MS&AD Unison Smile Club" Activities

"Gift Knitted Items to Children Around the World" Project

Charity Christmas Cards

Overseas Activities

The employees of the MS&AD Insurance Group are participating in activities to solve local communities' social issues both in Japan and overseas.

Creating Employment Opportunities in Rural Areas (India)

Cholamandalam MS General Insurance Company Limited, a MSI subsidiary in India, contracts out a policy certificate issuance service to job-creating association in rural areas with the aim of helping create jobs that offer limited job opportunities other than in agriculture. Continuously providing training on matters from insurance products to technical terms, the association delivers a policy certificate issuance service for car insurance and personal medical insurance.

Cholamandalam MS General Insurance website

Appearance of the work place

Women at work

Providing Vaccines for the Children of the World through Insurance products

Many children around the world die of infectious diseases that could be prevented with vaccines. MSI Aioi Life, with the aim of saving precious lives and giving life to future generations, makes donations for purchasing vaccines to Japan Committee, Vaccines for the World's Children in proportion to the number of new contracts for its "&LIFE" brand policy series. In fiscal 2016, in proportion to new contracts for these policies, we donated funds that provided polio vaccines for 143,000 persons.

Website of Japan Committee Vaccines for the World's Children (Japanese only)

Providing Vaccines for the Children of the World

Pursuing efforts to reduce food waste jointly with FAF (Malaysia)

In cooperation with Food Aid Foundation (FAF), an association engaged in activities aimed at eradicating food waste and hunger, the Malaysian subsidiary of MSI has been pursuing activities to provide people in need of food which were collected through donations from food producer companies. This subsidiary has been striving to disseminate knowledge on reducing the discarding of foods. In October 2016, the company organized a round-table discussion event on food discarding under its CSR promotion program, raising public awareness about the need to reduce such practice.

Activity in progress

Assistance for children with disabilities (Thailand)

Aioi Bangkok, a Thai subsidiary of ADI, co-sponsored a wheelchair sports camp event for children with disabilities in Thailand and donated wheelchairs (worth 1 million yen in total) to 10 such children through the Wheelchair and Friendship Center of Asia (Thailand) (WAFCAT)(*) under the MS&AD Unison Smile Club scheme, a voluntary donation program for directors and employees. They also cooperated in the sports camp for children with disabilities, serving as operation volunteers.

(*) About WAFCAT
WAFCAT is a Thai non-profit organization established in 1999 as part of the social contribution program of Denso Corporation. The organization provides wheelchairs and scholarship, among other educational aid, to children with disabilities in the country.

Assistance for sports by persons with disabilities in Thailand

Aioi Bangkok Insurance Public Company Limited Website (Thai, English and Japanese only)

Donation of Handmade Knitwear to Poor Children (Vietnam)

MS&AD Unison Smile Club, the philanthropic organization of employees of the MS&AD Insurance Group donates handmade knitwear to elementary schools through MSIG Insurance (Vietnam) Company Limited, the Vietnamese subsidiary of MSI. It delivered handmade knitwear (sweaters, mufflers, hats, vests, gloves) collected from people across Japan who support this project, to children in the Tua Chua district and Muong Cha district of Dien Bien Province, located in the northern part of Vietnam and said to be the poorest region in the country. This initiative took place seven times since fiscal 2009. In fiscal 2016 we conducted a distribution activity in Afghanistan.

Presentation ceremony

Support for Autistic Children (Hong Kong)

A Hong Kong subsidiary of MSI gave donations to the "Create My Own Future" scheme designed to help autistic children become self-supportive as well as the "Community Ambassador Program" including efforts for personal communication skill improvement via various workshops. This subsidiary will continue to provide assistance for developing the future living platform of autistic children, going forward.

MSIG Insurance (Hong Kong) Limited Website

Support for immigrant children (Germany)

The German branch of Aioi Nissay Dowa Insurance Company Of Europe Limited has been continuing to chiefly donate money and gift items to various facilities to date. In fiscal 2016, in an effort to further step up such activities, the branch granted Local Community Contribution Paid Leave to General Managers, encouraging them to engage in contribution activities based on their own ideas and plans. This initiative resulted in new activities being conducted according to plans devised by General Managers in the form of visits to dementia patient facilities and food provision service at orphanages.

Children on the excursion to the zoo

The biggest initiative in fiscal 2016 was an excursion to a zoo that was conducted in August that year, inviting 52 immigrant children. Coexistence with immigrants is a thematic challenge for entire society in Germany with individual immigrants, particularly their children, living there in fear. Gifted with good sunny weather on the day, this excursion seemed to allow the children to much enjoy themselves in a carefree manner.

Aioi Nissay Dowa Insurance Company Of Europe Limited Website

Approaches to Local and International Communities

Social Contribution in the Field of Sports, Culture and Education

The MS&AD Insurance Group companies engage in contribution activities to local communities and the society in the field of sport, culture and education.

Support for Sport

Women's Judo, Women's Athletics, and Triathlon

Some of the top national and international athletes belong to the MS&AD Group's clubs for women's judo, women's field and track, and triathlon. In the past, the Group has produced a number of Olympic athletes and supported them in various competitive events, helping strengthen Japan's position in the world of sports. The Women's Judo Club is active on the international stage and has achieved much through exchanges with athletes from other countries thus far. Through invitations to joint training sessions offered to national teams from Myanmar, Brazil, and elsewhere, the Club hopes to contribute to the promotion of judo in other countries.
The Club does not just carry out competitive activities, it also works to actively contribute to society through running classes for local residents and initiatives to communicate the fun of judo to younger generations by hosting judo classes for elementary school students.

Support for Sport (Japanese only)

Judoka Ami Kondo　Athlete Misaki Tanabe　Triathlete Junpei Furuya

Joint practice session with the Brazilian national team

Running class (Photo: AFLO SPORT)

Supporting Corporate Marathon Relay Race

ADI is supporting "Osaka Corporate Marathon Relay Race" as a special corporate cooperator in an effort to boost sports and to co-develop with local activities. The race started in 1948, was deep rooted in Osaka and evolved into a traditional sports event along with the history of Osaka. For the 70th race held in January 2017, more than 1,000 teams made entries in total. From the company, 173 teams participated from broad areas centered on the Kinki region, as well as Sapporo, Kanazawa, Nagoya, Kyushu, and Tokyo, bringing excitement to the race.

Participated runners

Women's Soccer

Our group companies are staffed by seven soccer players of JEF United Ichihara Chiba Ladies in Division 1 of the Women's Soccer Nadeshiko League (Japanese women's soccer league). MSI Aioi Life is an employer of two soccer players of SFIDA Setagaya in Division 2 of the same league. These players of the two teams have been working successfully with a good balance between their playing career and work.

JEF United Ichihara Chiba Ladies
©JEF UNITED

Support for Special Olympics

To assist athletes with intellectual disabilities, MSI serves as a premier sponsor of Special Olympics Nippon Foundation. The 2015 Special Olympics World Summer Games were held from July 25 to August 2, 2015, and participated in by over 8,000 athletes from 164 countries. At this event, 20 employees of U.S. subsidiary Mitsui Sumitomo Marine Management (U.S.A), Inc. worked as volunteers, helping the athletes. At the inaugural Unified Soccer championship held in Osaka, Japan in December 2016, 16 employees provided support for running the games and for athletes. We will continue to assist activities carried out by intellectually disabled athletes in future.

Special Olympics in Los Angels

Activities as a Tokyo Sports Promotion Company

ADI was certified as a Fiscal 2016 Tokyo Sports Promotion Model Company(*), being given an award for the second time and for two consecutive years. This certification was intended to be: i) granted to companies engaging in initiatives that have particularly big effects on society and ripple effects concerning aid to Para-Sports and enhancement of employee health; and ii) chosen from among Fiscal 2016 Tokyo Sports Promotion Companies totaling 128. This time, the certification was given to 10 companies including ADI.

Diploma presentation

(*) What is the Tokyo Sports Promotion Company Certification Program?
The Tokyo Sports Promotion Company Certification Program is a Tokyo Metropolitan Government scheme that certifies companies that engage in an initiative to promote employee sports activities and which provide assistance in the sports segment. The government delivers a certificate and certification sticker to certified companies before releasing their corporate names on its website.

Partnership Agreement with Bodies/Sports Associations for Persons with Disabilities

In order to support athletes pursuing their potential despite their disabilities, ADI cooperates with the following groups to support its activities: The pillar of our initiative is for many employees to visit Para-Sports venues across the country under the slogan of "See," "Feel" and "Think."

In April 2017, we established the Paraathlete Scholarship Program intended to support aspirational and competent athletes of a young age with the aim of fostering athletes with disabilities who will play key roles in future.

We will continue to support athletes' sports activities while striving to assist all categories of Para-Sports events across the country.

Strong performance
at the Kita-kyushu championship

＜Partner Organizations＞

- Japanese Para-Sports Association (Japanese only) (2014～)
- Japan Wheelchair Basketball Federation (Japanese only) (2006～)
- Japanese Para-Swimming Federation (Japanese only) (2016～)
- Website for Supporting Sports for persons with disabilities「AD Challenge Support」(Japanese only)
- 「AD Challenge Support」Facebook page

ADI is an official partner of the Japanese Para-Sports Association., and has been supporting sports for persons with disabilities.
In order to further realize the community-based approach laid out in our guidelines for action, we are engaged in various activities, including cheering on athletes at the matches, setting up a support site for Pala-Sports, and setting up a panel exhibition at the local AD Club(*) "Gathering of Thanks." The foundation of our activities consists of an awareness of "watching" and "feeling," and we encourage many employees to personally attend sports matches for persons with disabilities.

(*) Based on the three pillars of providing information, corporate exchange, and contribution to the community, it is engaged in activities that play a useful role in the community.
Specifically, various seminars, exchanges between different industries, as well as environmental conservation events, disaster and crime prevention events, and various charity events are held. In addition, homepages are set up for each area, and local community information as well as business information is provided through the websites and e-mail newsletters.

The local AD Club (Japanese only)

Employees' watching and cheering at competitions

Scholarship certification ceremony

Support for Para-Sports

At MSI Aioi Life, we intend to continue to provide useful support for the Persons with Disabilities to reintegrate into society, find life purpose, and improve their quality of life. To do this, we have assented to the activities of NPO Japan Blind Judo Federation, and Japan Para Athletics and are working to spread and enhance sports for the Persons with Disabilities. Every year our employees participate in the All Japan visually impaired person judo tournament as volunteers and it was covered in a webcast and watched by many of within and outside of the company. In addition, two visually impaired judo athletes employees actively balances their work and sport life.

Support for the All Japan Judo Championships for the visually impaired

Employment of Athletes with Disabilities

MSI promotes the employment of Persons with Disabilities with the aim of providing support for them to lead independent lives. Currently, a disabled track athlete is an employee of the company, and is training hard with the aim of participating in the Paralympics while engaging in everyday work responsibilities.
Starting from fiscal 2015, ADI began to recruit Para-Sports players in earnest. This initiative progressed further at the company, which was joined by seven athletes with disabilities in April 2017. The company is currently staffed by 15 athletes with disabilities including 5 such athletes who will participate in international games such as the Paralympics, the Deaflympics and world championships. These employees strike a good balance between work and sports activities. Moreover, transcending the boundaries between the persons with disabilities and the healthy, they regularly have information-exchange and study meetings with three athletes in women's soccer and swimming who are aiming to participate in the Olympics.

Support for Employees with Disabilities

An employee uses a special PC that makes sound to help users operate it

Newly hired athletes

Promotion of Culture

Introduction of Concert Halls

Mitsui Sumitomo Insurance Shirakawa Hall

MSI Shirakawa Hall was opened in Nagoya in 1994, as the concert hall equipped with the highest level sound system in the world. As a premium hall for the community, it contributes to creation of an enriched society and is admired widely by musicians; from the world's top artists to local amateur musicians. It is playing the positive role as music cultural facility in keeping with its mission of helping music do what it can for a better society.

Mitsui Sumitomo Insurance Shirakawa Hall (Japanese only)

Aioi Nissay Dowa Insurance THE PHOENIX HALL

ADI has positioned "The Phoenix Hall" as a site for mecenat activities in support of the arts and culture. The Hall continues to provide quality musical programs with a focus on classical music performed by artists in Japan and overseas through concerts planned by the company. Also, the hall serves as a venue for concerts on over 200 occasions annually, contributing much to the development of musical and cultural activities in the region. To make music more intimate to our customers, we made the hall more accessible and familiar. Further contributions to the local community will be made through a variety of musical activities.

Aioi Nissay Dowa Insurance THE PHOENIX HALL (Japanese only)

Mitsui Sumitomo Insurance Cultural Foundation

The Mitsui Sumitomo Insurance Cultural Foundation(*) engages in activities aimed at supporting efforts to promote culture on the local level, and provides assistance in the fields of music and folk arts. Its main activities are "Concerts for local residents" held in civic halls in various areas and "Assistance for programs of international cultural interchange". At the end of fiscal 2016, as for "Concerts for local residents", a total of 778 concerts were held in cities, towns, and villages, around the country. In addition, "Assistance for programs of international cultural interchange", furnished 454 programs (total of 289 million yen).

A scene of concert

Mitsui Sumitomo Insurance Cultural Foundation (Japanese only)

(*) Mitsui Sumitomo Insurance Cultural Foundation: Established in 1988, change of status to a public welfare corporation in December 2009

Special co-sponsorship of the Berlin Phil 12 Celllists

MSI Primary Life specially co-sponsored the Berlin Phil 12 Cellists concert held in July 2016 at the Suntory Hall (Akasaka, Tokyo). Having been held biennially in Tokyo on a standalone basis since 1990, this concert was co-sponsored in 2016 by the company for the sixth time since 2006, the first year of its co-sponsorship.

The Berlin Phil 12 Cellists is a unique and gorgeous chamber music group composed of the cello section of the Berlin Philharmonic Orchestra, the world's top-class chamber group. This orchestra's highly original and solid sound attracted worldwide audiences. The Tokyo audience was enthralled by the performance with a sound depth far transcending that of 12 cellos, based a well-coordinated ensemble, not to mention the superb techniques of individual musicians.

Tokyo performance
by the Berlin Phil 12 Cellists

Exhibition of Owned Arts, "Tsubaki"

ADI shows its owned arts, "Tsubaki" in public art and natural history museums all around the country so that many people can observe them. Tsubaki is one flower cherished by the Japanese from olden times, which used to be the corporate symbol for the former the Dai-Tokyo Fire and Marine. A lot of people have appreciated these arts, in which the beauty of Tsubaki is portrayed by Japanese major artists.

In fiscal 2016, it showed about 30 of its artworks at a special exhibition at Oyama Chusaku Art Museum (Nihonmatsu City, Fukushima Prefecture) commemorating the 10th anniversary of the merger of the city.

Kenzan Ogata "Sabie Tsubaki-zu Kakuzara"

Education Support

Participation in the Bell Mark Campaign

In April 2000, ADI became the first financial institution in Japan to participate in the Bell Mark campaign as a supporter, and affixes Bell Mark points to its all "TOUGH" series products which are personal fields products such as automobile insurance, fire insurance, and accident insurance.
Bellmark points are converted into collector school savings on a one-point-one-yen basis, and they can be used to buy goods needed by the school. This scheme allows each school's equipment and environment to be upgraded. At the same time, the scheme paves the way toward providing assistance to backcountry schools, disaster-hit schools, special aid schools and developing country children.
With the arrival of the 55th anniversary of the Bell Mark campaign in 1960, the Bell Mark Education Support Foundation established the "Bell Mark Ambassador" system in 2015 to enhance the campaign.
The company was given a high recognition for not only being a Bellmark program co-sponsor but also engaging in Bellmark collection activities on a company-wide basis with the objective of aiding disaster-affected schools. So the company's President was appointed inaugural Bellmark Ambassador.

In addition to the Bellmark ambassador appointment, ADI will strive to broaden the scope of its Bellmark activities and work to collect such points on a company-wide basis in order to improve the educational environment for children.

Participation in the Bell Mark Campaign (Japanese only)

Seminar at Waseda University

ADI and MS&AD Research Institute have held endowed courses at the Waseda University under the title "Insurance Business in the New Age—Facing Global Standards and the Low Birthrate, Aged Society" since 2007. The courses were opened on major subjects of significant changes in the insurance business, expounding on how to respond to the rapidly developing globalization and aging populations as well as on required deployment of customer-oriented business, etc.
To further enhance the content of the new-age insurance business, the theme of the seminar at Waseda University, we arranged for it to be held in 14 sessions for FY2016 concerning subjects including a new one, namely, property and casualty insurance market development activities using mobile devices such as smartphones.
The courses were conducted, under coordination of university teaching staff, by experts in respective fields and the MS&AD Insurance Group executives, utilizing their experience, knowhow, and networks.

Donation of Scholarships to the International University of Health and Welfare

To address the needs of the aged society, ADI supports its scholarship program for students of the International University of Health and Welfare, which is producing human resources to support services in the medical and welfare field, in areas such as nursing care and rehabilitation for the aged to bolster its approaches to nursing services and senior business. Students recommended by the University are given scholarship grants by the time of their graduation as a general rule. A total of 152 students have graduated by fiscal 2016, they are active in each specialized field.

Scene of ceremony

Assisting students

MSI provides scholarship assistance in various formats for the purpose of providing education opportunities to many competent students.

MS Amlin Bermuda Office	MS Amlin Bermuda Office provided scholarships for two scholarship programs run by the Bermuda International association and the Bermuda Insurance Institute.
PT. Asuransi MSIG (Indonesia)	* PT. Asuransi MSIG (Indonesia) provided scholarships (IDR 250,000 or about 2,000 yen per person) to 150 financially troubled primary school pupils of four schools in order to enable them to keep pursuing their academic endeavors. (This program took the form of co-sponsoring a charity project by an NPO.)
MSIG Insurance (Thailand) Public Company Limited (Thailand)	The company provided scholarship to students majoring in insurance at Chulalongkorn University and Prince of Songkla University.

Respect for Human Rights

MS&AD Insurance Group Basic Policy on Human Rights

The MS&AD Insurance Group is advancing the approaches for the respect of human rights. We formulated the MS&AD Insurance Group Basic Policy on Human Rights in February 2017 to further fulfill its responsibilities to respect human rights.

MS&AD Insurance Group Basic Policy on Human Rights

Approaches to Respecting Human Rights

To fulfill our responsibility to the human rights required of enterprises, we are advancing approaches for familiarizing employees with MS&AD Insurance Group Basic Policy on Human Rights and establishing a framework for human rights due diligence.

Approaches to Respecting Human Rights

Respect for Human Rights

MS&AD Insurance Group Basic Policy on Human Rights

In June 2004, the MS&AD Insurance Group proclaimed its support for the United Nations Global Compact, and is advancing the approaches for the respect of human rights as a supporting company of the Universal Declaration of Human Rights, ILO Core Labor Standards, and OECD Guidelines for Multinational Enterprises through participation in the United Nations Global Compact.
In addition, the MS&AD Insurance Group formulated the MS&AD Insurance Group Basic Policy on Human Rights in February 2017 to further fulfill its responsibilities to respect human rights.

Participation in the United Nations Global Compact

Basic Policies for Respecting Human Rights

The MS&AD Insurance Group stipulates respect for human rights in the "MS&AD Insurance Group Basic Policy on Human Rights".

MS&AD Insurance Group Basic Policy on Human Rights

The MS&AD Insurance Group is committed to enhancing the enterprise value and contributing to the creation of a sustainable and resilient society through behavior that takes into account interaction with the environment and society in all business activities, with the aim of realizing Our Mission.
We recognize our responsibility for the actual and potential adverse impact our business activities have on human rights, including the impact of value chain. Our actions and dialogue will show respect for human rights. This Basic Policy has been adopted to prepare for this.

1. Basic Approach

(1) Compliance with laws, regulations and norms related to respect for human rights

(i) The Group respects international norms on human rights such as the United Nations International Bill of Human Rights, the corporate code of conduct in the United Nations Global Compact, and the principles concerning fundamental rights set out in the International Labour Organization Declaration on Fundamental Principles and Rights at Work.
(ii) In addition to complying with laws and regulations in countries and regions where we conduct business activities, we seek ways to respect the principles of internationally recognized human rights when these laws and regulations conflict with the principles, while considering the circumstances in such countries and regions.

(2) Non-discrimination

We respect basic human rights in all business activities, and not discriminate based on race, nationality, gender, age, ethnic origin, descent (family origin), social status, creed, religion, physical characteristics, disability, sexual orientation, gender identity or pregnancy.

(3) Corporate culture that respects human rights

(i) With "achieving mutual growth by respecting one another's individuality and opinions, and by sharing knowledge and ideas" as one of Our Values, we will foster a corporate culture that respects human rights.
(ii) We respect diverse values and engage in the creation of a friendly working environment with consideration for the mental and physical health and safety of every single employee.

2. Human Rights Due Diligence

We will create a system for human rights due diligence in accordance with the United Nations Guiding Principles on Business and Human Rights, and engage in dialogue, consultation and reporting.

(1) Assessment and prevention

We will identify and assess any actual and potential human rights risks, and take prioritized steps to prevent and mitigate them.

(2) Remedy, remediation and dialogue

If the Group causes adverse human rights impacts, we will perform appropriate remedy and remediation through appropriate procedures, and engage in the prevention of recurrence. Moreover, if it is found that we are involved in such impacts through the value chain, we will sincerely engage in dialogue.

(3) Education and Training

We will engage in a broad range of activities to raise awareness of human rights through every opportunity to ensure our officers and employees have a deeper understanding of global, country-specific or regional issues related to human rights and their involvement with our business activities and have respect for human rights.

3. Responsibilities as a Global Insurance and Financial Services Provider

(1) Protection of privacy

In light of the importance of personal information and in accordance with our Basic Policy for Management of Customer Information we will protect personal information to ensure that there is no adverse impact on human rights including privacy.

(2) Reflection in business processes

As a founding signatory to the UN Principles of Sustainable Insurance (PSI) and a signatory to the UN Principles for Responsible Investment (PRI), we will consider environmental, social and governance aspects in order to meet our responsibility to respect human rights in our insurance underwriting and investment decision-making processes.

END

Established, February 1, 2017

President & CEO

Yasuyoshi Karasawa

Statement on the UK Modern Slavery Act 2015

FY2016 Slavery and Human Trafficking Statement (PDF file 3.8MB)

Respect for Human Rights

Approaches to Respecting Human Rights

Human rights due diligence

The MS&AD Insurance Group is building a system for human rights due diligence in accordance with the United Nations Guiding Principles on Business and Human Rights, and performs due diligence on a continuous basis. We will carry out the following human rights due diligence based on the Basic Policy on Human Rights formulated in February 2017.

STEP1:	Identify any actual and potential human rights risks arising from the Group's value chain and stakeholders
STEP2:	Assess and analyze such risks identified in terms of [1] severity and [2] probability of occurrence (creation of a risk map) Severity is assessed based on the scale, scope and difficulty of remediation of the estimated damage.
STEP3:	Determine significant risks identified through review of the risk map as priority issues
STEP4:	Study and implement necessary preventive and remedial measures as well as review the effects

As part of the human rights due diligence, the MS&AD Insurance Group identified and assessed any actual and potential human rights risks according to the processes up to STEP 3. As a result, we took as priority issues the infringement of privacy arising from the leakage of personal information of customers and our employees and the physical and mental effects of employees' long hours of work, etc.
The MS&AD Insurance Group will periodically review identification and assessment of human rights risks, and determine its priority issues reflecting changes in society and the environment that surrounds the MS&AD Insurance Group and the value chain.

Human rights assessment and remedial measures

As human rights due diligence process, we conduct human rights risk assessment, periodically monitor the two priority issues, and implement measures to mitigate the relevant risks.

Regarding personal information protection, each group company implements establishment of internal regulations, introduction of security measures, and education to employees and agencies, according to MS&AD Insurance Group Basic Policy for Management of Customer Information. To ensure thorough assessment, we regularly conduct checks and audits to agencies, outsourced vendors, and employees on the respective information management systems, and we promptly provide corrective guidance and take actions for future prevention against problems found as a result of the checks and audits.
In fiscal 2016, we conducted information management checks and audits to approximately 100,000 agencies/outsourced vendors, and implemented corrective guidance to about 100 companies.

Click here for Information Management
Click here for the MS&AD Insurance Group Basic Policy for Management of Outside Vendors

Regarding the health and safety of our employees, we are making a group-wide effort to reform their way of working, while continuing the existing management of their work hours on a system. In addition, we established a whistleblowing system and a counseling desk, and in fiscal 2016 after conducting employee surveys we worked to keep employees well informed about the whistleblowing system and create an environment where it is easy to use the consultation services.

Click here for health management

Education about Human Rights

The MS&AD Insurance Group is working on raising awareness of human rights to employees to foster a "corporate culture that respects human rights" stipulated in the Basic Policy on Human Rights.

Structure of Education about Human Rights

In the MS&AD Insurance Group, the CSR Section of the Corporate Planning Department of the holding company plays a central role in promoting efforts to respect human rights inside and outside of Japan, in collaboration with departments in charge of overseas compliance and departments in charge of human rights awareness in the operating companies.
MSI has the following objectives,
- Achieve a company culture based on the philosophy of respecting human rights through training to increase human rights awareness.
- Train employees to respect basic human rights and act conscientiously.

To achieve these, they organize the head office Human Rights Promotion Headquarter and at each branch office Human Rights Promotion Committee. The Human Rights Promotion Headquarters implements and manages the training programs for all employees, validates the feedback and opinions of employees, and reviews education and training plans. At the same time, it works to raise awareness among members of Human Rights Promotion Committees at the workplace on the role of Promotion Committee members and the human rights promotion system, provides information and explanations about the operation of workplace training to all employees, and works toward maintaining the quality of training at all workplaces.
ADI has established "Human Rights Promotion Meeting", chaired by the director in charge of human resources, to further human rights awareness and corporate social responsibility, nurture and maintain internal culture to respect human rights, and grow employees with high respect for human rights. The Promotion Meeting deliberates employee enlightenment/training programs and execution outlines, checks execution status of training programs, and verifies improvement in human rights awareness. Furthermore, they carry out trainings for all employees and training sessions by ranks to provide employees with opportunities to access human rights issues broadly while regularly issuing a newsletter titled "Jinken-no Tobira" (Gateway to Human Rights).

Training on Human Rights

The MS&AD Insurance Group provided workplace training for all employees with common training materials, in an effort to create a more comfortable working environment.
In addition to the above, MSI (including its affiliates) implemented workplace training "Various Human Rights Issues" to promote mutual awareness in accordance with the principle of respecting human rights. In connection with Human Rights Week, we invited our employees to submit "Human Rights Education Slogans," and raised awareness about having sincerely empathetic respect for human rights by expressing and sharing what employees have learned and what they feel on a daily basis. Other initiatives to develop an awareness of human rights among the employees include rank-based training--training for new employees, promoted employees, and managers--as well as creating opportunities for self-learning through e-learning.
ADI implemented workplace training for all employees carried out twice a year. ADI provides Internet TV trainings that are common across the Group. It has received feedback from employees at many workplaces, such as, "I have learnt about mutual respect for individuals in order to prevent harassment, as well as the importance of instruction and dialogue that corresponds to the individual," and "I have become keenly aware of the importance of respecting the feelings of others as anyone can become a perpetrator." In addition, e-learning training courses were also conducted for all employees.
"Human Rights Slogans" were collected, and contributed to fostering an awareness of human rights in the company. It has also continued to implement rank-based training for general managers, newly appointed line managers, and new employees, with the aim of creating a comfortable workplace that respects human rights.

Percentage of Human rights training implementation

	Implementation content	FY2016
MSI	Participation rate of seminars	100%
ADI	Completion rate of e-learning	100%

Consultation service desk

The MS & AD Insurance Group has established a system to receive voices and make appropriate remedy correspondence in case of human rights violations.

Reporting System from Employees

In order to prevent illegal, unfair and unethical conduct from being neglected and spread, the MS&AD Insurance Group has in place a reporting system that employees can directly report through so the company can promptly recognize the facts and take necessary measures. With this system, the Group pushes ahead with compliance with ethics, laws, and regulations.
To be more specific, the following matters are subject to the reporting system.
○Any matters related to non-compliance
○Employee mental, physical, health and other issues, caused by sexual harassment, power harassment, and other types of harassments
○Any matters related to working environment, such as work hours and overtime work

We make efforts to allow informers to readily use the system by setting up an external contact point at an outside law firm. In addition we protect the informers by paying a sufficient amount of attention to ensure the informers' privacy and protect their information. We also make sure the informers are not treated disadvantageously.

Sexual and Power Harassment Consultation

At MSI, the Staff Consultation Office serves as the channel for consultation about and handling of sexual harassment, power harassment and maternity harassment (discrimination against pregnant women) cases. We have also set up a harassment hotline, and are working to create an environment where it is easy to talk about these issues. Matters are arranged so that employees who feel victimized can consult staff there with peace of mind. Based on the swift performance of fact-finding investigations, it makes corrections and punishment as the need arises. The company is also making efforts for prevention such as by holding seminars and e-learning to educate the employees about harassment prevention.
At ADI, we have a desk especially for consultation about sexual and power harassment within the Personnel Department, and have taken steps enabling the employees to use consultation service without any reluctance by placing counseling desk in an external organization. As for issues taken up, we verify the report immediately, we internally punish those involved severely. As for prevention, we post posters with consultation desk details within the workplace cautioning against power and sexual harassment, training sessions via internet TV (once a year) and e-learning (once a year) and the publication of articles on human rights are held to boost employees awareness of human rights.

Diversity promotion and health-based business operation

The MS&AD Insurance Group Basic Policy on Human Rights stipulates that the Group shall respect diverse values and strive to create a worker-friendly environment considerate of the physical well-being and safety of individual employees. For specific initiatives, please see the website shown below.

Click here for details of diversity promotion and health-based business operation

Promoting Diversity in Human Assets and Health Management

Human Asset Development

We aim to develop human assets with the goal of elevating the level of professionalism of each employee, pursuing betterment as opposed to remaining complacent with the status quo, and maximizing power at the organizational level through the aggregation of individual capabilities.

Human Asset Development

Promotion of Diversity

The MS&AD Insurance Group believes that giving all ambitious employees the opportunity to grow and demonstrate their talents through their work will lead to the augmentation of its competitive strength.

Promotion of Diversity

Health Management(*)

Placing an emphasis on the perspective of health management, the MS&AD Insurance Group will endeavor to create the workplace environment paying due consideration to health and safety, in order to maintain and promote healthy minds and goodies of each individual employee.

Health Management

(*) "Health management" is a registered trademark of Workshop for the Management of Health on Company and Employee.

Promoting Diversity in Human Assets and Health Management

Human Asset Development

We aim to develop human assets(*) with the goal of elevating the level of professionalism of each employee, pursuing betterment as opposed to remaining complacent with the status quo, and maximizing power at the organizational level through the aggregation of individual capabilities.

(*) Human assets: In the spirit of valuing the individual, the MS&AD Insurance Group refer to our employees as "Human assets" rather than "Human resources."

Employee Development Goals

The MS&AD Insurance Group envisions the ideal employees to be "Employees who learn and think by themselves, take up challenges, and continue to grow." To encourage employees to work as professionals who feel pride and are satisfied with their jobs, domestic Group insurance companies educate and support staff through measures such as "Training", "OJT(*)" and "Self-education" programs.

(*) OJT: On-the-job training

Conceptual image of the Human Asset Development Structure

Education and Training

Domestic Group insurance companies offer various opportunities for self-education, including training sessions and external correspondence courses, to assist employees with their self-directed learning and development. As part of our Group-wide initiatives, we have been offering learning opportunities to all Group employees since fiscal 2014 through the "MS&AD Open College"(*1) and the "MS&AD Online Business School"(*2).
An OJT program has been established to help newly hired employees familiarize themselves smoothly with the workplace, and utilize their work experience while acquiring the knowledge and skills they need.
In fiscal 2017, we held a one-day training session focused on MS&AD's goals for the next five years and how to achieve them for all new employees of the nine Group Companies in an effort to foster a sense of unity among all employees.

(*1) Grow up training program for acquiring business skills such as problem-solving skills
(*2) Learning tools for acquiring MBA knowledge using mobile devices

Joint training for new entry-level employees of 9 Group companies

Support Taking Up the Challenge

Trainee System

Domestic Group insurance companies have put in place a trainee system, which is a short-term program that allows employees to experience work they have never done before, or workplaces that they are interested in. Through this system, employees are able to experience the work of other departments and companies, which in turn leads to fostering a greater sense of unity within the Group, and to strengthening communication.

FY 2016: Number of participants of the trainee system

	Within Group companies	Internal
MSI	23	165(*)
ADI	11	198(*)
Mitsui Direct General	6	0
MSI Aioi Life	10	63
MSI Primary Life	13	33

(*) The number of trainees at the head department, etc.

In-house Application System

MSI, ADI, MSI Aioi Life provide In-house application system. This system contributes for the support of career-building of employees who have a strong challenging spirit and have recorded a certain amount of achievement in their current position.
Among them, the "Post Challenge System" is a job posting system in which an employee communicates to the company the details of the career that they want to build and their dreams. This is a system where they can challenge themselves to realize their goals and through this system, we realize the ability of employees to determine their own career development paths.

Pursuing Goals

Domestic Group insurance companies have a goal management system, which helps each employee to pursue challenging new work and realize their development and feel more fulfilled on the job.
The employee and his or her superior engage in direct dialogue several times a year. The objective is to build up their consent and fairness in the eyes of the employees by sharing the target, task, achievements of him or her and his or her company and to lead their development.
In addition to the daily communication with superiors, they arrange opportunities for direct dialogue between the two. These dialogues offer support for employees who want to work in new domains or play bigger roles, strengthen their motivations, and help them to feel more fulfilled on the job.

Initiatives to Innovate Roles

MSI has been working on the work style reform initiative in order for individual employees to discharge duties at an upgraded level and achieve higher productivity and greater competitiveness, thereby enabling the organization to realize sustained growth. We aim to build a workplace environment of the utmost strength that is filled with vitality based on the strong performance of all employees by further reforming our awareness about work style into one considerate of time.
With the aims of balancing changes in working styles with administrative changes, and to bring about improvements in time productivity, ADI is promoting the "Role Innovation" initiative, which encourages each and every employee to fully exert their capabilities and take on the challenge of a higher rank of responsibilities. By promoting "Business Training!" a whole-company initiative for human asset development since fiscal 2015, ADI is striving for a further "Role Innovation" by leveling up "individual abilities" through each individual employee's high motivation for growth and challenging spirit.

Training the Next Generation of Leaders

Domestic Group insurance companies are implementing manager training programs designed to provide comprehensive support for human asset development by strengthening participants' "management skill" and "workplace communication skill." With the aim of nurturing the next generation of leaders who will have the sensibilities and skillsets for management and for working in a global corporation, MSI and ADI implement training programs to help the next generation, learn about management and prepare specific management proposals.

Newly Established and Improved Training Menu for Female Employees

MSI is focusing on further development of female employees. In fiscal 2015, MSI newly established the "MS Mind-up Female School" for young employees while enhancing the "MS Female Leader School" for mid-career employees, in order to establish the environment in which female employees can be active in a wide-ranging fields and fully exert their capacities as managers.
ADI is aggressively promoting more active roles of women. To produce female executives, ADI introduced the "Mentor System" in 2011, aiming to provide more opportunities for female managers and enhance their consciousness about management. Moreover, the company introduced the "Female Management Seminar" in fiscal 2014 to produce female executives. Since fiscal 2015, ADI has enhanced the curriculum by incorporating researches on themes to present the findings to directors, etc. Moreover, the company also provides opportunities to participate in pan-industry exchange meetings (for instance, seminars for marketing staff) to accumulate various experiences.

Endorse Declaration on Action by the "Group of Male Leaders Who Will Create A Society in Which Women Shine"(*)

In October 2016, the MS&AD Insurance Group endorsed the "Declaration on Action by the Group of Male Leaders Who Will Create A Society in Which Women Shine" supported by Gender Equality Bureau Cabinet Office. With the top management themselves appealing to outside the company, we will further promote active roles of women.

(*) Declaration on Action by the "Group of Male Leaders Who Will Create A Society in Which Women Shine"
In March 2014, the "Council for Supporting Women to Shine" was held at prime minister's office. It started the movement to support women who are shining or striving to shine in various regions and fields.
In June 2014, male leaders who had been aggressively promoting active roles of women gathered and formulated the Declaration on Action by the "Group of Male Leaders Who Will Create A Society in Which Women Shine," which sets out specific activity guidelines. Comprising the three pillars: "Taking actions and sending messages ourselves," "Disrupting the status quo," and "Developing networking;" the Declaration on Action has announced that male leaders will take specific actions in order for women to have higher motivations and exert their abilities to the maximum extent.

Developing Global Human Assets

To foster the development of international specialists equipped with an abundance of cosmopolitan sense and expertise in each field, MSI has implemented the MS Business University, a training system for job training, business skills, and linguistic skills held overseas (such as overseas subsidiaries) for one year in principle. In fiscal 2016, 37 employees were dispatched under this program. Furthermore, with the aim of expanding its base of global human resources, the "Global Human Resource Introductory Course" is also implemented to promote understanding of the mindset and skills that are required of global human resources.
ADI implements programs such as the dispatch program to overseas subsidiaries, which allows employees to experience working for one year at an overseas subsidiary and the MBA dispatch system (HMBA/ICSMBA) where employees are dispatched to Hitotsubashi University. The aim of organizing such programs is to develop human resources who are able to support the expansion of global businesses in various fields, both in Japan and abroad.

Global Trainee System

MSI implements the "Global Trainee System," which allows employees of the head office to experience working at overseas bases, as well as local employees at overseas bases to experience working at the head office. This contributes to the expansion of the global human resource base, internationalization of the head office divisions, as well as mutual exchange and understanding between Japan and other countries.
In fiscal 2016, a total of 38 employees from Japan and 52 local employees from overseas bases (accumulated total after fiscal 2010: 142 domestic employees and 250 local employees from overseas bases) made use of the Global Trainee System.

Scene of local employees from overseas bases participating in the program in Japan

Number of participants of the Global Trainee System

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	Total
Domestic Employees	12	11	11	16	26	28	38	142
Local Employees at Overseas Bases	14	25	32	43	46	38	52	250

Temporary Transfer System to Headquarters from Overseas Branches

MSI accepts the secondment of local employees from overseas bases into the international department and some departments in East Asia and India divisions at the head office. By fiscal 2016, 69 employees from overseas bases have made use of this program to work in Japan.
The seconded employees have played an active role at the departments they were dispatched to, and improving the quality and efficiency of work processes. The system has also contributed to the advancement of globalization through the process of developing an environment that the seconded employees can play an active role in.
To the seconded employees, the program provides an invaluable opportunity for understanding the functions and attitudes of the head office, through the practical implementation of the management philosophy (mission), management vision, and action guidelines (values) of the MS&AD Insurance Group.
Furthermore, active exchanges are also achieved through the holding of events such as seminars with other departments that typically have little contact with overseas companies, thereby contributing to enhancing mutual understanding.

Number of participants of temporary transfer system to headquarters from overseas branches

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	Total
Local Employees at Overseas Bases	8	14	11	12	13	11	69

Meeting of Global Compliance Controllers

Participants from around the world

The MS&AD Insurance Group appoints a Compliance Controller charged with promoting compliance at its overseas activities. In order to ensure compliance promotion at all group companies inside and outside Japan, a group training program for all non-Japan-based Compliance Controllers is held at the Japan headquarters.
Attended by about 70 people from countries/territories totaling 25, the training program for fiscal 2016 allowed the participants to learn about compliance matters being subjected to increasingly stricter regulations under the themes of bribery and money laundering preventions. A group discussion took place under the theme of proactive compliance. Moreover, the participants exchanged opinions on what was required for promoting compliance by adequately ascertaining legal and regulatory trends as well as changes in social needs concerning corporate activities. Thus, this training session served as an opportunity to consider improving the initiative in light of the environment in different countries/territories.

Honored with the Employer Excellence of China – Company Training Model award

Award presentation ceremony in progress

Mitsui Sumitomo Insurance (China) Company, Limited, a China subsidiary of MSI, was honored with Employer Excellence of China – Company Training Model award in the "Employer Excellence of China" contest sponsored by JOB INC ADS in December 2016. The contest officials chose 206 outstanding companies as candidates from among some 380,000 enterprises. The above-mentioned subsidiary was the sole Japanese -owned company among 15 award winners due to the high recognition it was given for various training initiatives under its corporate business strategy. These award winners were highly praised for nine items comprising personnel affairs strategy, recruitment, new graduate recruitment, organization capability, corporate training, employee growth, communication, organization and corporate social responsibility concerning flexible human resource management, a key concept of the fiscal 2016 contest. Mitsui Sumitomo Insurance (China) Company, Limited will continue to work hard in future to develop diverse human assets, the driver of corporate value creation.

Promoting Diversity in Human Assets and Health Management

Promotion of Diversity

To promote the Group management in order to cope with changes in the global environment, it is important to promote teamwork among individual employees with diverse skills and values. The Group believes that giving all ambitious employees the opportunity to grow and demonstrate their talents through their work will lead to the augmentation of its competitive strength.

The Number of Employees

FY 2016: Number of employees (Unit: People, as of March 31, 2017)	
MSI	14,650
ADI	13,052
Mitsui Direct General	581
MSI Aioi Life	2,595
MSI Primary Life	384
MS&AD Holdings	329
Overseas Insurance Affiliates, and others	9,050
Total	**40,641**

Detailed Information

Hiring of New Graduates

Under the concept of "Tough Spirits, Big Heart", MSI conducts people-centered hiring practices in accordance with the basic policy that stipulates open, equal, and fair recruitment. We aim to hire human assets(*) who have an international perspective and can create a new era with their own creativity and initiative.
To become a company staffed by cheerful and dynamic employees supporting customers with the utmost effort, ADI has been engaged in recruiting activities under the slogan of "What inspires you?" The company seeks to hire highly-enterprising persons of diverse and noteworthy individuality features regardless of their nationality and gender.

(*) Human assets: At the MS&AD Insurance Group, in the spirit of valuing the individual, we refer to our employees as "Human assets" rather than "Human resources."

Internship

Internship activities underway

MSI implements a MSI internship program, from the standpoint of nurturing human assets in collaboration between industry and academia. By completing this program, participants can experience the social significance of non-life insurance, as well as the work of the sales department and the damage claim support department. In fiscal 2016, approximately 2,300 students participated in the program nationwide.MSI contributes to the growth of the students by providing the medium and long-term type internship of group work type, site acceptance type etc. (max 15 days).
ADI has been conducting two types of internship programs comprising: 1) Letter of Challenging Task by Boss, a planning-based internship under the theme of Telematics Insurance; and 2) Boss Bag Carrier, a practical work experience-based internship involving a full-day accompaniment service with a sales business unit manager or branch manager. The Boss Bag Carrier program is aimed to allow the intern to gain an in-depth understanding of the significance and appeal of property and casualty insurance through workplace experience. The fiscal 2016 internship programs were participated in by a combined total of 547 students.

Sponsorship of the Nikkei Career Challenge Program Organized by Nikkei Inc.

With the Excellence Award Winner Team

In 2015, we sponsored the Nikkei Career Challenge Program organized by Nikkei Inc. This event aims to improve the employment outlook for university students. In the two-month program, students work in teams to tackle challenges set by the companies. The challenge set by the MS&AD Insurance Group was to "create a new service the MSI Group will provide for society in 2020." Advisers were selected from each of the Group companies (MSI, ADI, MSI Aioi Life, Mitsui Direct General, and MSI Primary Life) to provide the necessary information and advice for tackling the challenge, and to encourage the growth of participating students.

Promoting the Career Development of Women

The MS&AD Insurance Group considers it important that female employees take on challenges and bigger roles in the workplace by utilizing their own advantages and characteristics. This leads to the growth of both the employees and the company. MSI, ADI, MSI Aioi Life established a professional team and they assist the career development, good work-life balance of female employees and create workplace environments that can support this. In July 2011, the MS&AD Insurance Group established a joint declaration for promotion of female employees and has been conducting activities to support women in their career aspirations.

[Joint Declaration]

We will actively work to realize the vision of the "Next Challenge 2017," aiming for our new growth without limiting ourselves.

(1) In support of career development, we will enhance our knowledge and provide opportunities to broaden our field of vision.
(2) In support of balancing our work with life, we will implement measures to assist ambitious employees to continue working while meeting other life commitments.
(3) In support of creating a productive workplace atmosphere, we will foster an environment that encourages women to take challenges.

On the basis of the joint declaration, specialist teams within the domestic Group insurance companies have posted the goals for our actions jointly and advanced our approaches.
As a result, there are now 551 women in managerial roles across the five Group insurance companies, with women making up approximately 7.1% of all management positions (compared to 5.5% in the last fiscal year)
Furthermore, in April 2015, ADI saw the inauguration of its first female executive officer.
The MS&AD Insurance Group will carry on in fiscal 2017 to promote the success of women.

Training for Female Leaders for the Next Generation

Since fiscal 2010, the "seminar for women" has been held, targeting about 100 female employees who have been candidates for female leaders for the next generation in domestic Group insurance companies. By providing opportunities to understand the expanding women's roles, we support the career development of our female staff who challenge themselves.
MSI is expanding the number of female employees who can aim for a management position, by administering the "MSI Female Leaders School" for management position candidates to master business knowledge and leadership skills, such as management skills, and administering the "MS Mind-up Female School" for young employees. ADI fosters next-generation female leaders by holding the "Career Up Seminar" for assistant section managers to promote exchange with female managerial staff who can act as role models.

Number and Share of Management Positions Occupied by Women

Number and share of management positions(*) occupied by women (As of April 1 following the end of each fiscal year, figures in parentheses indicate number of positions)

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
MSI	2.1%(90)	2.9%(120)	4.0%(163)	5.1%(204)	6.6%(262)
ADI	3.9%(141)	4.4%(159)	5.3%(191)	6.6%(221)	7.7%(252)
Mitsui Direct General	1.8%(1)	1.8%(1)	1.7%(1)	2.9%(1)	12.3%(8)
MSI Aioi Life	1.2%(3)	2.1%(6)	3.4%(10)	4.3%(12)	5.7%(17)
MSI Primary Life	6.4%(10)	6.7%(10)	7.4%(12)	6.5%(11)	7.1%(12)

(*) The number of women in positions of manager or higher

Support for Diverse Work Styles

Provisions for Change of Place of Employment

MSI and ADI have introduced provisions for a change of place of employment. The provisions enable area-specific employees(*) to move and continue working for the company instead of quitting when they are compelled to move for reasons such as the transfer of their spouse, the marriage or care of parent. This provision is helping to support employees' work-life balance as well as to stem the efflux of first-rate personnel.

(*) Area-specific employees: employees who are not subject to transfer entailing a change of residence

Rehiring Program (Rehirement of Employees who Retired for Personal Reasons)

MSI has a personnel system for re-hiring former area-specific employees who left the company on account of life event such as marriage, childbirth or care of parent, and makes it easier for highly motivated previous female employees to reapply after finishing childcare. For female employees of the same industry, the same policy has been applied to make the best use of their experience by offering them better terms.
ADI has a "re-hiring system of retired former employees" which is provided to those former employees who retired/resigned due to certain life events during their working career (childbirth, child rearing, family care spouse's transfer, etc.(*) when they can return to work. This system can put the former employees' knowledge and skills to better use again.
Mitsui Direct General has introduced a "re-hiring system based on applications," in which former employees can return to the position at the time of resignation by application within a certain period of time after resignation for employees who have to resign against their will due to childbirth, child rearing, family care, spouse's transfer, etc.

(*) Part of the events is limited to area-specific employees.

Diversity Management Selection 100

MSI and ADI were honored with the Diversity Management Selection 100 award by the Ministry of Economy, Trade and Industry due to high recognition given to their efforts on diversity promotion and female empowerment.

DIVERSITY MANAGEMENT SELECTION 100 2015
Diversity Management Selection 100

Global Human Asset Utilization

The Group has a network covering 47 countries and regions throughout the world, employs more than 9,000 people at its overseas subsidiaries and affiliates, and has created systems to promote mutual exchanges between Japan and various locations in the world. Aiming to make the most of the abilities of employees with diverse backgrounds, personalities, and ideas so that it can augment its own capabilities for responding to dynamically changing markets and elevate its competitiveness, the Group is endeavoring to utilize human assets in a manner that surmounts national borders.

Details on Global Human Asset Development

Employment of Persons with Disabilities

Group companies continue to engage in hiring activities to expand and anchor places of employment for persons with disabilities. They are also adapting workplaces into friendly environment and developing duties performed by persons with disabilities. At the end of fiscal 2016, the share of persons with disabilities among the workforces of domestic Group insurance companies exceeding the minimum employment rate (2.00%) required by law.

Detailed Information

Support for Employees with Disabilities

MSI established a team called Team WITH(*) to promote assimilation of persons with disabilities into the workplace by giving educational support and creating support systems. "Team WITH" provides consultations and interviews employees with disabilities, implements questionnaire surveys for them and their bosses, and provides manuals to improve the working environment. An annual seminar is held for hearing-impaired employees in order to boost the level of skills necessary for business and promote exchange between employees with the same disability.

(*) WILLINGLY & THOUGHTFULLY

To further expand the employment of persons with disabilities, ADI, works toward realizing a disabled worker-friendly workplace environment. It has been striving to recruit such persons in earnest through efforts to: 1) hire them by using nationwide Hello Work placement offices as a key means; 2) pursue a local community-focused recruitment model; 3) establish disabled worker-dedicated workplaces; and 4) recruit para-sports athletes. Starting from FY2014, the company began to actively hire para-sports athletes, based on the assumption that: 1) it would assist their sports activities by providing athlete career subsidies and giving them work exemption to a certain extent for game participation and enhanced training; and 2) the company would continue to employ them even after they retire from sports. Moreover, in an effort to better understand persons with disabilities, the company entered into an official partnership agreement with the Japanese Para-Sports Association and other organization, thereby pursuing endeavors to assist para-sports activities.

Employment for the Elderly

MSI and ADI have a rehiring program for employees who have reached retirement age. The program allows employees to continue exercising their talents by applying their experience and skills. Employment contracts can be renewed in accordance with such factors as the company's operating needs and the nature of the job, enabling employees to work until a maximum age of 65. Under the program, several work options are offered by job types, number of working days, and work hours so that a variety of working patterns are available to choose from. As of April 2017, the number of re-employed retirees (total of new hires and continued employees) was 540 at MSI and 438 at ADI, respectively.

Detailed Information

Consideration for LGBT

To respect the human rights of LGBT employees, a gender minority group, and develop a workplace environment friendly to them, the company revised its personnel affairs system and employee welfare scheme, widening the scope of leave granting and allowance payment, which was applicable to an employee with a spouse, to include an employee with a same-sex partner.
Moreover, the company installed multi-purpose toilets mainly at large offices, running facilities that could be used easily by all employees regardless of gender and whether there was any disability.
In addition to ensuring that employees better understand LGBT, we will seek to improve our awareness about the LGBT issue through group-wide training on awareness-raising about it with the aim of fostering a corporate culture that respects diverse values.

Achievement of Work-Life Balance

Work Style Reforms

In October 2016, MSI have been committed to Work Style Reforms and is working on rectifying long working hours. In addition to efforts aimed at correcting long work hours, we are focused on creating an improved work environment as we remain conscious of the diversity of our employees and raise productivity.
Specifically, from the perspective of Improving Productivity, Reforming Awareness of Individuals and Managements, Reducing Waste and Inefficiency, and Support of a Variety of Work Styles, we are improving the working environment sequentially. We set up a Work Style Reform Promotion Team composed of members of each department of the headquarters within human resource department, and the team is responsible for supporting the various initiatives on the front line and invite the opinions of each workplace.
MSI has been using thin-client PCs since October 2016, which allows a variety of work styles, including work from home and work from remote locations. Also, from April 2017, we decided to set 7 pm as the normal time to end the work day (except for inevitable reasons), and as a company we began to work together to reduce the amount of total working hours. We will promote investment for self-growth and enhancement of lifestyles by proceeding with the change to time-efficient way of working through work style reforms and actively utilizing the time generated by this and vacation hours. ADI launched a project across divisions for corporate culture reform and has set up Work Style Reforms as a pillar of its efforts, and aims to realize a company where bright and healthy employees fully support customers.
As promotion of Work / Life Balance that enriches both work and private life, we ensure to leave the company at 7 pm (the early going home day of the week is 6 pm) and introduce a planned grant system for annual paid holidays. Moreover, we are promoting improvements in the workplace environment, along with active promotion of vacation acquisition and work efficiency improvement efforts.
In addition, we are working to diversify where we work from home by effectively utilizing the newly introduced system, aiming at a style of work in consideration of improvement in productivity. We are working to entrench this new environment through the dissemination of easy-to-understand materials (manga) to company employees.
At the same time, we are also working on establishing the educational system to become a trusted and accepted employee, and invigorating events that enhance the unity of the workplace.

Support for Employees Raising Children

Building a Working Environment while Raising Children

MSI holds a seminar for employees scheduling to take a childcare leave to prepare them to be successful when they return to work and provides an environment which allows e-learning to be available at home during childcare leave, in an effort to support employees' performance after their leave. In addition, dedicated childcare operators partnering with the company call the employees six months and three months before the month that their childcare leave is due to end, providing support for employees by checking on the situation of their childcare activities(*), and providing information about nursery schools.

To further strengthen support for female employees who hope to work actively after childcare leave, ADI launched the Childcare Career Support Project, in which interviews before both taking and maturity of childcare leave are set mandatory, as well as introduced the Working Mother Meeting, which offers a venue for communication among female employees who return to work from childcare leave, thus helping to ease various worries and encouraging them to think about their future work styles. Additionally, as a support of creating a raising children friendly environment, corporate-led nursery facility has become newly available since June.

On-site nursery facility (Narimasu, Itabashi-ku, Tokyo) set up by ADI can be used by employees of MSI, MSI Aioi Life, and Mitsui Direct General in addition to those of ADI. Furthermore, each of the MS&AD Group companies, in a tie-up with childcare-related business operators, provides a program under which discounts can be enjoyed for admission fees, annual membership fees, and usage charges when using day nurseries, babysitters, etc. to help employees raise their children, as a unified Group.

(*) Activities of guardians that enroll their children in the nursery schools

Posting of Substitutes for Employees on Childcare Leave and Provisions for Shorter Hours

To make it easier for female employees who are going to give birth to take childcare leave, MSI has their substitutes work with them starting three months before the maternity leave, to get fully accustomed to the duties. In the shorter working hour system, working hours can be selected from six types which include flextime and rotating shift systems.
ADI has in place a substitute employee scheme so that a female employee moving closer to giving birth can smoothly hand over duties when taking childcare leave. The company's shortened time work system, which allows an employee to freely cut short his/her work hours in units of 30 minutes up to two hours a day, is one that is developed better than required under laws, authorizing an employee with a child up to elementary school third grade to use the system. In addition, an employee is allowed to use a scheme in which to take paid leave in units of hours and one in which to work in shifts (to be chosen from among four patterns) on account of providing childcare.
MSI Aioi Life operates a system that posts substitutes from before an employee goes on childcare leave. Furthermore, it has also enabled a 30-minute unit setting under its shorter working hour system, and made it possible for employees to utilize this system in tandem with the flextime and rotating shift systems.
Mitsui Direct General, MSI Primary Life also operate the "Posting of substitutes for employees on childcare leave".

Leave for Daddy Activities/Leave for Daddy-to-be

MSI provides employees (male employees) who have not taken childbirth leave a paid leave of five days from the date the childcare leave starts. The company supports male employees to participate in childcare, by sending eligible employees e-mails encouraging them to take this five-day "leave for daddy activities".
ADI has introduced a spouse birth-giving preparation holiday scheme, in which an employee is allowed to take a one-day paid holiday within the week to the day before the scheduled date of birth-giving by the spouse. Moreover, the company sends e-mails calling for taking leave to the employee who has a new-born child and his superior, and thereby supporting involvement of male employees in childcare. Moreover, it is actively exchanging information with other companies by joining the Ikuboss Alliance hosted by Fathering Japan, a non-profit organization.
For an employee who has not taken his childbirth leave, Mitsui Direct General changes the first five days of childcare leave to paid one. The company sends e-mails calling for taking leave to the employee who is eligible for leave and his superior, and thereby supporting involvement of male employees in childcare. Moreover, it is also possible to take two-day paid leave at the time of childbirth by spouse.
MSI Aioi Life has introduced a leave system "Ikumen leave" for men to assist childcare in order to support male employees to proactively participate in childcare. It is possible to take the paid leave for three days in total before and after the expected delivery date, or within six months after their spouse gives birth.

Support for Family care

Care Leave, Temporary Resignation for Family Care

We have established a support system that enables employees to continue working while caring for a family member. MSI, MSI Aioi Life and Mitsui Direct General have introduced temporary leave systems, and temporary resignation systems for employees who are giving care for relatives. Leave systems for family care allows employees to leave up to 5 days (in case one in the family requires family care) every fiscal year to take care of his or her family who are in need of attendant to go to hospital etc. Temporary resignation for family care allows employees to leave up to 365 days with tenure of office, encourage those motivated employees to work after released from family care.
MSI has introduced a care aid service provided by the NPO "Sea Care," which provides support for balancing work and care for parents. In this way, MSI provides assistance to employees who are shouldering the burden of providing family care.
ADI allows shortened work shifts and work hours so employees can provide nursing care. The company has in place a nursing-care leave scheme as well as a nursing-care work suspension scheme for leave of up to one year. In addition, it offers a system for retiring employees who have retired for nursing reasons. As one of its employee welfare schemes, the company put in place the WELBOX Nursing Care Menu program, which: 1) provides an environment in which to deliver consulting service on nursing care, information on facilities and intermediary service nursing care round the clock and 365 days a year; and 2) gives a price discount on nursing care goods (from supplies to wheelchair) as well as a nursing care subsidy, among other service offerings.

Moreover, to allow a person faced with a nursing care requirement to address the situation in a composed manner without panicking, the company released an AD-version nursing care handbook titled "Yakudatsu Hon" (Useful Book), a book outlining nursing care in a way that enables even a first-time nursing care provider to readily understand the service.

Implementation of Family Day (Company Tour for family)

MSI holds Family Day, where families who support our employees are invited to the workplace, in order to deepen their understanding about the company and the workplace, and exchange with members of the workplace. By increasing communication at the workplace, this event has led to the creation of a more lively and active working environment.

ADI held a family day event at nine outposts in Japan as the company aimed to become an enterprise staffed by cheerful and dynamic employees supporting customers with the utmost effort. This event consisted mainly of visits to workplaces with the goal of vitalizing intra-company communication and helping employees achieve a good work life balance. Among other activities was a wheelchair basketball experience session.

Family Environment Seminar

Exchange of business card

Promoting Diversity in Human Assets and Health Management

Health Management

Having healthy employees not only means an improvement in the employees' QOL (quality of life), but is also vital for the MS&AD Insurance Group to put its Mission Statement into practice. Placing an emphasis on the perspective of health management, the MS&AD Insurance Group will endeavor to create the workplace environment paying due consideration to health and safety, in order to maintain and promote healthy minds and goodies of each individual employee.

Taking Paid Leaves

MSI believes business efficiency and productivity would increase by ensuring off-time by making sure leaves are taken, which can promote the mental and physical health and ensure capacity development of employees, in addition to being an effective opportunity to develop abilities. Especially, we make efforts to enable all members of the workplace to systematically take the Special vacation by formulating a plan to take the vacation at the beginning of a fiscal year. Primary leaves include Ordinary leave (to be carried over from the previous year) and Special vacation (including Summer vacation, Fresh-up vacation, and Anniversary vacation) As for Summer vacation, a consecutive five-day holiday is available during July – August.
ADI believes taking leaves leads to mental and physical refreshment, further improvement in productivity, and a corporate culture where people help each other.
The "Planned Grant System" requires mandatory acquisition of annual paid holidays for 13 days a year. This system promotes the acquisition of paid holidays for all employees through planning in advance for each of the first and second half periods and periodically confirms the acquisition record. We also introduce annual leave system in 1-hour units, half-day paid leave system and My Premium Friday system to promote a good work-life balance.

FY 2016: Number of vacation days with pay(*) (Unit: Days)

Company	Average number of days taken by employees
MSI	15.7
ADI	16.1

(*) Scope includes all employees of the company

Detailed Information

Health Management of Employees

Certified Health and Productivity Management Organization Recognition Program (White 500)

In a heath-based management superior company certification scheme sponsored by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi, Certified Health and Productivity Management Organization Recognition Program in the large enterprise category (White 500) was given to the Company as well as its group companies MSI and ADI. This scheme, being intended to award large companies and small-to-medium-sized companies performing health-based management of particularly high quality, was aimed to identify companies engaged in health-based management and develop an environment in which such companies obtain a proper social evaluation from stakeholders. The MS&AD Insurance Group will continue to develop an environment that enables all employees to work enthusiastically in future.

Medical Checkup

The MS&AD Insurance Group introduced the operation of a Group-unified medical checkup system that provides the services, health check-ups and reviews of their results. In this way, our group employees are able to receive a homogeneous health diagnosis and result determination wherever Group employees work.

Medical Checkup Systems		
Types of Medical Checkups	Age Group	Characteristics
General Medical Checkup (Items included beyond those required by law)	Employees below the age of 35	Medical checkup items uniform for the Group, Criterion uniform for the Group
Total Medical Checkup (Complete medical checkup)	Employees over the age of 35	

This enabled the group employees to get health check-ups and results no matter where they are employed. For the employees who need a follow-up health check, the welfare guidance by industrial doctors and nurses are provided at each company's health management departments (MSI Health Management Center, ADI Health Management Center, and MSI Aioi Life Health Management Promotion Center, etc.).
Also, for the employees who use personal computers over a certain period of time, interview guidance by industrial doctors are conducted.

For Maintaining Employees' Health (Singapore)

MSIG Insurance (Singapore) Pte. Ltd., MSI's local subsidiary in Singapore, encouraged employees to walk 10,000 steps per day by lending them a pedometer, with an aim of promoting their health. After 187 employees participated for two months, 83% of the participants replied to the questionnaire survey afterwards to have become healthier than before the exercise, while 58% replied to feel having improved operational efficiency. Going forward, it will continue its efforts to improve health of employees.

MSIG Insurance (Singapore) Pte. Ltd.

Mental Health of Employees

To aid mental health care, the MS&AD Insurance Group has established health management centers and employee consultation offices (or officers) and implemented mental health care for employees. The health management centers are staffed with full- and part-time industrial physicians and industrial nurses, and stay with the employee over the entire process from initial consultation to reinstatement in the workplace. In addition to the employee consultation offices that are ready for consultation on any matter, we emphasize support for reinstatement in the workplace, and work in collaboration with the health management centers. Moreover, by implementing stress checks by the same method within the Group from the current fiscal year, we will strengthen the system to prevent mental health problems from developing, while utilizing the results of analysis on the group for creating a better workplace environment.

Activities to Support Mental Health Care

MSI supports mental health care activities through the cooperation of the health management center and the employee consultation office. These activities include prevention and workplace reinstatement

■Prevention activity: Training, E-learning, Stress checking system, Health Consultation system in workplaces etc.
■Support for patients: Consulting during the recuperation etc.
■Support for reinstatement: Preparation of reinstatement in the period of recovery etc.

In its e-learning system, ADI has incorporated issues related to mental health and is implementing them. The Personnel Department provides information about self-care for prevention through the training programs about mental health and creating the guide book for all employees for new entry-level employees, line section heads, and line department managers. The company constructed a setup for ready consultation by employees about mental health, by establishing EAP centers(*) and healthcare centers (health management offices in each region) within the company and a consultation office by an outsourced consultation organization. The company provides a variety of consultation methods, which includes the support of reinstated employees and consultation of those under medical treatment.

(*) Employee Assistance Program to provide general consultation in dealing with employees' problems in mental health, physical health, workplace worries, normalization issues, etc.

Safety of Employees (Safe Driving, and Number of Worker Injuries)

In the insurance business, a work-related accident which most frequently occurs is a traffic accident while driving a company car. The Group insurance companies which use company cars make various efforts for safety driving in accordance with safety driving control rules for company cars by managing the status of accident occurrence. Since fiscal 2014, MSI has worked to increase awareness of safety driving by distributing tablet PCs and using the Suma-Ho "Driving Capability" diagnostic application.

FY 2016: Number of claims of work related injuries (Unit: cases)

	Number of worker injuries	Work related accident	Accident during commute	Fatalities
The MS&AD Insurance Group	227	113	114	0

Improvement of the work environment

A comfortable work environment that takes into consideration lighting, ventilation, temperature and humidity as well as ergonomics will improve employee work efficiency and ensure employees' mental and physical health.
Domestic MS&AD Group companies established a hygiene committee based on the Industrial Safety and Health Act to investigate and discuss matters concerning prevention of health problems and promotion of health maintenance once a month.
In addition, we conduct workplace surveys and risk assessments from the viewpoint of preventing occupational accidents and improve the work environment if necessary.

Communication with Employees

Employee Satisfaction

Each year, the MS&AD Insurance Group implements an opinion poll asking all Group employees in the Group such questions as those about the degree of diffusion of the Group Mission, Vision, and Values; about whether the Group has a sense of unity; and about whether they feel strong senses of motivation and personal growth. Questions are prepared from the stationary standpoint of "approaches to practicing the Group Mission, Vision, and Values," "a sense of unity as a Group," and "a lively working environment" to observe the opinions of the Group's employees. As the concept of the Group's Mission, Vision and Values becomes more known among employees every year, it is confirmed that a sense of unity as a Group is enhanced and employees' motivation for work and growth is being actualized.

■KPI to Promote Our CSR Approaches "Employee Satisfaction"

Index		FY 2014	FY 2015	FY 2016	
		Performance	Performance	Target	Performance
(10) Employee satisfaction (questionnaire results), "Pride, Job satisfaction"	Ratio of employees feeling pride or job satisfaction (all-employee average on a 6-point scale).	4.3point	4.4point	Equal to or greater than the previous year	4.4point
(11) Employee satisfaction (questionnaire results), "Working Vigorously"	Ratio of employees, regardless of sex and age, feeling free and lively at workplaces (all-employee average on a 6-point scale).	4.2point	4.3point	Equal to or greater than the previous year	4.2point

Key Performance Indicators (KPI) to Promote Our CSR Approaches

Utilizing Employees' Voice for Business Improvement

Each company in the Group has implemented the message board in intrasystem to collect the views of employees to utilize employees' voice for business improvement. Their voices are considered at each division at the headquarters and the results are fed back.

Schemes to Absorb Employee Opinions

Communication with Board Members

The management-level executives of MSI, ADI, Mitsui Direct General, MSI Aioi Life and MSI Primary Life regularly have an opportunity to exchange opinions with employees, among other continued efforts to draw on employee feedback for running operations.

Data/Reference Material

The following are the materials and data about CSR approaches of the MS&AD Insurance Group.

Subject period:
FY2016 (April 1, 2016 – March 31, 2017)

Subject organization and data coverage:

Company name	abbreviation	Group Domestic		Consolidated	
		Subject	Employee-based coverage	Subject	Employee-based coverage
Mitsui Sumitomo Insurance Co., Ltd.	MSI	○	77.7%	○	100%
Aioi Nissay Dowa Insurance Co., Ltd.	ADI	○		○	
Mitsui Direct General Insurance Co., Ltd.	MD	○		○	
Mitsui Sumitomo Aioi Life Insurance Co., Ltd.	MSA	○		○	
Mitsui Sumitomo Primary Life Insurance Co., Ltd.	MSP	○		○	
MS&AD Holdings	HD	○		○	
Overseas insurance subsidiaries	Overseas			○	
Other(*1)	Other			○	

(*1) Companies such as risk-related business operations operated by group companies

Third-Party Assurance

The MS&AD Insurance Group has engaged KPMG AZSA Sustainability Co., Ltd. since 2015 to perform an assurance engagement of some selected environmental and social data in order to assure credibility of reported figures. The data subject to the third-party assurance this year is indicated with ✓.

- KPMG's Independent Assurance Report is Found Here
- The Calculation Methodology for the Data is Found Here

ISO 26000 Core Subjects (Organizational Governance)

Corporate Governance

Basic Policies on Corporate Governance

- MS&AD Insurance Group The Basic Policies on Corporate Governance
- MS&AD Insurance Group The Basic Policy Partaining to the System for Internal Control
- MS&AD Insurance Group The Basic Policy for Management of Conflicts of Interest
- MS&AD Insurance Group Basic Policy Concerning Antisocial Forces

Directors (as of 26 June 2017)

Chairman of the Board of Directors	Chairman (In the absence of the Chairman, President serves concurrently.)
Number of Directors	12
Number of Outside Directors	5
Number of independent members in Outside Directors	5

Corporate Auditors (as of 26 June 2017)

Existence of Auditors' Meeting	In place
Number of Corporate Auditors	4
Number of Outside Corporate Auditors	2
Number of independent members in Outside Corporate Auditors	2

Nomination and Remuneration

Detailed Information

Number of Meetings of Board of Directors etc.

Function		FY2016
Execution, Supervising	Board of Directors	13(*1)
	Governance Committee	3
	Group Management Committee	12
	Task-Specific Committee	
	Group Management and Monitoring Committee	12
	ERM Committee	6
	Group Profitability Enhancement Committee	3
	Group Overseas Business Committee	4
	ICT Innovation Committee	3
	Risk Compliance Committee	4
	Information Disclosure Committee	8
	Brand Committee	8
	CSR Committee	1
	Group System Committee	3
Audit, Supervising	Board of Auditors	13(*2)

(*1) Outside Directors average attendance rate 92.3%
(*2) Outside Corporate Auditors average attendance rate 92.3%

- Detailed information of Corporate Governance

Compliance

- MS&AD Insurance Group Basic Policy on Compliance
- MS&AD Insurance Group Basic Policy for management of Customer Information
- MS&AD Insurance Group Basic Policy for Sharing Customer Information
- MS&AD Insurance Group Basic Policy for Management of Outside Vendors

Internal Report System	Yes

Risk Management

- MS&AD Insurance Group Basic Policy for Risk Management

Information Disclosure

- MS&AD Insurance Group Basic Policy for Disclosure

ISO 26000 Core Subjects (Consumer Issues)

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

Handling Situation of Customer's Voice

(Percentage change from the previous year in parenthesis)

(Units : cases)

Items		Coverage	FY2012	FY2013	FY2014	FY2015	FY2016
Total		MSI	38,310 (–)	42,646 (11.3%)	39,908 (▲6.4%)	37,253 (▲6.7%)	34,864 (▲6.4%)
	Contracts, Canvassing	MSI	8,045 (–)	9,166 (13.9%)	8,660 (▲5.5%)	8,387 (▲3.2%)	8,136 (▲3.0%)
	Management, Maintaining of contracts, Collection	MSI	13,581 (–)	15,219 (12.1%)	12,221 (▲19.7%)	10,883 (▲10.9%)	10,429 (▲4.2%)
	Insurance payment	MSI	15,133 (–)	16,665 (10.1%)	16,583 (▲0.5%)	15,634 (▲5.7%)	13,885 (▲11.2%)
	Management of customer information	MSI	191 (–)	206 (7.9%)	213 (3.4%)	219 (2.8%)	187 (▲14.6%)
	Other	MSI	1,360 (–)	1,390 (2.2%)	2,231 (60.5%)	2,130 (▲4.5%)	2,227 (4.6%)
Total		ADI	52,116 (–)	50,275 (▲3.5%)	42,684 (▲15.1%)	36,428 (▲14.7%)	39,587 (8.7%)
	Contracts, Canvassing	ADI	11,739 (–)	11,189 (▲4.7%)	9,188 (▲17.9%)	7,215 (▲21.5%)	6,710 (▲7.0%)
	Management, Maintaining of contracts, Collection	ADI	20,884 (–)	17,006 (▲18.6%)	13,294 (▲21.8%)	8,726 (▲34.4%)	8,057 (▲7.7%)
	Insurance payment	ADI	15,989 (–)	19,340 (21.0%)	18,869 (▲2.4%)	19,745 (4.6%)	23,744 (20.3%)
	Management of customer information	ADI	666 (–)	902 (35.4%)	781 (▲13.4%)	479 (▲38.7%)	436 (▲9.0%)
	Other	ADI	2,838 (–)	1,838 (▲35.2%)	552 (▲70.0%)	263 (▲52.4%)	640 (143.3%)
Total		MD	4,617 (–)	4,991 (8.1%)	3,294 (▲34.0%)	3,661 (11.1%)	3,560 (▲2.8%)
	Contracts, Canvassing	MD	1,240 (–)	1,367 (10.2%)	1,345 (▲1.6%)	1,575 (17.1%)	1,592 (1.1%)
	Management, Maintaining of contracts, Collection	MD	35 (–)	44 (25.7%)	41 (▲6.8%)	66 (61.0%)	51 (▲22.7%)
	Insurance payment	MD	3,224 (–)	3,315 (2.8%)	1,743 (▲47.4%)	1,200 (▲31.2%)	1,385 (15.4%)
	Management of customer information	MD	4 (–)	1 (▲75.0%)	3 (200.0%)	1 (▲66.7%)	2 (100.0%)

	Other	MD	114 (–)	264 (131.6%)	162 (▲38.6%)	819 (405.6%)(*)	530 (▲35.3%)
Total		MSA	10,641 (–)	7,728 (▲27.4%)	4,810 (▲37.8%)	4,625 (▲3.8%)	4,357 (▲5.8%)
	New contracts	MSA	2,372 (–)	1,400 (▲41.0%)	1,399 (▲0.1%)	1,127 (▲19.4%)	1,107 (▲1.8%)
	Collection	MSA	1,613 (–)	619 (▲61.6%)	555 (▲10.3%)	452 (▲18.6%)	374 (▲17.3%)
	Maintaining of contracts	MSA	2,219 (–)	1,356 (▲38.9%)	1,106 (▲18.4%)	983 (▲11.1%)	853 (▲13.2%)
	Insurance payment, Payment of benefits	MSA	1,237 (–)	1,140 (▲7.8%)	1,034 (▲9.3%)	1,365 (32.0%)	1,077 (▲21.1%)
	Other	MSA	3,200 (–)	3,213 (0.4%)	716 (▲77.7%)	698 (▲2.5%)	946 (35.5%)
Total		MSP	9,341 (–)	12,520 (34.0%)	4,423 (▲64.7%)	3,637 (▲17.8%)	4,225 (16.2%)
	New contracts	MSP	793 (–)	1,081 (36.3%)	264 (▲75.6%)	347 (31.4%)	377 (8.6%)
	Collection	MSP	0 (–)	0 (0.0%)	0 –	0 –	0 –
	Maintaining of contracts	MSP	2,171 (–)	4,023 (85.3%)	1,232 (▲69.4%)	745 (▲39.5%)	743 (▲0.3%)
	Insurance payment, Payment of benefits	MSP	1,923 (–)	2,065 (7.4%)	421 (▲79.6%)	405 (▲3.8%)	376 (▲7.2%)
	Other	MSP	4,454 (–)	5,351 (20.1%)	2,506 (▲53.2%)	2,140 (▲14.6%)	2,729 (27.5%)

(*) In regard to interrupted connections caused by increased incoming calls at the time of product updates in October 2015

ISO 26000 Core Subjects (Environment)

MS&AD Insurance Group Environmental Basic Policy

CO2 Emissions in Business Activities

(Percentage change from the previous year in parenthesis)

Items		Coverage	Units	FY2012	FY2013	FY2014	FY2015	FY2016	
CO2 emissions (Scope1,2,3)		Consolidated	t-CO2	124,068 (13.9%)	466,559(*) (–)	471,649 (1.1%)	480,685 (1.9%)	546,965 (13.8%)	
	CO2 emissions (Scope 1)	Group Domestic + Other	t-CO2	22,804 (▲0.5%)	22,889 (0.3%)	22,823 (▲0.3%)	20,417 (▲10.5%)	19,717 (▲3.4%)	✓
		Consolidated	t-CO2	23,005 (▲0.3%)	23,057 (0.2%)	22,983 (▲0.3%)	25,010 (8.8%)	26,315 (5.2%)	✓

CO2 emissions (Scope 2)	Group Domestic + Other	t-CO2	79,325 (24.6%)	77,199 (▲2.7%)	87,337 (13.1%)	83,641 (▲4.2%)	81,629 (▲2.4%)	✓
	Consolidated	t-CO2	91,241 (20.2%)	88,761 (▲2.7%)	100,584 (13.3%)	94,943 (▲5.6%)	94,615 (▲0.3%)	✓
CO2 emissions (Scope 3)	Consolidated	t-CO2	9,821 (▲1.2%)	354,741(*) (–)	348,082 (▲1.9%)	360,732 (3.6%)	426,036 (18.1%)	

(*) Figures of CO2 emissions (Scope2) from fiscal 2012 to fiscal 2015 are revised from those disclosed in fiscal 2016
In fiscal 2012, we report on 2 categories of Scope 3 ("employee commuting" and "business trip"). From fiscal 2013 onwards, we report on 9 categories of Scope 3.

Data on Environmental Impact

Scope 1 & 2 Coverage [the Group's consolidated figures (including overseas Companies)]

(Percentage change from the previous year in parenthesis)

Items	Coverage	Units	FY2012	FY2013	FY2014	FY2015	FY2016	
Electricity	Consolidated	MWh	200,517 (▲2.2%)	199,368 (▲1.0%)	194,337 (▲2.5%)	172,807 (▲11.1%)	171,826 (▲0.6%)	✓
Heat supply	Consolidated	GJ	58,654 (64.3%)	41,043 (▲10.4%)	48,681 (▲7.4%)	58,922 (2.1%)	67,842 (15.1%)	✓
City gas	Consolidated	thousand m^3	1,984 (2.9%)	2,224 (12.1%)	2,377 (6.9%)	2,017 (▲15.1%)	2,258 (11.9%)	✓
Liquefied Petroleum Gas	Consolidated	t	118 (49.4%)	126 (6.8%)	168 (33.3%)	189 (12.5%)	203 (7.2%)	✓
Heavy oil	Consolidated	kℓ	105 (94.4%)	121 (15.2%)	103 (▲14.9%)	95 (▲8.7%)	107 (12.5%)	✓
Kerosene	Consolidated	kℓ	202 (5.2%)	189 (▲9.5%)	190 (4.2%)	190 (0%)	192 (1.0%)	✓
Diesel oil	Consolidated	kℓ	6 (0%)	7 (16.7%)	6 (▲14.3%)	6 (0%)	6 (0%)	✓
Gasoline	Consolidated	kℓ	7,523 (▲3.3%)	7,907 (5.1%)	7,536 (▲4.7%)	8,278 (9.8%)	8,585 (3.7%)	✓
Total energy consumption	Consolidated	MWh	682,638 (▲0.6%)	688,621 (0.6%)	666,755 (▲3.2%)	614,004 (▲7.9%)	615,823 (0.3%)	✓
		GJ	2,437,993 (▲0.6%)	2,459,364 (0.6%)	2,381,270 (▲3.2%)	2,192,873 (▲7.9%)	2,216,961 (1.1%)	✓

Figures of Electricity from fiscal 2012 to fiscal 2015 are revised from those disclosed in fiscal 2016

Scope 3 Coverage (major items)

(Percentage change from the previous year in parenthesis)

Items	Coverage	Units	FY2012	FY2013	FY2014	FY2015	FY2016	
Paper	Group Domestic + Other	t	14,445 (▲12.2%)	16,036 (11.%)	13,283 (▲17.2%)	13,940 (4.9%)	13,005 (▲6.6%)	

Proportion of paper with forest certification	MSI, ADI, MSA (Japan)	%	12.0 (96.7%)	15.1 (25.8.%)	15.9 (5.3.%)	16.4 (3.1%)	17.0 (3.7%)	
Total water use	Consolidated (*1)	thousand m^3	691 (▲15.5%)	941 (–)	986 (4.8%)	909 (–)	1,074 (18.2%)	✓
Total disposed waste	Consolidated (*1)	t	5,330 (12.5%)	8,561 (–)	7,193 (▲16.0%)	8,960 (–)	10,551 (17.8%)	✓
Total recycled waste	Group Domestic + Other (FY2013–)	t	3,554 (▲21.4%)	4,523 (27.3%)	3,867 (▲14.5%)	4,616 (19.4%)	5,837 (26.5%)	
Business trip (Aircraft use only)	Consolidated (*2) (*3)	thousand passenger-km	10,454	17,305 (–)	16,634 (▲3.9%)	26,494 (–)	45,025 (69.9%)	✓

(*1) In fiscal 2012, the boundary is sites of MS and AD in Japan. In fiscal 2013 and 2014, the boundary is MS, AD, MSA and Overseas.
(*2) In fiscal 2012, the boundary is sites of MS and AD in Japan. In fiscal 2013 and 2014, the boundary is sites of MS, AD and MSA in Japan.
(*3) Significant increase of business travel is due to the acquisition of Amlin plc.

Renewable Energy Generation (Photovoltaic Power)

Items	Coverage	Units	FY2012	FY2013	FY2014	FY2015	FY2016	
Energy Generation	4 Buildings(*1)	kWh	49,417	49,923	68,783	56,611	56,212	✓

(*1) MSI Surugadai Main & New bldgs, MSI Osaka Yodoyabashi bldg, ADI Tokyo Customer Center bldg.

Cost Reduction Effect

Items	Coverage	Units	FY2012	FY2013	FY2014	FY2015	FY2016
Electricity(*1)	Consolidated	thousand JPY	▲138,210	55,080	▲94,646	▲549,245	▲24,137
Gasoline(*2)	Consolidated	thousand JPY	▲38,016	▲48,858	▲56,589	98,834	131,355
Copy Paper(*3)	Group Domestic + Other	thousand JPY	▲36,480	▲13,440	▲12,960	▲52,480	▲5,265

(*1) Calculated from the average unit price of electricity at MS&AD Holdings. From fiscal 2015 onwards, we include overseas.
(*2) Calculated from the petroleum products price survey gasoline nationwide annual average unit price (Agency for Natural Resources and Energy). From fiscal 2015 onwards, we include overseas.
(*3) Effects of copy paper reduction

Environmental Approaches through Supply Chain

Items	Coverage	Units	FY2012	FY2013	FY2014	FY2015	FY2016
Ratio of Web Policy Clause(*)	MSI, ADI	%	51.7	61.9	70.7	74.0	78.1
Number of Agents and companies with certification under Eco Action 21	MSI, ADI	companies	1,219	1,261	466	366	241
Number of maintenance shops implementing Eco-inspection, Eco-maintenance	MSI	companies	434	467	400	392	391

(*) Online "Terms & Conditions" in consideration of environment

ISO 26000 Core Subjects (Community Involvement and Development)

Items		Coverage	Units	FY2012	FY2013	FY2014	FY2015	FY2016
Number of acquirer of Volunteer leave		MSI, ADI, MSA	people	10	5	4	6	7
Number of acquirer of Volunteer suspension		MSI, ADI, MSA	people	1	0	0	1	1
Number of employees engaged in social contribution activities		Group Domestic	people	16,142	11,373	15,124	16,507	19,861
MS&AD Unison Smile Club Number of members		Group Domestic	people	14,795	17,886	17,356	16,553	16,159
Disaster Relief Donation Matching Gift Program	Donated amount	Consolidated	yen	31,191,000	37,248,000	35,739,500	38,568,000	53,691,000
	Number of participants	Consolidated	people	14,071	18,086	20,306	20,174	21,010
Donation(*2)		Group Domestic	yen	360,930,000	958,560,000	912,470,000	950,448,860	1,607,340,369

(*1) Total participants
(*2) Including Disaster Relief total amount of Donation Matching Gift, excluding donation from employees

ISO 26000 Core Subjects (Human Rights) (Labor Practices)

Employment(*1)

Items	Coverage			Units	FY2012	FY2013	FY2014	FY2015	FY2016
Number of the Group employees(*1) Temporary employees are superscripted as the average number of annual temporary hires in the bracket.	Group consolidated	male-female combined total		people	36,643	37,055	38,358	40,617	40,641
					(7,833)	(8,746)	(8,996)	(10,173)	(10,150)
			male	people	–	–	–	–	20,350
			female	people	–	–	–	–	20,291
	Group domestic	male-female combined total		people	30,580	30,558	31,620	31,754	31,591
					(7,502)	(8,351)	(8,583)	(9,520)	(9,458)
			male	people	–	–	–	16,661	16,057
			female	people	–	–	–	15,093	15,534
		companies	MSI	people	14,478	14,188	14,859	14,691	14,650
			ADI	people	12,784	12,812	12,973	13,260	13,052
			MD	people	503	528	572	563	581
			MSA	people	2,366	2,421	2,544	2,554	2,595

			MSP	people	342	344	363	381	384
		holding company	HD	people	107	265	309	305	329
	Overseas	male-female combined total		people	6,003	6,228	6,448	8,573	8,759
					(331)	(375)	(379)	(622)	(656)
			male	people	–	–	–	–	4,072
			female	people	–	–	–	–	4,687
	Other(※2)	male-female combined total		people	60	269	290	290	291
			male	people	–	–	–	–	221
			female	people	–	–	–	–	70

(*1) Excludes employees transfering out of the company, but includes employess transferring in. Excludes excecutive officers and employees on leave.
(*2) Risk-related service businesses operated by the Group Companies other than those in the domestic insurance industry

Breakdown of group domestic employees

Items	Coverage			Units	FY2012	FY2013	FY2014	FY2015	FY2016
Average age(*1)	Group domestic	male-female combined total		age	41.0	41.3	41.7	41.8	41.7
	Group domestic		male	age	46.6	44.4	44.8	44.8	44.6
	Group domestic		female	age	41.0	37.9	38.2	38.5	38.7
Average length of service	Group domestic	male-female combined total		year	12.4	12.8	12.5	12.7	12.6
	Group domestic		male	year	13.9	14.2	13.4	13.7	13.5
	Group domestic		female	year	10.9	11.3	11.5	11.7	11.8
Number of regular hires(*2)	Group domestic	male-female combined total		people	784	955	1,111	1,112	1,327
	Group domestic		male	people	249	248	292	337	377
	Group domestic		female	people	535	707	819	775	950
Turnover rate(*3)	Group domestic	male-female combined total		%	–	–	–	3.1	2.8

(*1) The end of March of each year
(*2) The number of new hires in April of each year
(*3) Exclude retirees and are calculated based on voluntary resignees

Diversity

Items	Coverage		Units	FY2012	FY2013	FY2014	FY2015	FY2016
Employment rate and number of employees with disabilities	Group domestic		%	1.97	2.08	2.09	2.31	2.52
			people	496	587	623	701	755
Rehiring Program after retirement Number of users(*1)	Group domestic		people	626	769	915	898	1,008
Percentage and number of females among board members and corporate auditors(*2)	HD	Directors	%	–	–	–	9.1	16.7
			people	–	–	–	1	2
		Corporate Auditors	%	–	–	–	0	50.0
			people	–	–	–	0	2
Percentage and number of females in managerial positions(*3)	Group Consolidated	Total managerial positions	%	–	–	–	–	12.7
			people	–	–	–	–	1,200
	Group domestic	General Managers	%	0.9	1.0	1.2	2.1	2.8
			people	9	11	14	25	35
		Managers	%	3.3	4.0	5.1	6.2	7.9
			people	236	285	363	424	516
		Total managerial positions	%	3.0	3.6	4.6	5.5	7.1
			people	245	296	377	449	551

(*1) Number of people newly or consecutively re-employed
(*2) Approved at shareholders meeting held each next fiscal year.
(*3) As of April 1st next fiscal year for Group Domestic. As of December 31st for Overseas insuarance subsidiaries

Human Rights

Items	Coverage	Units	FY2012	FY2013	FY2014	FY2015	FY2016
Human rights seminars	MSI	%(*1)	97.1	97.3	97.9	97.6	100.0
	ADI	%(*2)	97.7	92.5	99.7	99.9	100.0

(*1) participation rate of seminars (including employees at affiliated business companies)
(*2) Completion rate of e-learning

Items	Coverage	Units	FY2015	FY2016
Labor union membership rate	Japan	%	89.7	90.2

Programs for Promoting Work-life Balance

Items	Coverage			Units	FY2012	FY2013	FY2014	FY2015	FY2016
Temporary leave before / after childbirth Number of acquirers	Group domestic			people	496	564	552	679	646
Temporary leave for childcare Number of acquirers	Group domestic	male-female combined total		people	478	513	611	758	849
			male	people	8	9	61	96	204
			female	people	470	504	550	662	645
Flexible working hours for childcare Number of acquirers	Group domestic	shorter hours		people	392	480	527	587	654
		flextime		people	16	41	23	27	16
		Change of Starting / Finishing time		people	2	4	5	22	29
Temporary retirement for nursing Number of acquirers	Group domestic	male-female combined total		people	15	14	13	19	17
			male	people	6	4	2	4	5
			female	people	9	10	11	15	12
Flexible working hours for nursing Number of acquirers	Group domestic	Number of acquirers		people	10	7	7	15	9
Ratio of employees taking paid leave(*)	Group domestic			%	–	–	49.6	53.5	56.1

(*) Number of days acquired / granted. Including scheduled / vacation (excluding carring-over) and special vacation such as summer vacation.

Health and Safety at Work

Items	Coverage			Units	FY2012	FY2013	FY2014	FY2015	FY2016	
Number of claims for work related injuries	Group domestic	Total		cases	150	173	162	141	227	
			Work-related accident	cases	59	81	74	68	113	
			Accident during commute	cases	90	92	88	73	114	
			Fatality accident	cases	1	0	0	0	0	
Consultation rate of Medical Checkup(*1)	Group domestic			%	99.2	100.0	100.0	100.0	100.0	
Total lost days due to absenteeism(*2)	Group domestic			days	41,403	44,037	44,710	43,516	48,935	✓

(*1) Number of employees undergoing medical checkup consultation / number of employees
(*2) Include temporary employees in the coverage

Third-Party Assurance

Third-Party Assurance

The MS&AD Insurance Group has engaged KPMG AZSA Sustainability Co., Ltd. since 2015 to perform an assurance engagement of some selected environmental and social data in order to assure credibility of reported figures. The data subject to the third-party assurance is indicated with ✓.

- KPMG's independent assurance report is found here
- The calculation methodology for the data is found here

Independent Assurance Report

To the President and CEO of MS&AD Insurance Group Holdings, Inc.

We were engaged by MS&AD Insurance Group Holdings, Inc. (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators marked with ✓ for the period from April 1, 2016 to March 31, 2017 (the "Indicators") disclosed in its CSR Report 2017 (the "CSR Report") for the fiscal year ended March 31, 2017.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria") as described in the CSR Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information', 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' of the Japanese Association of Assurance Organizations for Sustainability Information. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the CSR Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the CSR Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also recalculating the Indicators.
- Visiting to Mitsui Sumitomo Insurance Surugadai New Annex selected on the basis of a risk analysis.
- Evaluating the overall statement in which the Indicators are expressed.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the CSR Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the CSR Report.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
September 29, 2017

Scope and Method of Calculating Environmental Data

Item	Method of calculating amounts of energy used, amounts of disposed waste, and passenger-kilometers traveled		CO2 emission factor
Amount of electric power, gas, cold and hot water, heavy oil, and kerosene used	Japan	Actual measured energy usage collected in accordance with the Act on the Rational Use of Energy, which covers all of the energy use within each of Company-owned buildings.	Emission factor by energy source based on the Act on Promotion of Global Warming Countermeasures as published by Japan's Ministry of the Environment and emission factor by electric power utility. For overseas electric power, emission factor by country published by IEA (*2).
	Overseas	Calculated from energy purchase costs and unit price by country as published by JETRO (*1).	
Amount of gasoline and diesel oil used	Japan	In principle, actual measured amounts of gasoline and diesel oil are used. When an actual measured amount of gasoline is unknown, the amount is calculated from the gasoline purchase cost and the domestic national average unit price as published in a survey of gas station retail prices conducted by Japan's Agency for Natural Resources and Energy.	
	Overseas	In principle, the amount used is calculated from gasoline purchase costs and unit price by country as published by JETRO. When the cost of gasoline is unknown, it is calculated from the amount of gasoline used per car and the number of cars at overseas sites, or the amount of gasoline used per person at overseas sites and the number of employees overseas.	
Amount of disposed waste	Japan	In principle, the amount of general waste disposed of from Company-owned buildings is the actual measured amount, which covers 41.6% of the total in terms of the number of employees. When an actual amount is unknown, it is estimated from the cost of waste disposal and the unit cost. The amount of general waste disposed of from non-Company-owned buildings is calculated from the amount of disposed general waste per person in Company-owned buildings and the number of employees in non-Company-owned buildings. The amount of disposed industrial waste is the actual measured amount.	
	Overseas	Calculated from the amount of disposed general waste per person in Company-owned buildings in Japan and the number of employees overseas.	
Amount of water used	Japan	The amount of water used in Company-owned buildings is the actual measured amount, which covers 59.3% of the total in terms of the number of employees. The amount of water used in non-Company-owned buildings is calculated from the amount of water used per person in Company-owned buildings and the number of employees in non-Company-owned	

		buildings.	
	Overseas	Calculated from water use per person in Company-owned buildings in Japan and the number of employees overseas	
Business travel (by plane)	Japan	Calculated from domestic and international air travel expenses estimated from domestic and international business travel expenses (assuming that 10% or 20% of domestic business travel expenses and 50% of international business travel expenses are air travel expenses), emissions unit values per amount of transportation costs incurred as published by Japan's Ministry of the Environment, and emissions unit value per thousand passenger-kilometers traveled by type of transportation.	Database of emissions unit values for calculating supply chain greenhouse gas emissions, as published by Japan's Ministry of the Environment.
	Overseas		

Organizational boundary: MS&AD Insurance Group Holdings, Inc. and its consolidated subsidiaries.

*1 JETRO: Japan External Trade Organization

*2 IEA: International Energy Agency

Third-Party Opinion

Kaori Kuroda

Executive Director, CSO Network Japan (August 2011 – present)

- Japan Director, The Asia Foundation (April 2010 – present)
- ISO26000 Social Responsibility Working Group Expert representing Japanese NGOs (2007 – 2010)

As Representative Director, President & CEO Yasuyoshi Karasawa stated in his Message, uncertainties arising from external factors such as frequent natural disasters, major changes in the political situation of the world, and social issues both in Japan and overseas are increasingly critical in the society and economy. While the expectations and demands for corporations to respond to the changes in the external environment promptly and to propose measures addressing issues are certainly increasing, the roles to be fulfilled by insurance companies are also expanding.
Given the fact and continuing from the previous year, I would like to share my opinions on the MS&AD Insurance Group's CSR commitment based on the contents of its CSR Report.

Review of Priority Issues

The Group has reviewed its priority issues based on the changes in the global indicators such as the UN's Sustainable Development Goals (SDGs). In pillar 2 of the initiative of "Contributing to Resolution of Social Issues through the Business", social issues are reclassified into the following four areas:1) Accident Prevention, Disaster Prevention and Mitigation, 2) Response to Climate Change, 3) Response to Aging Society and 4) Development of Local Communities. Through the comprehensive review of the business model, which provides precautionary measures to prevent risks, the relevance of business and CSR efforts are clearly disclosed. As described in the message from the top management at the beginning of this report, The Group's attitude towards CSR is clearly stated.
Since all of these four areas are of high importance as a global issue, I am expecting to see more initiatives that anticipate relevant individual needs and business issues, and disseminate the relevant actions to both domestic and overseas operations. As I wrote last year, it would be great to see a social indicator that measures the level of impact such as services that actually attribute to resolving social issues.

Participation to Initiatives and External Evaluation

The Group has engaged in various initiatives through actions such as participation in the UN Global Compact, signature to Principles for Sustainable Insurance (PSI) and the Principles for Responsible Investment (PRI), and implementing Japan's Stewardship Code, and taking part in the CDP. I would like to greatly applaud the Group on signing the Natural Capital Declaration in July 2016, which declares that financial institutions should incorporate the concept of natural capital into their financial products and services for the 21st century. As a result the Group was selected as a component member of SRI indices.

Respect for Human Rights

In fiscal 2016, the Group stipulated Group Basic Policy on Human Rights and commenced for human rights due diligence. While infringement of the right to privacy is drawing more attention as a new human rights issue, the Group has focused its attention on this issue and formulated the "Responsibilities as a Global Insurance and Financial Services Provider" in line with the policy. Human rights due diligence section includes cutting-edge contents such as, "assessment and prevention", " remedy, remediation and dialogue", and "education and training". Last year, in my third party opinion I wrote that "I expect that the Group will further promote the respect for human rights." This year I would like to state that the Group is progressing steadily. Respect for human rights was used to be regarded as cost but recently the perception has changed to the idea that respect for human rights is directly linked to corporate profits. I would like to see the Group's increasing its efforts to respect human rights also in the future.

Our Response to the Third-Party Opinion on Our CSR Report

Thank you very much for your valuable feedback on the 2017 CSR Report of the MS&AD Insurance Group.
In fiscal 2016, the second year of the medium-term management plan "Next Challenge 2017", based on significant changes in term of global environment and international community in the previous year, we deliberately reviewed the issues to be addressed for "Resolution of Social Issues", which is one of the Group's basic strategies. Then, we re-recognized the followings as priority issues and proceeded our initiatives. One is to earn social trust through the improvement of products and services quality with emphasis on communication with stakeholders. The other is to contribute to the resolution of social issues; 1) Accident Prevention, Disaster Prevention and Mitigation, 2) Response to Climate Change, 3) Response to Aging society, and 4) Development of Local Communities.

By providing products and services with high quality enough to earn the trust of stakeholders, we focused on contributing to the resolution of the four social issues as they are closely relate to the Group's Businesses and the society desires measures to be taken to frequent occurrences of natural disasters due to climate change or the emerging risks that accompanied with the progress of technology.

We will not only enhance our initiatives but improve our quantitative indicators that measure impacts of these products and services on social issues and improve of our disclosure, which is pointed out to be improved this fiscal year. Signing the Natural Declaration in July 2016, which is applauded in Third-Party Opinion, means our recognition that natural capital is the basis for achieving all goals of SDGs.

With regard to this area, we will continue to support the compatibility of the global environment and business activities by leading conservation and sustainable utilization of natural capital, especially towards achieving the four SDGs related to the stabilization of natural capital and the climate system.

Based on the "Group Basic Policy on Human Rights," stipulated in February 2017, we intend to further our strive towards respecting human rights, centering on the decided priority issues in order to fulfill our social responsibilities as a company.

Based on our management philosophy of "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.", we will continue to aim to improve the corporate value and to contribute to the creation of a sustainable and flexible society by considering mutual influence with the environment and society in every aspect of business activities and acting with such consideration.

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