

Advancing with you
MS&AD Holdings

MS&AD INSURANCE GROUP

Sustainability Report

2019



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Sustainability Report 2019

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CEO Message

The MS&AD Insurance Group pledges in its Corporate Philosophy (Mission) “to contribute to the development of a vibrant society and help secure a sound future for the planet, by enabling safety and peace of mind through the global insurance and financial services business.” We promptly various risks seeming from social issues and provide information on these risks. Then, we prevent risks from occurring or minimize the impact of those risks and to reduce the economic burden when those risks materialize through a variety of products and services.

That is our story of value creation.

In our Vision 2021, our Medium-term Management Plan started in FY2018, we defined our vision for 2030 as a “resilient and sustainable society,” and identified as some of the social issues the Group can help resolve to: diversified large-scale accidents and disasters, the global environment approaching its limits, mounting burden of nursing/medical care associated with an aging population, and declining in social vitality due to widening inequalities. By addressing these issues, we are using the SDGs as leading marks for adopting a broad range of approaches to creating shared value (CSV) with society and making our value creation story a reality. Among our endeavors are instituting measures to prepare against damage caused by typhoons, hurricanes, torrential rainfall and other natural disasters, supporting prompt restoration/recovery after such damage has occurred, providing countermeasures against cyber risks that have become more diversified as AI and IoT have developed, and collecting/disseminating information to build healthier lives in a super-aging society.

Vision 2021 outlines the Group’s vision to be achieved over the medium to long term: becoming a world-leading insurance/financial services group and supporting that status by being resilient enough to rapidly adapt to environmental changes. In FY2019, Vision’s second year, we will move further ahead in creating shared value with society in order to realize a resilient and sustainable society. In June 2019, we announced our “Perspective of Sustainability” as a manifestation of the Group’s ideals to be embedded into activities and the vision we were seeking to achieve. We have made it clear that we will give due consideration in all of the Group’s business activities to sustainability in terms that include environment, society, governance as we strive to bring about sustainable societies.

In recent years, there has been a notable increase in the frequency and intensity of natural disasters due to climate change, fueling a sense of crisis worldwide. Should CO2 emissions continue to rise at their current pace, forecasts indicate that temperature rise will accelerate, and both extensive once-a-century floods and large-scale typhoons will become more frequent. As an insurer who is profoundly concerned with disasters, our social mission is to uncover such risks and then to prevent or mitigate them to boost the resilience of society as a whole. To pass on a healthy global environment to the next generation, we are undertaking efforts to mitigate climate change as well as actively supporting efforts to adapt to climate change through activities such as working with universities, local governments, and numerous other partners to jointly develop new technologies to prepare for unprecedented disasters.

To ensure that we disclose information in line with the Final Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we have been making it a point to disclose consistent, comparable, and reliable climate-related information, as evidenced by our participation in an insurance pilot project run by the United Nations Environment Programme – Financial Initiative (UNEP-FI).

Furthermore, we believe that fostering a corporate climate respectful of human rights is an essential foundation for our efforts. Since signing the UN Global Compact in June 2004 and indicating our support for the Universal Declaration of Human Rights, we have pursued activities and dialogues that respect human rights in accordance with the MS&AD Insurance Group Basic Policy on Human Rights and in recognition of our



responsibility for the impact of our business activities, including in our value chains, on human rights.

Our Company's efforts are underpinned by the capabilities of each and every employee, and we consider the development of human assets an important element in realizing a resilient and sustainable society. As a part of those efforts, we held our first Sustainability Contest in August 2018 for Group companies from both inside and outside of Japan. This contest has heightened our employees' understanding and awareness of the need for sustainability and has set in motion a virtuous cycle of creating new business models and laterally extending our efforts.

By accelerating our value creation story through using the SDGs as leading marks, the MS&AD Insurance Group will continue its CSV efforts to create shared value with society and move steadily forward toward realizing a resilient and sustainable society by 2030.

September 2019

President & CEO 

Yasuyoshi Karasawa

MS&AD Insurance Group and Sustainability



[Our Sustainability Approach](#)



[ESG Integration](#)



[Targets and Results](#)



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Our Sustainability Approach

The MS&AD Insurance Group has set Mission, Vision, and Values in order to clarify how the Group should be. Furthermore, we have accelerated initiatives based on our sustainability approach to achieve our mission.

Our Mission

To contribute to the development of a vibrant society and help secure a sound future for the planet, by enabling safety and peace of mind through the global insurance and financial services business

Our Vision

To create a world-leading insurance and financial services group that consistently pursues sustainable growth and enhances corporate value

Our Values

Customer focus, integrity, teamwork, innovation, professionalism

Perspective of Sustainability of the MS&AD Insurance Group

The MS&AD Insurance Group will create shared value and aim toward a resilient and sustainable society through corporate activities that implement "Story of Value Creation," in order to realize our Corporate Philosophy (Mission).

We will consistently strive for supreme quality that lives up to the trust and expectations upon us, and together with our stakeholders, continue to contribute to the creation of society where anyone can pursue a stable life and take on dynamic business activities, while preserving the sustainability of the global environment and society.

(Basic Policies on Corporate Governance, Chapter 2 Section 2)

Strategic Approach for Sustainability

- The MS&AD Insurance Group*1 considers sustainable issues, such as environmental, social and corporate governance (ESG) factors associated with all of our business transactions, including the development of products and services, underwriting as well as investment.
- In the Group's Medium-term Management Plan "Vision 2021", we have accelerated major initiatives focusing on three areas which are climate change, natural capital and human rights in line with SDGs as our leading marks. We realize particularly climate change impacting on meteorological disasters and ecosystems as critical risk.
As a signatory to Paris Pledges for Action, we commit to support development of technologies and measures*2 to mitigate climate change risk.
- We, an insurance and financial services group offering safety and peace of mind, see the value of dialogue with stakeholder that we strive to create shared value through deepening mutual understanding of the sustainability issues.

*1 The MS&AD Insurance Group will continue to identify diverse issues in sustainability and take action together with initiatives including the followings.

- Paris Pledge for Action
- United Nations Global Compact (UNGC)
- United Nations Environment Programme – Finance Initiative (UNEP FI) (Principles for Sustainable Insurance (PSI), Natural Capital Finance Alliance (NCFA))
- Principles for Responsible Investment (PRI)
- Final Report of Recommendations of the Task Force on Climate-related Financial Disclosures(TCFD)

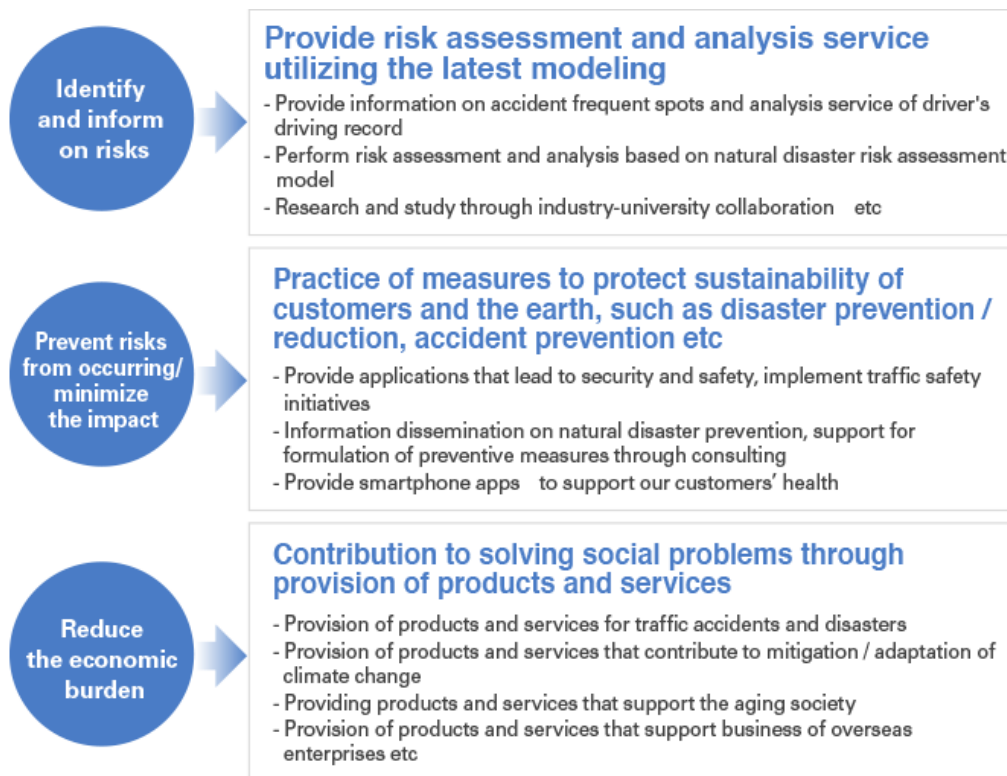
- Japan Climate Initiative (JCI)
- Principles for Finance Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)
- Japan Business Initiative for Biodiversity (JBIB)

*2 Advancing renewable energy and next-generation vehicles, and risk management through the collaboration with industry, government and academia.

*3 Strategies and plans for sustainability-related initiatives are discussed at the Board of Directors meetings and quarterly Committee Meetings. The Sustainability Committee comprises presidents, directors of Planning and Risk management of the Company and each Group's domestic insurance companies and outside directors of the Company, etc. The details of discussions are reported to the Board of Directors and the Management Committee.

The MS&AD Insurance Group's Story of Value Creation and Business Model

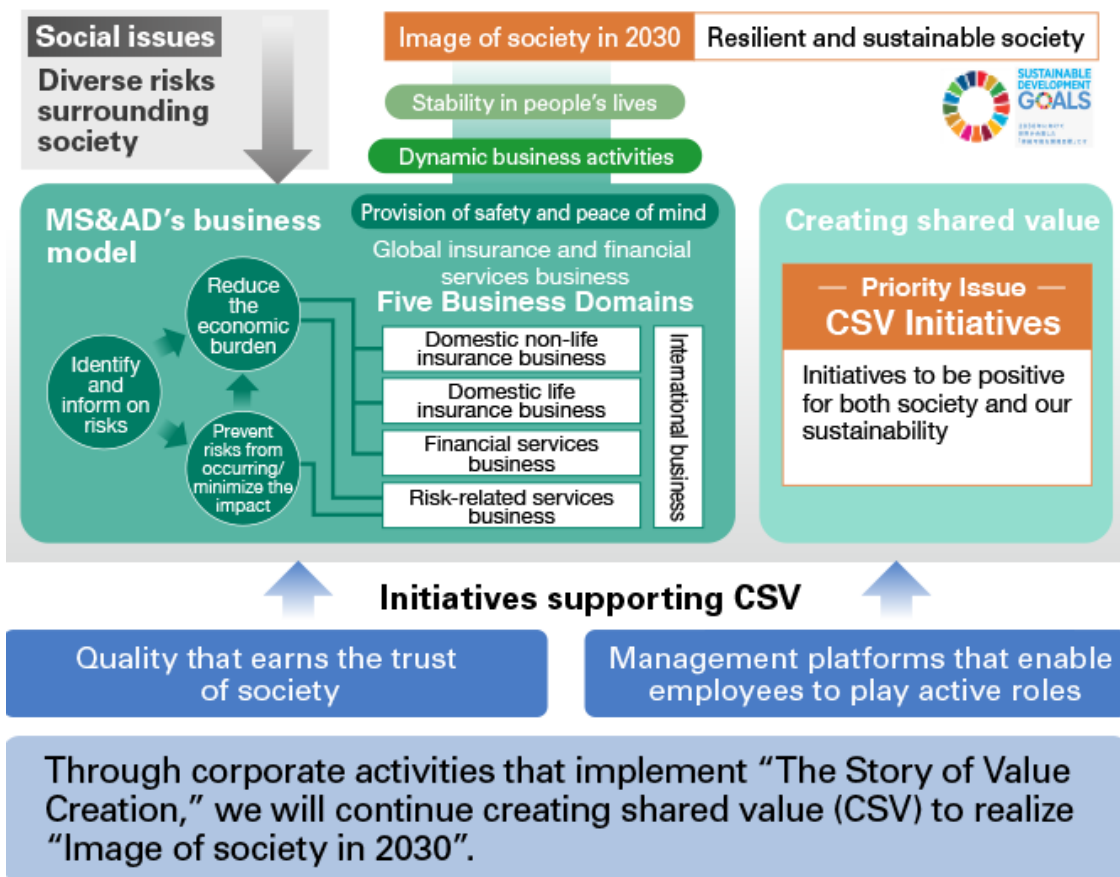
Based on the Perspective of Sustainability of the MS&AD Insurance Group, as an insurance and financial services provider, we offer coverage on various risks that include accidents and disasters. We also focus on solving social issues in order to reduce the rise of risks. We will create common value with society through corporate activities that include “Identifying risks and providing information on risks,” “preventing risks from occurring/minimizing the impact of those risks,” and “reducing the economic burden.”



- > MS&AD's Story of Value Creation
- > Our Value Creation Approach

Image of Society in 2030: “Resilient and Sustainable Society”

In 2018, the Group’s Sustainability Committee held discussions on seven priority issues (challenges for CSV) and the core initiatives targeting them, and developed the Medium-Term Sustainability Plan which was later incorporated into the Group Medium-Term Management Plan (Vision 2021). In Vision 2021, we have set the image of society in 2030 as a “resilient and sustainable society.” In order to be widely supported by stakeholders and to grow in a sustainable way, it is indispensable to continue creating shared value with society through corporate activities, also known as Creating Shared Value, CSV. We will aim to realize a “resilient and sustainable society” by focusing on the priority issues with using the UN Sustainable Development Goals (SDGs) as leading marks.



Identifying Priority Issues

Issue prioritization based on international guidelines, including ISO 26000 and SDGs, is of great importance for both stakeholders and MS&AD Group's business. We identified material issues based on their priority.

[STEP 1] Analysis of social issues

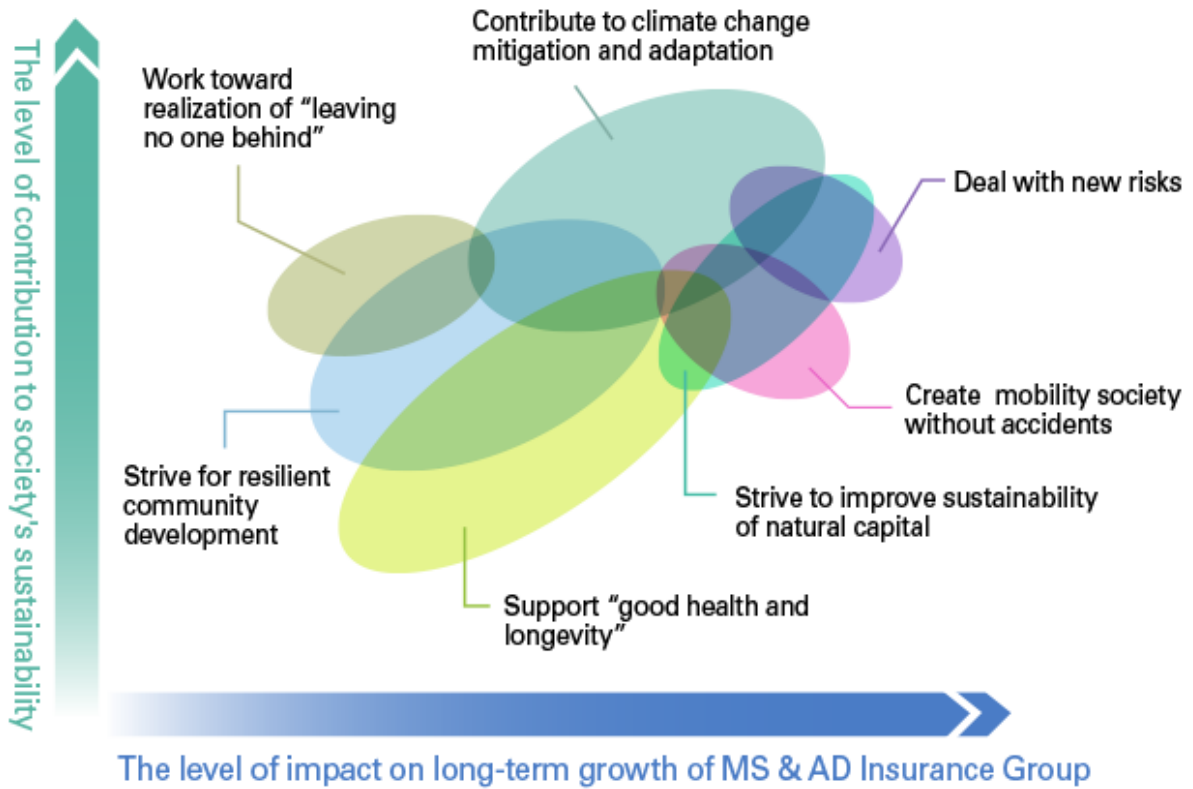
In order to accurately grasp the issues that society needs to solve, we identified social issues based on inputs from our stakeholders (customers, shareholders, business partners, the environment, local society, international society, employees, and agencies), the international frameworks, and the goals of the frameworks.

Diverse risks surrounding society

- Diversified/large-scale accidents and/or disasters
- Global environment approaches the limit (climate change, depletion of resources, etc.)
- Mounting burden of nursing/medical care due to aging population
- Economic slowdown by widening inequality
















[STEP 2] Identification of priority issues

With regard to the identified social issues and the Group's corporate activities, we analyzed items based on where we can make a significant contribution to social sustainability together with issues that have a major impact on the Group's long-term growth in the areas of economy (E), society (S), and organizational governance (G). From this process, we extracted seven priority issues. These seven priority issues are recognized as our challenges for CSV (Creating Shared Value) in order to clarify our intention to address them as initiatives that create value for both society and the Group. Furthermore, the goals that we aim to achieve through solving these issues are aligned with SDGs.



Creating shared value

CSV Initiatives



Priority Issue and relating SDGs	Approaches			
	Product and Service	Research and policy recommendations	Investment and financing	Social contributions etc.
<p>Deal with new risks</p> 	<ul style="list-style-type: none"> A business model that responds to new risks such as cyber risk and changes emerging risks into opportunities Products and services that respond to new lifestyles 	<ul style="list-style-type: none"> Research on use of Big Data 	<ul style="list-style-type: none"> Implementation of loans and investments that consider ESG Constructive dialogue with investee companies 	
<p>Create mobility society without accidents</p>  	<ul style="list-style-type: none"> Respond to the next-generation mobility society Accident Prevention and safe drive assistance by the usage of telematics 	<ul style="list-style-type: none"> Research on next-generation mobility society Research grant for traffic safety Research on use of Big Data 		<ul style="list-style-type: none"> Traffic safety initiatives
<p>Strive for resilient community development</p>  	<ul style="list-style-type: none"> Support for regional revitalization Reinforcement of capability to respond to large-scale natural disasters Support for Business-Continuity Planning 	<ul style="list-style-type: none"> Promotion of "green resilience" (disaster prevention, disaster mitigation and regional revitalization using natural capital) 		<ul style="list-style-type: none"> Disaster Donation Matching Gift Program Disaster Volunteer
<p>Support "good health and longevity"</p> 	<ul style="list-style-type: none"> Support for "Good health and Longevity" Support for Health Management Reduction of burden on advanced medical care Contribute to the development of advanced medicine and regenerative medicine treatment 	<ul style="list-style-type: none"> Research on future medical care Research grant for senior citizens' welfare Research on development and commercialization of robots 		
<p>Contribute to climate change mitigation and adaptation</p>   	<ul style="list-style-type: none"> Prevention and mitigation of damage from climatic disasters Assist the penetration of renewable energy Coverage for weather-related damages 	<ul style="list-style-type: none"> Research and development of natural catastrophe risk models 		<ul style="list-style-type: none"> MS&AD Our Earth Project
<p>Strive to improve sustainability of natural capital</p>   	<ul style="list-style-type: none"> Evaluation of natural capital risks 	<ul style="list-style-type: none"> Activities through "Japan Business Initiative for Biodiversity" 		<ul style="list-style-type: none"> MS&AD Ramsar Supporters Regeneration of tropical forest in Indonesia
<p>Work toward realization of "leaving no one behind"</p>   	<ul style="list-style-type: none"> R&D of insurance and financial services that help support primary industries and low-income earners in developing countries Transfer of insurance technology Deal with new risks 	<ul style="list-style-type: none"> Participation in creation of mechanisms to support developing countries through international organizations, companies, etc. Collaboration with FinTech companies 		<ul style="list-style-type: none"> Volunteer activities in Japan and overseas

[STEP 3] Identifying Core Initiatives to underpin Priority Issues

Based on the criteria of Creating Shared value, we define, 'Quality that earns the trust of society' and 'Management platforms that enable employees to play active roles' as the core initiatives that support to solve the priority issues.





Quality that earns the trust of society

Initiatives supporting CSV

Initiatives and relating SDGs		Approaches
Meeting the trust of society with high quality		<ul style="list-style-type: none"> Thoroughly implementing business management based on the "Our Customer-First Policy in the Operation of Group's Business" Promoting digitalization to enhance the value of customers' experiences
Implementing sincere, fair and just business activities		<p>View Suppliers</p> <p>We observe compliance, respect human rights, consider the environment and work together with supply chain</p>
Implementing activities and dialog that respect human rights		
Continuing efforts to reduce the burden on the environment		
Implementing investment activities conforming to PRI (Principles for Responsible Investment)		
		<ul style="list-style-type: none"> Promoting "MS&AD Our Earth Project" Initiatives to reduce usage of electricity, gasoline and paper Reduction of CO2 emissions – Long-term target (FY2050:70% of FY2009)
		<ul style="list-style-type: none"> Investment analysis of ESG (Environment, Social, Governance) factors and incorporating them into the decision-making process The promotion of engagement through stewardship activities

Management platforms that enable employees to play active roles

Initiatives supporting CSV

Initiatives and relating SDGs		Approaches
Promoting diversity & inclusion		<ul style="list-style-type: none"> Establishment of corporate culture that respects diversity and diverse values Development of the workplace environment and improvement of management capabilities that enable employees, etc. to play active roles without discrimination based on gender, nationality, disability or LGBT Development of a workplace environment that enables work styles to suit women's life cycles
Encouraging employees to learn and think by themselves, take on challenges and continue to grow	 	<ul style="list-style-type: none"> Provision of an environment where it is easy to work and that gives the opportunity to feel job satisfaction and career development Promotion of "work style reforms" and "reinforcement of specialization through the permeation of professionalism" Expanded development of human assets with the capability to carry out digitalization
Implementing health and productivity management		<ul style="list-style-type: none"> Creation of a healthy and safe workplace where each employee can maintain and improve their mental and physical health improve initiatives to prevent mental and physical disorders
Implementing highly transparent and effective corporate governance		<ul style="list-style-type: none"> Continued strengthening of supervisory function of Board of Directors and supervisory function of Audit and Supervisory Board Members Implementation of fair, accurate and swift information disclosure

[STEP 4] Reporting to the Management Team

The identified core initiatives are reported to the management team as the Priority Sustainability Issues of the Medium-term Management Plan, Vision2021, and are disclosed to stakeholders through information sharing meetings and to employees through briefing sessions.

Targets and Results

We have set Key Performance Indicators (KPI) targets to promote Sustainability initiatives.

[> Key Performance Indicators \(KPI\)](#)

Our Sustainability Priorities

For realizing a resilient and sustainable society, we have set three issues that have a major impact on both the society and the Company as priority issues.

[> Our Sustainability Priorities](#)

ESG Integration

The MS&AD Insurance Group has established its sustainability approach, which it upholds as a collection of strategies for ESG issues. In all of its corporate activities, including the development and provision of products and services and investments and loans, the Group takes sustainability into account, including factors such as environment, society, and corporate governance (ESG).

[> ESG Integration](#)

Management Structure

Strategies and plans for sustainability-related initiatives are discussed at the Board of Directors meetings and quarterly Committee Meetings. The Sustainability Committee comprises of members that include presidents, officers in charge of planning and risk management, outside directors of the Company and the Group's domestic insurance companies, and discusses considerations for sustainability issue in all business activities. The details of the Sustainability Committee's discussions are reported to the Board of Directors and the Management Committee.

Participation in the United Nations Global Compact*

The MS&AD Insurance Group strives to carry out corporate activities with respect to the principles of the UN Global Compact. Furthermore, the Group is involved in the operation and activities of the Global Compact Network Japan, a local network of the UN Global Compact, by serving as an organizer of working sessions.

* An initiative advocated by the former UN Secretary-General Kofi Annan in 1999. It requires global companies to comply with and practice 10 principles related to human rights, labor, environment, and anti-corruption.



ESG Integration

The MS&AD Insurance Group always consider sustainability in terms of the environment, society, and governance (ESG) issues in all Group business activities, including the development of products and services, underwriting and investments.

ESG-related impacts include infringements of human rights that threaten respect for basic human rights, deforestation due to illegal logging, and corruption and bribery that undermine economic growth and stability. Our company's business activities could influence ESG factors, and our company itself could be influenced by ESG factors. While we respond to such ESG-related risks to ourselves, we have been discovering business opportunities in addressing ESG concerns, e.g. offering automotive insurance with driving protection services to support safe driving, and thereby, reduce accidents, and using Big Data to present preventative measures against natural disaster. It is essential that we carefully assess ESG-related risks and opportunities, and reflect them in our business activities. We recognize the wide-ranging ESG risks such as legal risks, reputational risks, quality-related risks, business continuity risks, operational risks, transition risks, financial risks, etc., and these could potentially have a major impact on our company's business activities and our stakeholders. Accordingly, we carefully identify such ESG-related risks to control them across our entire business activities.

We give an overview of these approaches in our "Perspective of Sustainability of the MS&AD Insurance Group" that describes our policies on addressing ESG concerns.

[> Our Sustainability Approach](#)



[> Products and services that contribute to achieving Sustainable Development Goals \(SDGs\)](#)

Signatory to the Principles for Sustainable Insurance (PSI) and the Principles for Responsible Investment (PRI)

The MS&AD Insurance Group has been seeking out what are the best practices for financial institutions that take into account environmental and social sustainability, and it has been participating in the United Nations Environment Programme Finance Initiative (UNEP FI) to disseminate and promote these best practices.

Our company has signed on to the Principles for Sustainable Insurance (PSI) and the Principles for Responsible Investment (PRI) published by UNEP FI, and we have been disclosing details on our initiatives and reporting on the progress made every year. We are also taking part in a PSI pilot project in which representatives from insurance companies meet to discuss the industry's approaches to the TCFD Final Recommendations and also working on disclosing information on climate change risks.

In addition, in considering ESG, as an external standard and a source, our screening approach standard includes: UN Global Compact, UN Declaration of Human Rights, Guiding Principles for Corporate and Human Rights, International Labor Organization Standard, UN Anti-Corruption It will be notified by the Convention and the OECD Guidelines for Multinational Enterprises.

Principles for Sustainable Insurance (PSI)	Having signed PSI in June 2012, we give careful consideration to ESG (environmental, social, and governance) issues in our business activities as an insurance company, and undertake to do our part for the sustainable development of our planet.	 PSI Principles for Sustainable Insurance
Principles for Responsible Investment (PRI)	Having signed PRI in June 2015, we pursue constructive dialogue with companies we invest in, taking ESG and other perspectives into account, and develop ESG-based investing practices.	Signatory of:  PRI Principles for Responsible Investment

Underwriting Process and Development of ESG-based Products and Services

The MS&AD Insurance Group has underwriting criteria adapted for respective product and service as part of risk assessment process. In each process, certain ESG criteria are considered such as natural disaster risks, involvement with anti-social forces or ethical risks, based on the nature of the risk. Comprehensive process including system verification are properly implemented. Underwriting decision including the Board's approval are made based on these risk evaluations.

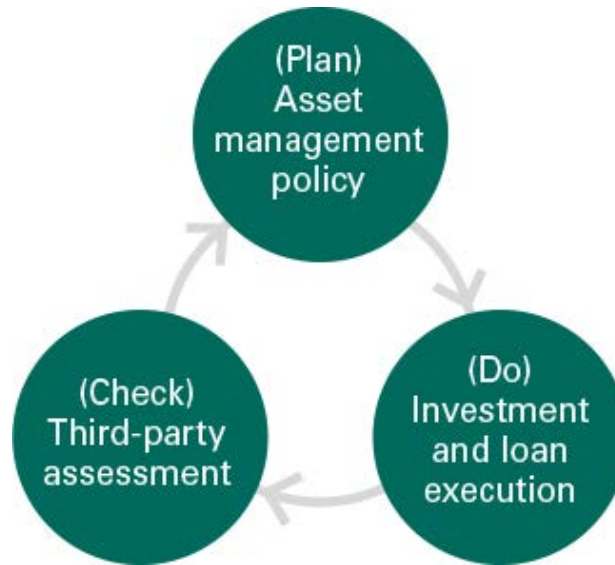
In developing products and services, we examine the value to society and the value for our company generated by our products and services from various angles, and we strive to create value shared with society in providing these products and services. We have also developed a variety of sustainable products and services such as insurance or risk consulting services that support renewable energy projects, discounts to drivers who take a safe driving lecture aiming at reducing traffic accidents, and automotive insurance policies that allow the same-sex partner to be beneficiaries to support diversity.

- > Products and services that contribute to achieving Sustainable Development Goals (SDGs)

ESG-based Investments and loans

As a signatory to the Principles for Responsible Investment (PRI), the MS&AD Insurance Group takes ESG issues into account for investment and loan transactions.

Our company, as an asset owner, promotes ESG-thematic investment on the basis of profitability. MSI and ADI declared their acceptance of Japan's Stewardship Code, and have since engaged in constructive dialogue about ESG with the companies in which they have invested.



Operating Scheme

ESG investment methodologies	Description
ESG-thematic investment	Profitability-oriented investment in assets, etc., connected with the resolution of social issues
Impact investment	Investment methodology in which investment decisions are dually aimed at obtaining investment returns and creating social impacts (structural changes in society, etc.)
Other ESG-thematic investment	Thematic investment not included in impact investment
ESG integration	Systematic integration of ESG factors into company analysis and evaluation
Integration into research	Systematic integration of ESG factors into the investment process
Positive screening	Construction of a portfolio of companies with high ESG ratings, etc.
Negative screening	Construction of a framework that excludes certain loan purposes, industry sectors, etc., from the portfolio
ESG dialogue (engagement)	Dialogue and communication on ESG topics

sample ESG investment methodologies as by our company

Key Investments and Loans

<p>MSI ADI MSI Aioi Life MSI Primary Life</p> <p>Investment in sustainable development bonds</p>	<p>Invested in sustainable development bonds (private placement: \$120 million, or approximately 13.5 billion yen) issued by the World Bank (International Bank for Reconstruction and Development).</p>
<p>MSI ADI</p> <p>Investment in Future Creation Fund</p>	<p>Investing in funds with close ties to environmental issues and, by investing in the Future Creation Fund established by the Sparx Group, helping accelerate innovation by supporting companies possessing technology that will drive growth toward the society of the future, including intelligent technologies, robotics and technologies useful in bringing about a hydrogen society. In addition, we are making stock investment decisions only after evaluating individual companies' responsiveness to environmental and social issues.</p>
<p>MSI ADI</p> <p>Investment in Regional Economy Vitalization Corporation of Japan</p>	<p>Investing in funds established by the Regional Economy Vitalization Corporation of Japan to quickly improve the management of companies that will occupy a core position within their communities and to foster key companies that sustain their communities. By doing so, we are supporting the vitalization of regional economies.</p>
<p>MSI</p> <p>Financing for renewable energy power plants</p>	<p>Encouraging the spread of renewable energy power generation by providing financing for the construction of mega-solar and wind power plants.</p>
<p>MSI</p> <p>Investment in loan origination funds for small and medium-sized enterprises</p>	<p>Supporting the growth and business vitalization of small and medium-sized enterprises by investing in Japan's first fund designed to provide risk money primarily through loans (fund established by Topaz Capital, Inc.)</p>
<p>MSI Aioi Life</p> <p>Investment in social bonds</p>	<p>Invested in Social Bonds issued in the Japanese market by the Japan International Cooperation Agency.</p>
<p>MSI Aioi Life</p> <p>Investment in African Development Bank's Industrialize Africa bond</p>	<p>Invested in Industrialize Africa themed bonds issued by the African Development Bank in November 2017 (private placement).</p>
<p>MSI ADI</p> <p>Investment in green bonds</p>	<p>Invested in green bonds issued by Japanese companies in Japanese markets.</p>
<p>MSI</p> <p>Investment in ESG-based real estate funds</p>	<p>Invested in ESG-based overseas real estate funds.</p>

ESG Risk Evaluation Process

In managing assets, we have a process in which ESG factors are assessed when making investments and providing loans. Mitsui Sumitomo Insurance, for example, has integrated ESG risk assessments into their investment approach by performing ESG screenings on domestic shares, and increasing the sophistication of investment decision-making process when evaluating alternative investment funds. They also integrate ESG aspects in providing loans by inspecting their customers' ESG strategy and disclosures.

In the context of stewardship activities, many dialogues have taken place with a focus on non-financial factors including ESG concerns. Since FY2017, we have started to engage in more in-depth dialogues with the investees on ESG-related risks and shaping our approaches in line with the "Value Creation Guidance" issued by the Ministry of Economy, Trade and Industry.

Implementation of Japan’s Stewardship Code

From the perspective of fulfilling their social responsibility as institutional investors, MSI and ADI have announced their support for Japan’s Stewardship Code, a code of behavior laid out for institutional investors. In line with the Code, we carry out a constructive dialogue with investee companies to encourage them to enhance their medium- and long-term value and sustainable growth, and, through the dialogue, we focus on understanding their management issues, their shareholder return policy, ESG, and other non-financial information. From July, 2017 to June, 2018, MSI and ADI conducted constructive dialogues with a total of 481 firms.

- [> MSI Our Policies According to Japan’s Stewardship Code !\[\]\(511a36c244659513b679df9c639945de_img.jpg\)](#)
- [> ADI Our Policies According to Japan’s Stewardship Code \(Japanese only\) !\[\]\(2c0783baf87a2728b2fe49eb1c34c456_img.jpg\)](#)

External Assessment

Investing methods that assess corporate sustainability from the standpoint of Environmental, Social and Corporate Governance (ESG) are spreading. The MS&AD Insurance Group utilizes the assessments provided by major ESG evaluation organizations to improve its efforts. As of August 2019, the Company is a constituent of the following ESG indices:

- [> Dow Jones Sustainability Indices !\[\]\(e492b5d52ab457a7a3c2826c4091dfee_img.jpg\)](#)
- [> MSCI Japan ESG Select Leaders Index \(Japanese only\) !\[\]\(1d9440fab1f214291ce1c26a75f9c2cd_img.jpg\)](#)
- [> MSCI Japan Empowering Women Index \(Japanese only\) !\[\]\(6be2e1cb461308cfbb51376f893366b1_img.jpg\)](#)
- [> FTSE4Good Index Series !\[\]\(9d1c9e561b4c39f4d970a841cbc526df_img.jpg\)](#)
- [> FTSE Blossom Japan Index !\[\]\(638c4e65afbf8f3994df6311f702c5cb_img.jpg\)](#)
- [> ECPI® Indices !\[\]\(ac8167fe1d77dc734374ed4531294f8f_img.jpg\)](#)



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Targets and Results

Key Performance Indicators (KPI) to Promote Our Sustainability Initiatives

Issues	Indicators	FY2016	FY2017	FY2018	Group Targets for FY2018 and after	Covered Companies
		Achievements	Achievements	Achievements		
Creating shared value	Development of products and services	Main efforts find below	Main efforts find below	Main efforts find below	Continue the approaches	Domestic Group Companies
Quality that earns the trust of society	Customer satisfaction survey about insurance contract procedures*1	94.8%	95.2%	97.1%	the same level or higher compared to the previous fiscal year	Domestic Group Companies
	Customer satisfaction survey about payment of insurance claim*1	96.1%	96.3%	96.6%	the same level or higher compared to the previous fiscal year	MSI,ADI,Mitsui Direct General,MSI Aioi Life
	CO2 emission reduction rate(Scope1 and Scope2 combined)	3.6%	▲6.8%*2	▲13.3%	Reduce CO2 emissions by 30% by 2020 and by 70% by 2050 versus base year (fiscal 2009)	Consolidated
	Total energy consumption	1,098,008GJ	1,017,853GJ	987,452GJ		
	Paper consumption	13,005t	11,085t	10,545t (▲4.9%)	Lower than the previous fiscal year	Domestic Group Companies + Other
Management platforms that enable employees to play active roles	Ratio of females in managerial positions	7.1%	9.9%	12.4%	15.0% (FY2020)	Domestic Group Companies
	Employee satisfaction (questionnaire results), "Pride, Job satisfaction"	4.4points	4.4points	4.4points	the same level or higher compared to the previous fiscal year	
	Employee satisfaction (questionnaire results), "Working Vigorously"	4.2points	4.3points	4.3points		
	Number of annual paid holidays taken	15.7	16.0	15.6		
	Ratio of taking fully paid paternity/secondary leave	44.8%	58.0%	63.9%		
	Number of employees practicing social contribution activities	19,861	20,022	23,601		

(*1) For details of the questionnaire on customer satisfaction survey of each company, please visit their website.

(*2) From FY2017 onwards, we report CO2 emissions associated with energy used by the tenants of MS&AD-owned buildings as Scope 3 emissions (Category 13).

- [➤ Mitsui Sumitomo Insurance Co., Ltd. \(Japanese only\) !\[\]\(8c4dca64662d21542001ca0ed7eeb688_img.jpg\)](#)
- [➤ Aioi Nissay Dowa Insurance Co., Ltd. \(Japanese only\) !\[\]\(3de35c640e7147a3fb61ee393128d2ae_img.jpg\)](#)
- [➤ Mitsui Direct General Insurance Co., Ltd. \(Japanese only\) !\[\]\(d1438aeefda19c86ae7477bf1fb30796_img.jpg\)](#)
- [➤ Mitsui Sumitomo Aioi Life Insurance Co., Ltd. \(Japanese only\) !\[\]\(dc4d2c544087998b6f093f485f5119d7_img.jpg\)](#)
- [➤ Mitsui Sumitomo Primary Life Insurance Co., Ltd. \(Japanese only\) !\[\]\(f26ab61dd00ea7e5f19553908ec3fa6b_img.jpg\)](#)

< Main Efforts >

Developing and improving our products as part of our initiatives for 'creating shared value'

Deal with new risks	<ul style="list-style-type: none"> • Provided products that respond to new risks and demands arising from the changing environment, including cyber insurance for General Data Protection Regulation (GDPR) compliance and a derivative product that insures against pandemic influenza. • Provided products for diversifying lifestyles, such as an on-demand insurance product for leisure and insurance products for sharing economy businesses.
Create mobility society without accidents	<ul style="list-style-type: none"> • Launched GK/TOUGH Observe and Protect Automobile Insurance (Dashcam Type), enhanced functions of Suma-Ho (Smartphone) Driving Ability Diagnosis, and provided products/services that contribute to safe driving and prevention of accidents. • Developed products for autonomous driving, such as a voluntary automobile insurance product for truck caravans where a driverless system is used for vehicles following the lead truck.
Strive for resilient community development	<ul style="list-style-type: none"> • Provided assistance for the revitalization of local industries and the improvement of local resident safety, including through collaboration with local governments on regional revitalization measures, development of BCPs, and provision of solutions to small- and medium-sized enterprises that are working towards achieving the SDGs. • Provided support to corporations to ensure business continuity and to people to return to normal life in the event of large-scale disasters by promptly responding to natural disasters and appropriately handling accidents through the implementation of efficient damage appraisals by leveraging drones and cutting-edge communication technology and by enhancing a system used for receiving accident reports.
Support "good health and longevity"	<ul style="list-style-type: none"> • Provided products and services that contribute to improving the health of citizens and supported health and productivity management of corporate through development and provision of insurance products that promote health in collaboration with the University of Tokyo Center of Innovation (COI)*. *Developed a health promotion insurance package consisting of health management app equipped with a health risk predictive model powered by AI and consultation services, etc. • Provided products and services that meet the need for systematic asset-building through customer's own efforts in the era of the 100-year life, including the launch of foreign-currency denominated Tontine Annuities.
Contribute to climate change mitigation and adaptation	<p>Climate change mitigation</p> <ul style="list-style-type: none"> • Contributed to the spread of renewable energy business through provision of products and services that support the business <p>Climate change adaptation</p> <ul style="list-style-type: none"> • Promoted disaster prevention awareness among customers and ensured adequate compensation scheme through a flood and earthquake preparedness campaign • Promoted disaster prevention and reduction awareness campaign on each Group company website
Strive to improve sustainability of natural capital	<ul style="list-style-type: none"> • Informed the public about natural capital, through activities such as by hosting a session with the theme of "Considering Green Resilience" at the National Conference for Promoting Disaster Risk Prevention 2018 • Held an international symposium on ESG investment and deforestation risk • Held a symposium on corporates and biodiversity

Work toward realization of “leaving no one behind”

- Worked to establish inclusive and decent for business procedures to socially vulnerable groups when reporting accident/making a claim. Such efforts include encouraging elderly customers to register with the Relatives Notification System and launching various support services* beneficial to persons with hearing/speech impairments
*Sign language interpretation service, claims procedures booklet that comes with audio guidance, sign language video guidance, and others
- Developed a foster parent insurance system as part of the comprehensive partnership agreement with Osaka Prefecture
- Promoted measures to support people with dementia and their families, through the development of a voluntary automotive insurance that covers compensation liability for victims of accidents caused by a driver in an impaired state
- Developed an accident relief insurance program that covers compensation liability for victims of accidents caused by a person with dementia in partnership with Kobe City

Mid-term Target

*For the target of reduction of CO2, The MS&AD Insurance Group holds target as below;

Reduce CO2 emissions to 70% from the base year (fiscal 2009) in 2050, and reduce to 30% in 2020.

*For the target of “Ratio of females in managerial positions”, at the end of fiscal 2020, we hold target as below;

- Group Domestic : Ratio of female managers up to 15%

- MSI : 480 female managers (four times compared to 120 in fiscal 2014)

- ADI : Ratio of deputy managers or higher occupied by women up to 30%

- MSI Aioi Life : The number of female managers to be increased 5 times as many as in 2014 and ratio of deputy managers or higher occupied by women up to 50%

*For the target of “Ratio of taking fully paid paternity/secondary leave”, at the end of fiscal 2021, MSI holds each target as below;

- MSI : 80%

[> ESG Data / Reference Material](#)

Communication with Stakeholders

We believe it is important to understand what our stakeholders expect and want from the Group and utilize this understanding 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 has various systems to facilitate communication with our stakeholders and is working on incorporating the voices of the stakeholders into the Group's management strategies.

It is our role to provide the best solutions to the uncertainties and risks in society based on public expectations for the insurance and financial services. In order to provide safety and security to people and support dynamic business activities and a healthy and productive life, we listen to the voices of our stakeholders and utilize them for quality improvement. In addition, we disclose our processes for understanding the received feedback, their contents and the results of the improvement efforts made towards them, and make all of the information available for public inspection on our website and others.



<p>Customers</p>	<p>The MS&AD Insurance Group Basic Policy for Responding to Customer Communications was formulated with the aim of receiving a wide variety of feedback from customers, including inquiries, requests, and grievances, among others, to be utilized for quality improvement. To offer products and services that satisfy customers as required by this basic policy, domestic Group insurance companies have formulated a “Customer-first Policy in the Business Operations” to help them extensively listen to the voices of customers and make continuous efforts to improve the quality of our products and services, as well as our operations.</p> <p>Furthermore, we endeavor to understand our stakeholders’ needs and expectations, and for this end, together with management level discussions, have constructed various schemes that help to improve the quality of the products and services we offer.</p> <p>Quality that Earns the Trust of Society Products and services that contribute to achieving Sustainable Development Goals (SDGs)</p>
<p>Shareholders</p>	<p>We are conducting IR activities in accordance with our basic policy to win the trust of shareholders and investors, and to enable 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.</p> <p>Specifically, through highly transparent information disclosure, the MS&AD Insurance Group seeks to reduce information asymmetry with shareholders and investors. The feedback gained from the constructive dialogue with shareholders and investors is shared with management and the relevant departments to be utilized in the formulation of management strategies.</p> <p>Disclosure of Information and Investor Relations (IR)</p>
<p>Agents</p>	<p>By maintaining effective communication with agents, who are our business partners, and by thinking and acting together, the MS&AD Insurance Group aims to offer quality service and optimal insurance products to our customers. In this way, we also encourage the Group companies and agents to grow together. We intend to further strengthen communication with agents by providing support to various initiatives aimed at bolstering the agent organizations’ growth and contributions to various local and social activities.</p> <p>Furthermore, due to the growth of the agents’ businesses, dedicated full-time staff members with expertise provide overall management support to agents’, including in growth strategies, maintenance of systems, and staff education through training and one-to-one meetings, thereby improving the agents’ management base and the quality of their products and services.</p> <p>Quality that Earns the Trust of Society</p>
<p>Business Partners</p>	<p>We will conduct fair and equitable transactions with integrity and endeavor to achieve sustainable development as well as to fulfill our corporate social responsibilities. The MS&AD Insurance Group, in line with the ISO14001, explains its Group Environmental Basic Policy to business partners and asks for their cooperation. Furthermore, The MS&AD Insurance Group supports its business partners’ initiatives towards the environment, including the acquisition of Eco Action 21 certification, a simplified version of the environmental ISO certification.</p> <p>Transaction Responsibilities</p>
<p>Employees</p>	<ul style="list-style-type: none"> · Each year, the MS&AD Insurance Group carries out an employee engagement survey covering topics such as those to ascertain the degree of diffusion of the Group Mission, Vision, and Values; the degree of unity within the Group; and whether employees feel a strong sense of motivation. · A “speak up” system encouraging whistleblowing has been put in place, creating an environment in which employees can frankly and proactively share their views on any problems they perceive and raise their concerns. · A message board was established on the intranet to collect the views and improvement proposals from employees in order to incorporate them into quality improvement. The opinions are reviewed at each headquarters division and the feedback is given based on the results. · Through the exchange of opinions between management-level executives and employees, we continue to make efforts to leverage employee feedback in business operations.

<p>Local Communities and International Society</p>	<p>As a member of both the local and international communities, the MS&AD Insurance Group takes part in the initiatives listed below, among other initiatives, makes efforts to understand the diversifying sustainability issues, and continues to take relevant actions.</p> <ul style="list-style-type: none"> - Paris Pledge for Action - United Nations Global Compact (UNGC) - United Nations Environmental Program Finance Initiative (UNEP FI) <p>[Principles for Sustainable Insurance (PSI), Natural Capital Finance Alliance (NCFA)]</p> <ul style="list-style-type: none"> - Principles for Responsible Investment (PRI) - Task Force on Climate-related Financial Disclosures (TCFD) Final Recommendation - Japan Climate Initiative (JCI) - Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century) - Japan Business Initiative for Biodiversity (JBIB) <p>With regard to social contribution activities conducted through our main business, including our insurance business, employees engage in contribution activities for environmental conservation and local communities to support their sustainable development. Furthermore, through the MS&AD Unison Smile Club, a social contribution group created by the employees of the MS&AD Insurance Group, we conduct various social contribution activities in collaboration with non-profit organizations.</p> <p>Our Sustainability Approach Work toward Realization of "Leaving No One Behind"</p>
<p>Environment</p>	<p>We have developed the Group Environmental Basic Policy and are implementing various initiatives. The MS&AD Insurance Group will continue to contribute to the solution of environmental issues through various actions, such as signing the Paris Pledge for Action, and participation in a wide range of initiatives including the UN Global Compact, Principles of Sustainable Insurance, and Natural Capital Declaration.</p> <p>In addition, we analyzed what is the role of corporations in the 2030 Agenda for SDGs (Sustainable Developmental Goals), and reflected them in our Medium-term Management Plan, "Vision 2021". As a global insurance and financial services provider, we will continue to work on promoting initiatives from a global standpoint to push for the sustainability of the global environment.</p> <p>Contribute to Climate Change Mitigation and Adaption Strive to Improve Sustainability of Natural Capital</p>

Our Sustainability Priorities

Increasingly frequent and intense natural disasters caused by climate change are a risk shared by the entire planet, and non-life insurance companies, which are deeply involved in responding to such disasters, are concerned about a deterioration of the global insurance system due to an increase in claim payouts. The MS&AD Insurance Group endorses the Paris Agreement, aimed at resolving climate change issues and is ratified by countries around the world, and in December 2015 the Group signed on to the Paris Pledge for Action to declare its commitment toward this aim.

Our lifestyles as well as economic activities dependent on natural resources, such as water and lumber, as well as on the resources provided by plant, animal and other ecosystems that will be considerably impacted by the degeneration of ecosystems and the depletion of natural resources. In July 2016, the Group signed the Natural Capital Declaration in support of its assertion that financial institutions should incorporate the idea of “natural capital” into their financial products and services going forward in the 21st century. We have been helping to improve the resilience of customers and the society by providing risk management and insurance products that guard against the risks of climate change and natural capital degradation, and engaging in efforts to reduce our own greenhouse gas emissions.

Additionally, we signed the UN Global Compact and voiced our support for the Universal Declaration of Human Rights in June 2004, and ever since have adopted approaches in line with the ILO Core Labor Standards and the OECD Guidelines for Multinational Enterprises. In February 2017, we established the MS&AD Insurance Group Basic Policy on Human Rights to better fulfill the obligation that companies have to respect human rights. We recognize that we are liable for the observable and potential adverse impacts of our business activities, including those throughout our value chains, and we have been undertaking activities and engaged in dialogues that manifest our respect for human rights.

The following three issues need to be resolved by realizing a resilient and sustainable society and, given their major impact on our Group and society as a whole, they have been designated as priority issues for our Group.

Contribute to Climate Change Mitigation and Adaptation >

Strive to Improve Sustainability of Natural Capital >

Implementing Activities and Dialog that Respect Human Rights >

Contribute to Climate Change Mitigation and Adaptation

Aspirations

With the adoption of the 2015 Paris Agreement, a framework agreement on climate change, governments around the world agreed to keep the increase in the global average temperature well-below 2°C from pre-Industrial Revolution levels, and to work to limit this increase to 1.5°C. To that end, the world's greenhouse gas emissions must be peaked out as soon as possible and then reach a balance with greenhouse gas absorption (forests, etc.) in the second half of the 21st century. A transition to a decarbonized society, with substantial reduction of greenhouse gas emissions, should be made in adapting to climate change.

As an insurer, the MS&AD Insurance Group is addressing the accumulation risks of cumulative damage due to natural disasters while promptly ascertaining social changes to advance the level of its own risk management. We are working to reduce the environmental burden accompanying our business activities with a target at 70% reduction by FY2050 using FY2009 as a benchmark year.

Furthermore, we will continue to support sustainable development by providing insurance and consulting services designed to reduce damage and loss incurred in corporate and other activities due to abnormal weather stemming from climate change, and by developing products/services that help advance the transition to a decarbonized society.

Climate-related Financial Disclosure

To achieve a "Resilient and Sustainable Society", the MS&AD Insurance Group is tackling climate changes mitigation and adaptation through Creating Shared Value (CSV initiative) .

Because climate change may bring serious impact on society and industry and may constitute a major factor behind the fluctuations in corporate performance, companies' disclosure regarding the impacts of climate change on their business activities is becoming more important than ever. Our Group endorses the Task Force on Climate-related Financial Disclosures (TCFD) and promotes the disclosure of financial information.

 [Task Force on Climate-related Financial Disclosures \(TCFD\)](#)

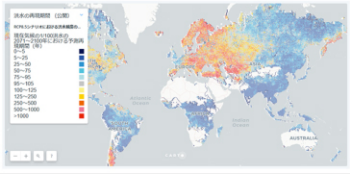


Creating Shared Value

Advanced climate change may bring unprecedented tremendous disaster by weather events with growth in frequency and magnitude. In addition to such large, intense disasters, slower changes in weather patterns will destabilize business activities and day-to-day living, causing both physical and economic harm. Weather disasters are an enormous risk confronting the entire planet, and insurers closely involved in responding to such disasters are concerned that more expensive insurance payment could lead to a degradation of the global insurance system. We must make efforts to mitigate advancing climate change while also putting measures in place to prepare for rising risks. The Group will provide society with safety and security through adequate preparations, including reinsurance for damage from large-scale disasters. We will also support new businesses that promote climate change adaptation by providing suitable services to reduce or eliminate damage and loss inflicted on customers by weather disasters and that help bring about a decarbonized society.

Identifying and providing information on risks	Preventing risks from being realized Reducing the impact of risks	Reducing the economic burden when risks materialize
Risk analysis based on the impacts of climate change (Analysis examples) · Risk assessments based on long-term flooding forecasts · Future business risks connected with the transition to a decarbonized society · Risk of water depletion at business locations engaged in businesses that use large volumes of water	Proposals for risk management measures based on survey/analysis findings (Proposal example) · Examining countermeasures based on simulations of business operations being suspended due to large-scale weather disasters	Provision of needed risk coverage (Coverage example) · Coverage for the risk of lower sales due to the suspension of business operations or the closure of facilities, and for the risk of higher expenses incurred, for example, due to restoration efforts after system breakdowns


Offering Solutions to Identify/Prevent Weather Disaster Risks Due to Climate Change

Given the need to adapt to new risks arising from climate change, assessment/analysis of climate change risks have become essential. Our Group is stepping up its initiatives to assess/analyze climate change risks.

<p style="text-align: center;">InterRisk</p> <p style="text-align: center;">Provision of maps showing forecasts of changes to flooding frequency due to climate change</p>	<p>The MS&AD Insurance Group and MS&AD InterRisk Research & Consulting have teamed up with the University of Tokyo and the Shibaura Institute of Technology to undertake a Large-scale Assessment of Flood Risk Due to Climate Change (LaRC-Flood™) and published a Map of Forecasted Flood Frequency Change Due to Climate Change as part of this project. To clarify the relation between climate change and flooding risk, we have also begun extensively and quantitatively evaluating the impacts of global warming on the probability of past floods occurring, with a focus on the major rivers in Asia. Advancing climate change could increase flood risk globally in future, which would have a major impact on corporate management. As an insurer, the MS&AD Insurance Group will strive to respond to natural disasters and prevent/mitigate damage from these disasters. Climate change in particular has long been an issue of interest for the Group as a whole, and we have been pursuing an industry-government-academia collaboration to resolve social issues and bring about our vision of an ideal society.</p>  <p style="text-align: right;">LaRC-Flood map (Japanese only) </p>
<p style="text-align: center;">InterRisk</p> <p style="text-align: center;">Climate change risk analysis service</p>	<p>Risks that should be ascertained by companies are physical risks, such as flooding and droughts, stemming from climate change and transition risks in the course of transition to a decarbonized society in line with Paris Agreement, including changes in the energy structure. We provide services that assess and analyze such risks, and support the disclosure in accordance with the TCFD's Final Recommendations.</p> <p style="text-align: right;">Climate change risk analysis service (Japanese only) </p>

Providing Coverage

We are assisting economic revitalization and climate change mitigation and adaptation through appropriate preparations for damage/loss caused by weather disasters as well as innovations to bring about a decarbonized society by offering insurance and consulting services in addition to developing and providing products that reduce environmental burden.

<p style="text-align: center;">MSI ADI</p> <p style="text-align: center;">Products that support renewable energy businesses</p>	<p>We support dissemination of renewable energies through various types of insurance that comprehensively cover a variety of risks, including property damage, lost profits and compensation liability, surrounding renewable energy companies (e.g. solar power, wind power, biomass power, and small and medium-sized hydropower companies), and risk management services such as risk assessment/consulting and providing information through handbooks and other means.</p> <p style="text-align: right;">Products and services that contribute to achieving Sustainable Development Goals (SDGs)</p>
<p style="text-align: center;">MSI ADI</p> <p style="text-align: center;">Weather derivatives</p>	<p>We sell weather derivatives to lessen the financial losses due to unseasonable weather. We provide solutions by underwriting weather derivatives that cover decreased sales and increased expenses stemming from below-average (or above-average) rainfall levels, extreme heat, unusually cool summers, severe winters, warmer-than-normal winters, or a lack of sunshine.</p> <p style="text-align: right;">InterRisk Sustainable Management Report (Japanese only) </p>
<p style="text-align: center;">MSI</p> <p style="text-align: center;">Pacific Catastrophe Risk Assessment and Financing Initiative</p>	<p>We continue to participate in the Pacific Catastrophe Risk Assessment and Financing Initiative, jointly established in 2013 by the Japanese government and the World Bank, as a company underwriting reinsurance for natural disaster risks. This system rapidly supplies relief funding to Pacific Island nations with underdeveloped insurance markets (Samoa, Tonga, Marshall Islands, and Cook Islands) hit by natural disasters of a certain scale (cyclones, earthquakes, tsunamis).</p>


Efforts to Reduce the Burden on the Environment

We regard environmental issues as a priority issue for corporate management and are undertaking business activities that boost the sustainability of the global environment.

Environmental Management

Group-wide

Considering environmental issues as a priority issue for corporate management, we are actively pursuing environmental efforts aimed at creating a decarbonized society in accordance with the MS&AD Insurance Group Basic Policy on the Environment. These efforts are being carried out in line with the Code of Conduct set out in the Environmental Basic Policy which combines ISO14001 certification, the international standard for environmental management systems, with the MS&AD OUR EARTH Project, the Group's own management system.

- > [Basic Policy on the Environment](#)
- > [ISO14001 Management System Registration Certificate](#) 

Reducing CO2 Emissions

Group-wide

With our support for the Paris Agreement adopted in 2015, we have signed the Paris Pledge for Action that calls on its signatories to address climate change and global warming. In keeping with this pledge, we have formulated CO2 emission reduction targets for FY2020 and FY2050 for the Group as a whole. As an insurance/finance group doing business globally, we are mobilizing the entire Group to pro-actively reduce its CO2 emissions.

- > [Mid-term Target](#)

Decreasing Paper Use

Group-wide

We substantially reduce the environmental burden through less paper use by computerizing insurance contract and payment procedures, etc., and making electronic policy certificates, terms, and conditions accessible on the Internet.

Promoting the Use of FSC-Certified paper *




Group-wide

Our Group has been making a switchover to FSC-Certified paper for pamphlets and other printed material since FY2010. Using paper made with lumber sourced from properly managed forests, we contribute to conserve biodiversity through forest protection.

(* Paper manufactured from lumber sourced from properly managed forests in the interest of sustainable forest use and environmental conservation

Efforts Across the Value Chain

Our efforts to reduce the environmental burden are also promoted in conjunction with key business partners. We are engaged in green purchasing, prioritizing eco-friendly products in procuring the materials used in our operations, and our entire value chain is working to establish a sustainable society.

<p style="text-align: center;">MSI</p> <p style="text-align: center;">Support for Certification under EcoAction 21</p>	<p>We have provided a program to obtain certification under the EcoAction 21 environmental management system advocated by the Ministry of the Environment to our agents and small and medium-sized corporate clients.</p>
<p style="text-align: center;">MSI</p> <p style="text-align: center;">Eco-maintenance and Eco-inspection</p>	<p>We are promoting eco-friendly vehicle maintenance and inspections through Advance Club, an organization of maintenance facility agents. Eco-friendly vehicle maintenance and inspection uses maintenance technologies primarily to clean the engine's combustion chambers by special methods (engine cleaning) thereby reducing toxic gas emissions, improving fuel efficiency and helping to reduce CO2 emissions by reducing fuel use.</p>
<p style="text-align: center;">MSI ADI</p> <p style="text-align: center;">Eco-Safety Driving</p>	<p>We prepare and propose support tools to promote Eco-Safety Driving, an eco-friendly approach designed to reduce fuel costs and vehicle accidents.</p>
<p style="text-align: center;">MSI ADI MSI Aioi Life</p> <p style="text-align: center;">Eco-insurance policies, Web policy clauses (MSA Life Insurance offers Web policy only)</p>	<p>We are encouraging the use of paperless insurance policy certificates (excluding MSI Aioi Life Insurance) and Web policy. MSI and ADI also make a donation to environmental conservation efforts each time customers choose eco-insurance policies, and Web policy clauses.</p> <p>MSI - Green Power supporter, eco-insurance policies /Web policy (Japanese only) </p> <p>ADI - paperless insurance policy certificates, and Web policy (Japanese only) </p> <p>MSI Aioi Life Insurance - Web policy (Japanese only) </p>

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 disclosed their greenhouse gas emissions and measures against climate change through CDP. The MS&AD Insurance Group subscribes to CDP's approaches and continuously submits new data.



Basic Policy on the Environment

The MS&AD Insurance Group has established the following Environmental Basic Policy.

MS&AD Insurance Group Basic Policy on the Environment

Under its Group Mission Statement, "To contribute to the development of a vibrant society and help secure a sound future for the planet, by enabling safety and peace of mind through the global insurance and financial services business" 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 and regulations, and the 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

Climate-related Financial Disclosure

Climate-related Financial Disclosure (vis-à-vis TCFD recommendations)

The MS & AD Insurance Group is tackling climate changes mitigation and adaptation as one of the social issues to achieve a “Resilient and Sustainable Society”.

In June 2017, The Task Force on Climate-related Financial Disclosures (TCFD) released its Final Recommendations constituting a framework for companies and other organizations to voluntarily disclose climate-related information.

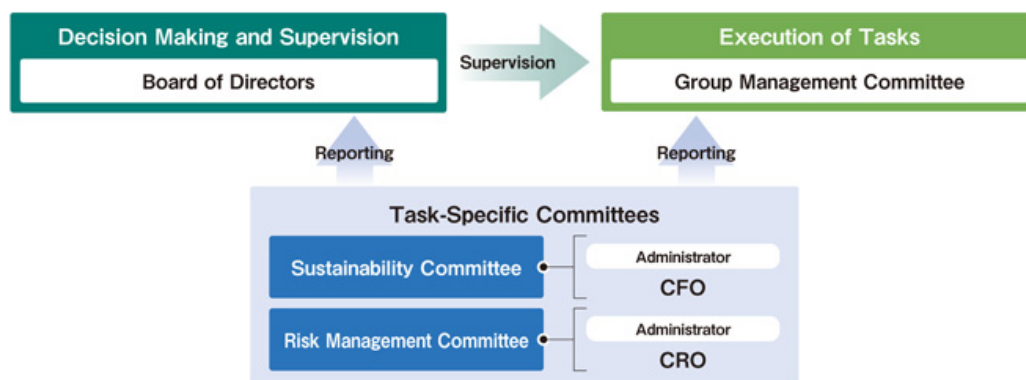
MS&AD Holdings will disclose information on climate-related efforts in line with these Recommendations.

[> What is TCFD? \(Ministry of Economy, Trade and Industry\) \(Japanese only\) !\[\]\(17413706fd4997a1a4bdf85c6864eee1_img.jpg\)](#)

Governance: Climate-related Internal Control

Major issues related to climate are discussed and decided by the Board of Directors.

The Board of Directors discusses and decides on major issues such as policies, strategies, and capital measures, including climate-related ones and initiatives, and oversees the execution of operations by directors and executive officers. The Group Management Committee deliberates on such as policies and strategies, including climate-related issues and initiatives, and monitors the execution of those operations by executive officers. Information on climate-related issues and the progress being made in climate-related initiatives is reported primarily to the Board of Directors and the Group Management Committee after discussions by the Sustainability Committee and the Risk Management Committee (respectively four times annually as a rule).



Strategy: Climate-related Risks and Opportunities

While maintaining financial soundness and steady profits, our Group will cover damages caused by typhoons, floods or other climate-related natural disasters, and provide consulting on disaster preparation globally.

< Climate-related risks >

Typhoons and other natural disasters occasionally cause enormous damage, and it is possible that natural disasters will increase in both frequency and size globally as a consequence of climate change, leading to huge natural disasters that exceed previous forecasts. Our Group utilizes reinsurance and allocates catastrophe reserves in preparation for covering damage due to natural disasters, but ever-larger claim payments could pose a risk to our performance. We thus take into consideration the impact of climate change while controlling(*) the retained amount of natural catastrophe risk to secure we have the capital necessary to maintain our financial soundness.

To prepare against frequent natural disasters and to be able to pay out claims promptly to customers who have suffered losses, we have strengthened our claim submission system and have built up intra-Group cooperation in retention of loss adjusters and running of survey offices.

Our Group recognizes that climate change can have impacts such as the following, in addition to natural disasters:

- Changes in weather conditions such as low rainfall, drought, etc.
- Strict environmental regulations and technological innovations to mitigate the impacts of climate change
- Increases in environmental litigations

We monitor the effects on our Group's business by these risks other than natural disasters and utilize for business strategies. We are also engaged in dialogues with companies in our investment portfolio regarding the impacts of climate-related risks on business activities.

(*) Controlling the retained amount of natural catastrophe risk

We utilize statistical methods to quantitatively assess risk exposure by region and by type of disaster while taking the impacts of climate change into consideration. Based on these assessments, we strive to make reinsurance arrangements, issue catastrophe bonds, and allocate catastrophe reserves with appropriate underwriting. These steps are aimed at improving the entire Group's financial and reducing the risk of profit soundness fluctuations.

More specifically, we are promoting initiatives such as the following.

(1) Natural disaster risk management

- We have established net retention standards (guidelines) for each Group company pertaining to wind/flood damage risk in Japan and in the US, setting the risk of covered events occurring one-in-200-years as a standard in order to control natural disaster risk retention.

(2) Lower the natural catastrophe retention on a Group-wide basis • Lower the natural catastrophe retention including that for windstorm and floods in the United States Further enhance the profitability of the reinsurance business

(3) Reduce the risk of profit fluctuations

- By enhancing the respective existing reinsurance coverage of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance for domestic natural catastrophes and creating joint reinsurance treaty coverage shared by the two companies that covers annual aggregate losses, the Group reduces the losses on a once-in-10-years basis by around 20% year on year, decreasing the risk of profit fluctuation

< Climate-related opportunities >

We have been undertaking efforts aimed at contributing to climate change mitigation/adaptation and creating shared value with society (CSV initiatives).

In addition to providing insurances that cover climate-related damages and offering risk assessment consulting, we are striving to provide insurance and other products/services that promote the widespread use of renewable energies and hydrogen technologies. To help customers prepare better for natural disasters, we are working to disseminate insurance coverages through preparation for floods and earthquake campaign aiming at making our customers better prepared and working to extend coverage.

Furthermore, we are taking part in an industry-academia-government collaboration. For example, we have joined with university researchers in the LaRC-Flood® Project to study flood risk impact assessment. We have also exchanged views with people from various societal backgrounds in a climate change symposium we held entitled "Considering the Next Step toward SDGs with a Focus on Climate Change". The advanced research and discussions will bring greater sophistication to our Group's risk management and will be utilized in developing products and services.

[> Our Sustainability Priorities: Contribute to Climate Change Mitigation and Adaptation](#)

Scenario analyses

We are undertaking scenario analyses of the impacts of climate change on business as suggested in the TCFD Recommendations.

We are participating in a pilot project led by the United Nations Environmental Programme Finance Initiative (UNEP FI) to study TCFD disclosures by insurance companies, and developing scenario analysis methods for the insurance business. We have also begun calculating our own carbon footprint and carrying out scenario analyses of our asset management portfolio.

In addition, we have developed stress scenarios that take climate change factors into account in stress tests of the impact of typhoons on the insurance industry.

Risk Management (Risk Assessment and Management)

Our company identifies climate-related risk events in accordance with the MS&AD Insurance Group Risk Management Basic Policy and, assesses the degree of risk control at all Group companies via the ERM cycle and reports to the Risk Management Committee. We are increasing sophistication of risk management by incorporating climate change factors into stress tests. We have also initiated dialogues with companies in our investment portfolios to encourage them to disclose climate-related information.

[> ERM and Risk Management](#)

Metrics and Targets

< Indicators and targets >

The Group has incorporated climate change mitigation/adaptation approaches into its key performance indicators (KPIs). The results of these approaches are being reflected in the performance-based compensation of our company's internal directors.

[> Our Sustainability Priorities: Contribute to Climate Change Mitigation and Adaptation](#)

< Reductions in CO2 emissions >

In seeking to lower its CO2 emissions, our Group has set FY2009 as the baseline year for calculating emission reduction targets of 30% by 2020 and 70% by 2050.

[> Mid-term Target](#)

< Impact of natural disasters on insurance underwriting income >

Natural disasters and other factors can cause insurance underwriting profit fluctuation. Our Group discloses insurance underwriting profits as well as the amounts of claims paid for natural catastrophes and fluctuations of catastrophe reserves.

[> MS&AD Integrated Report, p. 118 !\[\]\(3f58279cec6bd1cda441dec6c38bc9c7_img.jpg\)](#)

Strive to Improve Sustainability of Natural Capital

Aspirations

Our lifestyles and economic activities are made possible thanks to the bounties of nature (ecosystem services) which rely on a stock of natural capital. "Resilient and Sustainable Society" can only come about if its foundations are rooted in the global environment in through natural capital and stable weather systems and other factors. The sustainability of society as a whole including companies depends on business models that integrate the sustainability of natural capital. The MS&AD Insurance Group is working to ensure sustainable relationship between natural capital and business activities.

Identify and inform on risks	Prevent risks from occurring/minimize the impact	Reduce the economic burden
Assessing risks, including the depletion/degradation of natural capital (Analysis examples) <ul style="list-style-type: none"> Future risk of water depletion at business facilities that use large volumes of water Assessment of the sustainability of supply chains which primarily depends on natural resources 	Proposals on risk management measures based on research/analysis findings (Proposal example) <ul style="list-style-type: none"> Consultation on land use that considers local ecosystems 	Provision of risk coverage (Coverage example) <ul style="list-style-type: none"> Expenses incurred during recall when a sustainability certification of the used materials is revoked and expenses needed for apology

Solutions to Identify/Prevent Risks on Natural Capital

Projects development business undertaken inside and outside Japan and business activities depended on supply chain have the potential to cause major losses to natural capital. It is thus important to analyze/assess the impact of business activities on natural capital and to take the steps necessary to establish a sustainable relationship between the two.

Risk Assessment Service for Natural Capital

We quantitatively assess the impact of project development business in Japan and overseas on natural capital. Focusing on business locations and project development in Japan and overseas, we support specific risk assessment that ascertains the value of the surrounding natural capital and determines where and what kind of impact natural capital is being impacted in the supply chains, and apply this information to its business decisions. We support efforts to adopt "natural capital accounting" that highlights the connections between natural capital and the business as a whole.

Provision of a Water Risk Assessment Service

An increasing number of areas worldwide are experiencing depletion of their water resources due to climate change, population increases in developing countries, economic development and other factors. In some cases, this depletion has been serious enough to threaten companies' operations. Companies now need to identify and disclose their own water risks. We offer services for assessing the water risks (depletion, contamination, flooding/droughts, etc.) business locations face inside and outside Japan.

Environmental Supply Chain Consulting

Establishing a sustainable raw material procurement network is a key business challenge in realizing sustainable business activities. We conduct environmental business risk analyses of raw material procurement tailored to specific industry sectors, and support approach prioritization and the formulation of supply chain management activities.

Biodiversity-conscious Land Use Consulting

A growing number of companies which see efforts to conserve biodiversity as both risks and opportunities for their businesses have begun to take biodiversity into account in determining their businesses' land use. We offer comprehensive support ranging from research/analysis to the formulation of development/activity plans for the use of offices, apartment buildings, and other land with green spaces.

Preserving Conserving Biodiversity through Partnerships and Industry-Academia Collaboration

Our lifestyles and economic activities are made possible thanks to the bounties of nature (ecosystem services), underpinned by a biodiversity conserved natural capital. The sustainability of society as a whole including companies depends on business models that consider biodiversity. Our Group has made biodiversity conservation one of key issues in MS&AD Insurance Group Basic Policy on the Environment and is pursuing measures accordingly.

Natural Capital Declaration Signed

HD

In July 2016 our Group signed the Natural Capital Declaration, which calls on financial institutions to incorporate the concept of "natural capital" into their financial products and services, and we have been taking part in the Natural Capital Finance Alliance (NCFA).



Secretariat:




Japan Business Initiative for Biodiversity (JBIB) and “The Story of Biodiversity Told by Companies”

HD

In regards to conservation of biodiversity and sustainable use of biological resources, MS&AD Holdings has been serving as the chair company of the Japan Business Initiative for Biodiversity (JBIB), which brings companies together for joint research projects on biodiversity, since JBIB's founding in April 2008.

In February 2019, our company hosted the “The Story of Biology Told by Companies” symposium for the 12th time, creating an opportunity to provide information on corporate efforts for biodiversity.

Such efforts have been highly praised, as evidenced by the mentions in the National Biodiversity Strategy of Japan 2012-2020, Guidelines for Private Sector Engagement in Biodiversity and elsewhere.

- > [Japan Business Initiative for Biodiversity \(JBIB\) official website](#) 
- > [FY2018 “The Story of Biology Told by Companies” symposium \(Japanese only\)](#) 
- > [FY2019 “The Story of Biology Told by Companies” symposium](#)



JBIB logo

Participation in Research on Ecosystem Disaster Prevention/Mitigation and Multifaceted Uses of Ecosystems

HD

MS&AD Holdings is participating in "Research and Social Implementation of Ecosystem-based Disaster Risk Reduction (Eco-DRR) as Climate Change Adaptation in Shrinking Societies", a research project being conducted by Research Institute for Humanity and Nature, an inter-university research institute corporation under the Ministry of Education, Culture, Sports, Science and Technology that is engaged in comprehensive research on the global environment. The project focuses on methods for utilizing the wide-ranging functions of ecosystems to prevent/mitigate disasters (Eco-DRR) and, with population decline being seen as an opportunity to revamp land use, research is being carried out to create local communities that can both enjoy the rich blessings of nature and prevent/mitigate disasters.

Environmental Conservation Efforts within the Group

We are actively engaged in internal education to the Group employees as well as our own environmental conservation efforts.

Support for the Regeneration of Forests and Formation of Sustainable Local Communities (Indonesia)

Group-wide

Over the past 14 years, starting in FY2005, we have been working with the Indonesian government to restore wildlife sanctuary forests and to regenerate tropical forests in the Special Region of Yogyakarta on Java Island. We have also been endeavoring to stimulate the local economy by, for instance, planting trees to revive degraded forests, and to form sustainable local communities, maintaining/managing protected forests and pursuing cooperative forestation efforts with local residents by offering them technical guidance on planting and cultivating trees.

> [Indonesia Reforestation Project](#)



Guidance on agricultural techniques



Educational program

MS&AD Ramsar Supporters

Group-wide

Group employees and their family members have been involved since FY2010 in the environmental conservation efforts of wetlands, including those that have been registered under the Ramsar Convention. We also offer visiting lectures to schools to communicate the rich biodiversity of wetlands to the students.



Activities in Yatsu tidal flat (Chiba Prefecture)

[> Ramsar Supporters activities \(Japanese only\)](#)

Mitsui Sumitomo Insurance Surugadai Green Spaces

MSI

The Surugadai Building and the Surugadai New Annex are highly regarded for their green spaces that reflect our consideration for biodiversity. On the grounds, there is "ECOM Surugadai", an open facility to the community, where activities such as communication of environmental information and workshops.

[> Surugadai Building Green Space](#) 

Environmental Efforts in Employee Cafeterias

MSI

ADI

Against the background of increasing ocean pollution and with the goals of reducing the use of plastic and educating employees on the issue of marine plastic waste, we abolished the use of plastic cups and straws in employee cafeterias in August 2018. In July 2019, we set up faucet-connected water stands and began encouraging employees to use their own bottles. As of October 2019, we will also be serving sustainable seafood.

Implementing Activities and Dialog that Respect Human Rights

Aspirations

In June 2004, the MS&AD Insurance Group proclaimed its support for the United Nations Global Compact and is advancing its approaches for the respect of human rights as a company that supports the Universal Declaration of Human Rights, ILO Core Labor Standards, and OECD Guidelines for Multinational Enterprises through its 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 towards respecting human rights.

The Policy applies not only to our Group but also to other stakeholders in the Group’s value chain, including suppliers related to the procurement of services and business partners such as agents. We are engaging with our stakeholders in order to prevent and mitigate any adverse impacts on human rights from businesses activities.

Basic Policy on Human Rights

The MS&AD Insurance Group stipulates respect for human rights in its 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, and we have pursued activities and dialogues that respect 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 Labor 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 (ESG) 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



Statement on the UK Modern Slavery Act 2015

- [FY2018 Slavery and Human Trafficking Statement !\[\]\(aca6fcc8bd95e8255b9ea1b1d08ef300_img.jpg\)](#)
- [FY2017 Slavery and Human Trafficking Statement !\[\]\(0083087c61cec498ac803a4aec5bb1bd_img.jpg\)](#)
- [FY2016 Slavery and Human Trafficking Statement !\[\]\(2e94242fda9f31152eb2b29146bfce46_img.jpg\)](#)
- [FY2015 Slavery and Human Trafficking Statement !\[\]\(680c68b4e62fe5ec9774c1168e904fbf_img.jpg\)](#)

Human Rights Due Diligence and Remedial Measures

The MS&AD Insurance Group has built a system for human rights due diligence in accordance with the United Nations Guiding Principles on Business and Human Rights and is carrying out due diligence on a continuous basis. In accordance with the Basic Policy on Human Rights that was formulated in February 2017, we will carry out human rights due diligence in accordance to the steps in the following description

As part of the human rights due diligence, we identified and assessed any actual and potential human rights risks according to the following process up to STEP 3. As a result of the analysis, we selected the following as priority issues: the infringement of privacy arising from the leakage of customers and employees' personal information, and the physical and mental effects of employees' long working hours.

We will periodically review the identification and assessment of human rights risks and priority issues that reflect changes in society and the environment that surrounds the Group and its value chain.

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 as priority issues through the review of the risk map
STEP4 :	Study and implement necessary preventive and remedial measures as well as review their effects

Human Rights Assessment and Remedial Measures

In the human rights due diligence process, we conduct human rights risk assessment, periodically monitor the two priority issues, and implement mitigation measures.

<p>Personal information protection</p>	<p>Each Group company establishes internal regulations on information management, introduces security measures, and provides education to employees and agents, according to the MS&AD Insurance Group Basic Policy for Management of Customer Information.</p> <p>To verify the management systems, we regularly conduct inspections and audits of agents, outside vendors, and employees, and promptly implement remedial measures against any found problems.</p> <p>< Fiscal 2018 inspections and audits ></p> <ul style="list-style-type: none"> • Internal inspections were carried out at the Company and the Group's domestic insurance companies. • We inspected and audited around 53,000 agents and outside vendors, and provided instructions including to strengthen security to approximately 260 companies. <p>Information Management The MS&AD Insurance Group Basic Policy for Management of Outside Vendors</p>
<p>Health and productivity management</p>	<p>Regarding the health and safety of our employees, we are making a group-wide effort to reform their way of working in addition to managing their work hours with a system. Furthermore, we have established a Speak Up System (whistleblowing system) and a counseling desk, and in fiscal 2018 after conducting employee surveys (responses: approximately 46,000 from Japanese offices, 9,000 from overseas offices), we worked to keep employees well informed about the whistleblowing system and to create an environment where it is easy and accessible to use the consultation services.</p> <p>Work Style Reform and Health and Productivity Management The Speak Up System</p>

Since various problems such as low wages and a poor working environment for foreign technical interns and students have recently been arising in Japan and abroad, we conducted interviews with the relevant business divisions in the Group. Although we did not find any problematic cases in the interviews, we will continue to follow up on this matter.

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," as stipulated in the Basic Policy on Human Rights.

<p>Structure of Education about Human Rights</p>	<p>In the MS&AD Insurance Group Holdings, the Sustainability Section of the Corporate Planning Department 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.</p> <p>In the operating companies, the organizations directed by the executive officers responsible for human rights awareness or officers in higher positions play a central role to raise human rights awareness of employees. They promote a better understanding of human rights and corporate social responsibility as well as develop and embed a corporate culture of respecting human rights.</p> <p>< Major initiatives ></p> <ul style="list-style-type: none"> • Planning and formulating as well as implementing and managing workplace training programs for all employees • Raising role awareness of employees involved in human rights education.
<p>Training on Human Rights</p>	<p>ESG Data and Reference Material (Human Rights)</p>

Consultation Service Desk

The MS&AD Insurance Group has established a system to receive reports on human rights violations and take appropriate remedial measures

<p>Reporting System from Employees (Speak Up System)</p>	<p>In order to prevent violations of laws and regulations, violations of internal regulations, and inappropriate conduct from being neglected, the MS&AD Insurance Group has in place a reporting and consultation system, the Speak Up System, through which employees can report any concerns so the company can promptly identify the facts and take necessary measures. With this system, the Group pushes ahead with compliance with ethics, laws, and regulations.</p> <p>< Main subjects of reports and consultation ></p> <ul style="list-style-type: none"> • Any matters related to non-compliance • Issues related to employees' mental and physical health and other issues caused by sexual harassment, power harassment, or any other types of harassment • Any matters related to working environment, such as work hours and overtime work <p>We have made efforts to enable informers and consulters to easily use the system by setting up an external contact point at an outside law firm. In addition, we protect the informers and consulters by ensuring the informers and consulters' privacy and protect their information. We also make sure the informers are not treated disadvantageously.</p> <p>Performance of the Speak Up System</p>
<p>Harassment Consulting Desk</p>	<p>We have set up a dedicated harassment consulting desk to make sure that employees who feel victimized can consult staff with peace of mind about sexual harassment, power harassment, and maternity harassment cases. Based on a thorough but swift fact-finding investigation, the consulting desk makes corrections and carries out disciplinary actions when the need arises. The company is also making efforts towards prevention by providing education such as workplace training programs for all employees, level-specific training programs, and e-learning.</p>

Promotion of a Sound Relationship with the Labor Union

In the MS&AD Group, the Company and the labor union respect each other's position by complying with agreements in good faith and by engaging in efforts to maintain and improve the company's democratic and healthy development, the employee's working conditions, and their position.

Based on the agreement, negotiations and consultations are carried out in the context of wages, personnel systems and operations, work environment, and management plan.

- Labor union participation rate : 93.9% (as of March, 2019)

Our Value Creation Approach

Achieving the SDGs

To bring about a resilient and sustainable society, we must acknowledge the social issues that stand in our way and take the initiative in resolving them. These social issues include various risks to the global environment, such as climate change and resource depletion, a decline in vitality due to widening disparities worldwide, new risks such as cyberattacks stemming from technological advances, and rising nursing/medical care expenses in aging societies. Resolving such social issues is also in keeping with the direction set out by the UN in 2015 in its Sustainable Development Goals (SDGs).

The MS&AD Insurance Group will create shared value with society, and work to build a resilient and sustainable society.

Products and services that contribute to achieving Sustainable Development Goals (SDGs) >

Creating Shared Value

Deal with New Risks >



Create Mobility Society without Accidents >



Strive for Resilient Community Development >



Support “Good Health and Longevity” >



Contribute to Climate Change Mitigation and Adaptation※ >



Strive to Improve Sustainability of Natural Capital※ >



Work toward Realization of “Leaving No One Behind” >



Initiatives Supporting CSV

Quality that earns the trust of society

Meeting the Trust of Society with High Quality >

Implementing sincere, fair and just business activities >

Implementing Activities and Dialog that Respect Human Rights※ >

Continuing Efforts to Reduce the Burden on the Environment >

Implementing Investment Activities that Conforming to PRI (Principles for Responsible Investment) >

(※) Our Sustainability Priorities

Management platforms that enable employees to play active roles

Promotion of Diversity & Inclusion >

Encourage Employees to Learn and Think by Themselves, Take on Challenges and Continue to Grow >

Implementing Health and Productivity Management >

Highly Transparent and Effective Corporate Governance >

Sustainability Contest

In pursuing Vision 2021, our Medium-term Management Plan, we held our Sustainability Contest 2018 in August 2018 for all Group companies both inside and outside Japan in order to help Group employees better understand the importance of pursuing SDGs and creating shared value (CSV), and to encourage the employees to incorporate these approaches into their day-to-day operations. Applications were received from more than 500 teams worldwide, after which one team was awarded the highest award and five other teams were presented awards for excellence.

The grand prize was awarded to an initiative undertaken by MSI Hokkaido Branch – Achievement of the SDGs through Visionary Meetings – in which “Visionary Meeting” are held periodically to produce inventive ideas, with a conceptual switchover made from conventional product proposal methods to approaches based on resolving social issues. By utilizing interviews with local residents and customers, the Branch worked with relevant in-house organizations to develop necessary products and coverage. The Branch’s efforts to help resolve local issues by proposing innovative insurance coverage for the maintenance costs for hospitals operating at a loss and by providing cattle coverage to bring greater stability to ranch operations received considerable praise.

This Sustainability Contest fosters a sustainability mindset among employees and raises their awareness of the need to connect day-to-day operations with CSV. Using the Sustainability Contest to share approaches to resolving social issues via the creation of new business models has started a virtuous cycle that extends these approaches laterally across the Group. We are planning to hold a second contest in November 2019 in the hopes of seeing increased CSV efforts and greater permeation throughout the Group.



Scenes from the Sustainability Contest



Goods used to enhance understanding of SDGs

The Sustainability Contest was first introduced in “IDEAS FOR GOOD” (a magazine featuring new ideas designed to make society better; compiled by Harch Inc.).






Products and services that contribute to achieving Sustainable Development Goals (SDGs)















The MS & AD Insurance Group provides products and services to support the industries required to realize a sustainable society. We are promoting efforts to create common values with society, including the discovery and prevention of risks.















The main products and services aimed at further contributing to the resolution of social issues reached about 48% of income premium in the non-life insurance business in 2018.















The 17 Sustainable Development Goals (SDGs) are based on a recognition of the natural limits of the Earth. Social and economic issues are closely intertwined in the SDGs, and it is crucially important to work on these goals with an integrated approach. The MS&AD Insurance Group is contributing to the achievement of the SDGs by providing risk consulting services, insurance and other services for safety and security from a multifaceted perspective centered on sustainability.

















- ▼ <Non-Life Insurance> Products for individuals ▼ <Non-Life Insurance> Products for business
- ▼ <Non-Life Insurance> Services for individuals ▼ <Non-Life Insurance> Services for business ▼ <Life insurance and Medical Insurance>
- ▼ <Financial Services and Other Businesses>

















Products and Services (★)link is "Japanese only"	Outline	 Major relevant SDGs *Goal 17 is common to all the products/services.
<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.	
One-day Insurance/One-day Supporter	Promote the reduction of accidents caused by uninsured vehicles through the sales of automobile insurance for borrowed vehicles that is available from one day.	
One-day Leisure Insurance	Leisure insurance providing only the required coverage only when needed to contribute to enriching customer life.	
TOUGH Connected automobile insurance	Car insurance provided with a reasonable insurance premium calculated in consideration of the distance traveled and discounts based on safe driving scores by using the most advanced telematics technology. These new "safe driving incentives (discounts)" and "safe and secure services" have a synergy effect of preventing traffic accidents. Applied for Toyota connected cars.	










<p>Automobile insurance with eco-mark ★ </p>	<p>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.</p>	 
<p>GK Mimamoru (Safeguards) Automobile Insurance, TOUGH Connected Automobile Insurance</p>	<p>Provide an automobile insurance with the concept of "supporting customers' safe driving and safeguarding their driving against an accident" by utilizing the latest telematics technology. In addition to a driving diagnosis by analyzing the driving data of the contracted car, a wide range of alert service on safe driving are provided. In the event of an accident, our operator will reach them to confirm their safety and provide advice on the necessary procedures to take.</p>	
<p>Fire insurance products that respond to aging society</p>	<p>Provided a fire insurance including a rider for a landlord liability insurance in order to compensate for the cost of a damage caused by the lonely death of elderly people in rental housing. In addition, an incidental service (furniture movement and light bulb replacement service) that supports the elderly's daily life is provided by fire insurance. Responding to the increasing risk associated with the increase in patients with dementia, riders covering "liability for damage due to inoperability of trains without damage to property" are provided.</p>	 
<p>Agricultural insurance (India)</p>	<p>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.</p>	 
<p>Animal insurance for cattle breeders (India)</p>	<p>Compensation for the death of cows and so on which provides income stability for the low income earning cattle breeders.</p>	 
<p>○Products for business*1</p>		
<p>Special contract on the status of safety management (applied to transportation companies)</p>	<p>Discount on insurance premiums is applied to transportation companies that took road safety management certification seminar promoted by Ministry of Land, Infrastructure, Transport and Tourism, and take preventative measures to reduce traffic accident.</p>	 
<p>Comprehensive food & agribusiness compensation plan ★ </p>	<p>We provide compensation for major risks surrounding food and agribusiness, in order to support the development of food and agribusiness.</p>	












<p>Comprehensive Coverage plan for Mega-solar Power Generation</p>	<p>Comprehensively cover risks faced by renewable energy producers. Promote lower CO2 emissions (reducing environmental burdens) with alternative energy.</p>	
<p>Comprehensive small wind power generation compensation plan ★ </p>	<p>Comprehensively cover risks faced by renewable energy producers. Promote lower CO2 emissions (reducing environmental burdens) with alternative energy.</p>	
<p>Comprehensive offshore wind power generation system compensation</p>	<p>Comprehensively cover risks faced by renewable energy producers. Promote lower CO2 emissions (reducing environmental burdens) with alternative energy.</p>	
<p>Comprehensive biomass power generation compensation plan ★ </p>	<p>Comprehensively cover risks faced by renewable energy producers. Promote lower CO2 emissions (reducing environmental burdens) with alternative energy.</p>	
<p>Comprehensive small and medium hydro power generation compensation plan (P.2) ★ </p>	<p>Comprehensively cover risks faced by renewable energy producers. Promote lower CO2 emissions (reducing environmental burdens) with alternative energy.</p>	
<p>Comprehensive medical institute compensation plan ★ </p>	<p>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.</p>	
<p>Comprehensive welfare/long-term care business operators compensation plan</p>	<p>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 increasing demand for welfare and nursing care in an aging society.</p>	
<p>Cyber protector, Cyber security insurance</p>	<p>Comprehensively cover risks of cyberattacks. Contribute to stable management of companies, thereby supporting the development of society.</p>	
<p>Comprehensive demonstration experiment of autonomous driving compensation plan ★ </p>	<p>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.</p>	











<p>Comprehensive drone compensation plan ★</p> 	<p>Comprehensively cover risks associated with the commercial use of drones. Contribute to the expansion of drone use in industries and public, such as luggage distribution, damage surveys, agriculture, forestry and fisheries, thereby supporting the development of society.</p>	
<p>Comprehensive global business compensation plan ★</p> 	<p>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.</p>	
<p>Compensation plan for sharing economy-based business</p>	<p>As the sharing economy spreads, needs of companies for personal liability insurance valid only for the user and only for the period of use have been increasing. In response, we have developed a product with conditions for compensation that can be custom-designed depending on business activities, with the aim of contributing to the development of sharing economy-based business.</p>	
<p>Support menu for inbound tourism entrepreneurs ★</p> 	<p>Provide insurance and various services such as in-house training (hospitality service) support and risk consulting, etc. for businesses (travel agencies, hotels, etc.) that serving foreigners visiting Japan. Contributing to the community development by supporting the acceptance of foreigners visiting Japan.</p>	
<p>Comprehensive clinical research like regeneration medicine compensation plan ★</p> 	<p>Cover risks related to clinical research of regenerative medicine. Contribute to the development of medical technology, thereby supporting to extend healthy life expectancy in the aging society.</p>	 
<p>< Services for individuals ></p>		
<p>Smartphone app: Suma-Ho (Smartphone Insurance)</p>	<p>This app allows users to check the details of their insurance policy, contact their agents, and to use their smartphone's GPS functions to arrange tow-truck services after accidents or breakdowns.</p>	 
<p>Smartphone app: Suma-Ho Disaster Navigator</p>	<p>This app helps users to remain safe and secure during large-scale natural disaster. The smartphone's GPS functions are used to determine the user's location and to display information regarding nearby evacuation shelters and other information on a map. Camera functions can even be used to ascertain directions in the dark including directions to the user's house, evacuation location, or other spots. Disaster prevention information for the user's current location is also sent out in real-time by push notifications. The app supports in English, Chinese (simplified and traditional characters), and Korean as well except for some functions.</p>	
<p>Smartphone app: Suma-Ho Driving Ability Diagnosis</p>	<p>Provide analysis of driving skill characteristics, drive recorder, eco drive diagnosis, audio warnings when drivers are approaching locations where accidents frequently occur, wild weather forecast delivery, and other services.</p>	























<p>(Suma-Ho) "KokoKara Diary" smartphone app</p> <p>MSI MSI Aioi Life ★ </p>	<p>For Customers their own health management, this app can be used through its features such as measurement of stress status, display of calorie consumption calculated from the number of steps automatically taken, record of meals consumed, height, weight, sleep time and confirmation of their own medical information.</p>	
<p>Free "Support NAVI" smartphone app</p>	<p>Service providing a driving ability diagnosis system equipped with Dashcam Type and an emergency accident reporting system.</p>	
<p>Free "Suma-Ho" smartphone app with "Animal Alert" function ★ </p>	<p>This is a service that provides a voice alert when the driver is approaching a black spot for traffic accidents involving animals. The service was first launched in Okinawa Prefecture, where the Yanbaru kuina (Okinawa rail: an endangered bird) lives, and later rolled out to other regions in Japan.</p>	
<p>Smartphone application by Mitsui Direct General</p>	<p>A free app featuring a driving ability diagnosis system equipped with Dashcam Type that records and checks driving data, a driving aptitude diagnosis system that analyzes and diagnoses driving tendencies, and Jutai-gaku Kentei (traffic congestion learning system), which helps understand the mechanism of traffic congestion, with the aim of preventing traffic accidents and reducing congestion.</p>	
<p>Efforts to prevent and reduce traffic accidents by utilizing "Accident Map" ★ </p>	<p>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.</p>	
<p>Free smartphone application "Suma-Ho", "Safety cycle" (providing diagnosis tool of safe bicycle driving) ★ </p>	<p>Support the safe use of bicycles by providing warnings about excessive speed, check lists for inspection and maintenance, etc.</p>	
<p>Eco insurance certificate/web policy clause</p>	<p>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.</p>	
<p>Electronic contract method</p>	<p>Complete the contracting procedure on the screen of a PC brought in by an agent. Promote the reduction of environmental burdens through paperless operation.</p>	
<p>Family Eye (Notification System for Relatives)</p> <p>MSI ★  ADI ★  MSI Aioi Life ★ </p>	<p>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.</p>	














<p>Dealing with car accident claims using sign language interpretation services ★ </p>	<p>We use sign language interpretation services to deal with car accident claims for customers with a hearing and/or speech impairment. The customer and an operator communicate using sign language via videophone, which is simultaneously voice translated and sent to our in-house employee.</p>	
<p>Dealing with car accident claims in 14 different languages MSI · ADI ★  Mitsui Direct General ★ </p>	<p>To respond to consultations and inquiries regarding insurance from customers involved in accidents who have difficulties in communicating in Japanese, translators are available in 14 different languages.</p>	
<p>Web QQ Unit for customers with hearing disabilities ★ </p>	<p>Services that enable customers with hearing disabilities to utilize online functions to request road services</p>	 
<p>< Services for business ></p>		
<p>Suma Navi</p>	<p>A telematics service that supports companies in their safe driving initiatives.</p>	
<p>Sasaeru Navi</p>	<p>A telematics service for fleet policyholders that supports corporate customers in their vehicle operation management and accident reduction initiatives.</p>	
<p>Four Safety – Support service to prevent distracted driving ★ </p>	<p>By installing a smartphone app and plugging a designated terminal into the automobile's cigarette lighter socket, smartphone operations (including telephone and apps) will be automatically controlled once a certain speed (20kph) is exceeded. Sharp acceleration/deceleration and other driving data of individual employees can be checked by administrators via an exclusive website. Hence, this service can be used by companies to ensure safe driving practices. It also supports the creation of corporate value by helping to prevent distracted driving, a serious social issue.</p>	
<p>Sleep apnea syndrome (SAS) predictive check ★ </p>	<p>This is a service for company employees that checks on snoring, an indication of sleep apnea syndrome (SAS), which can be easily used by just activating the smartphone app when going to bed and placing the smartphone next to the pillow.</p>	
<p>Kokokara Diary - smartphone app MSI MSI Aioi Life ★ </p>	<p>An exclusive website provided to managers that features functions that allow managers to view employees' life log data and to send out health advice and other notices to the app, thereby supporting health and productivity management at companies. The app also encourages communication between employees by hosting health events by utilizing a function ranking the employees by steps walked.</p>	

<p>Smartphone app: Disaster Navigator Smartphone Insurance Navigator</p>	<p>This app helps users to remain safe and secure during large-scale natural disasters. The smartphone's GPS functions are used to determine the user's current location and then to display information regarding nearby evacuation shelters and other information on a map. Camera functions can be used to ascertain directions in the dark, including direction to the user's house, an evacuation location or other spots. Disaster prevention information for the user's current location is also sent out in real-time by push notifications. The app supports in English, Chinese (simplified and traditional characters), and Korean as well except for some functions, and is utilized by local governments nationwide to keep residents informed.</p>	
<p>Navigational support services for domestic vessels ★ PDF</p>	<p>We support safe navigation of domestic vessels using the dedicated smartphone provided by Weathernews Inc., which alerts ships when they navigate in dangerous waters and provides weather and oceanic forecasts and images of the area around the vessel.</p>	
<p>Weather information alert service</p>	<p>Email alerts are sent 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 help prevent and mitigate damage from natural disasters.</p>	
<p>Supporting companies in expanding overseas operations ★</p>	<p>We provide small and medium-sized companies expanding their business overseas with risk management services to support their overseas operations.</p>	
<p>Repair service for damaged equipment under the corporate fire insurance plan (P.66) ★ PDF</p>	<p>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.</p>	
<p>Abbreviation of claims documents service</p>	<p>Omit the submission of claim documents, etc. for car accidents that meet certain conditions. Promote the reduction of environmental burdens through paperless operation.</p>	
<p>RisTech, a service that solves social and corporate problems by data analysis ★ PDF</p>	<p>A service that uses big data and the latest analysis algorithms to visualize and optimize the risks companies have and help solve problems. Data scientists use various statistical data from the service provider in addition to data related to accident held by the company to provide risk analysis and reports, and develop risk models</p>	
<p>< Life insurance and Medical Insurance ></p>		
<p>"&LIFE" New income guarantee insurance wide ★</p>	<p>An insurance to prepare for a monthly pension not only for the event of emergency but also for the risk of becoming unable to work or being in need for nursing care due to illness or injury.*2</p>	
<p>"&LIFE" New medical insurance Ace premia ★</p>	<p>In addition to offer the coverage for hospitalization and surgery, we also provide support for lifestyle-related diseases, cancer, female diseases, and nursing care. Customer can choose which coverage to combine based on their needs.*2</p>	

<p>Whole life care/dementia plan</p>	<p>An insurance plan that provides against long-term care risks, such as treatment for dementia. Under this plan, dementia care, which imposes a particularly significant burden, is added to the conditions covered under the whole life care-specified policy for insured events in line with the long-term care insurance system of Japan. This plan aims to help people be better prepared for long-term care needs, which have become a serious social issue, in light of the aging society.</p>	
<p>“Fulfilling Tomorrow” existence protection oriented-type individual annuity insurance (with variable interest rate, level premium payment)</p>	<p>Flat payment-type individual annuity insurance. Customers pay a fixed amount of insurance premiums in Japanese yen every month, and then it is converted into a foreign currency with a favorable interest rate, so that they receive pensions based on the increased fund.</p> <p>Customers can take advantage of the “dollar cost averaging” method to reduce foreign exchange risk, and the “tontines” method, a system to increase pension funds by suppressing death protection then transfer that amount to the pension.</p>	
<p>Joy for Tomorrow 2” currency option-type existence protection-oriented individual annuity insurance</p>	<p>Lump sum individual annuity insurance which can be chosen from four courses according to customer’s funding needs: “Amount receivable oriented course”, “Pre-pension benefit/whole life death protection course”, the industry’s first fixed term annuity with whole life protection guarantee, “Fulfillment at maturity course”, and “Target course.”</p>	
<p>Cheering team for your perfect life ★ </p>	<p>Provide telephone consultation services on health/medical care, living, and nursing care for policyholders and their relatives who live together.</p> <p>Supporting customers’ lives with health and peace of mind through helping solve their problems and providing necessary information.</p>	
<p>Service to provide information on medical treatment/nursing care ★ </p>	<p>Information provision service using virtual reality images seen on smartphones. Customers can have simulated experiences with a sense of reality, such as visiting medical facilities that perform proton beam therapy, how things are seen if they have cataracts, and what the daily life is like if they have dementia (as if their own experience) and if a member of their family has dementia. Aiming to help customers live better, providing easy-to-understand information on medical care and nursing care and supporting “know correctly.”</p>	
<p>Seiho Kantan Mode, an electronic contracting process ★ </p>	<p>By paperless (electronic) procedures called Seiho Kantan Mode, we have improved convenience and reduced environmental burdens by converting various paper forms into electronic formats.</p>	
<p>< Financial services and other businesses ></p>		
<p>○ Financial products</p>		
<p>Weather derivatives</p>	<p>A financial derivative that covers damage caused by extreme weather. Actively deploying “Global Weather Derivative Sales” utilizing the global weather risk underwriting function of our US subsidiary “MSI Guaranteed Weather,” focusing on Japanese companies expanding their operations overseas.</p>	 

<p>CAT bond (catastrophe bond) issuance support service ★ </p>	<p>Service to support the issuance of CAT bond*3. 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.</p>	
<p>○Support systems</p>		
<p>Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI) Insurance Facility</p>	<p>Under this program, which was set up jointly by the Japanese government and the World Bank, MSI, as one of the risk underwriting insurance companies 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.</p>	
<p>Pandemic Emergency Financing Facility (PEF) ★ </p>	<p>We participate in the Pandemic Emergency Financing Facility (PEF) established by the World Bank with the support of Japan and Germany, etc. as one of the risk underwriting companies. The objectives of PEF include: to protect people in developing countries around the world from the threat of infections; and in case of an outbreak of serious infection, to promptly provide funds for the initial response in order to mitigate human and economic losses and promote early recovery from these losses.</p>	
<p>○Risk consulting services</p>		
<p>ESG risk management ★ </p>	<p>We provide comprehensive consulting services covering everything from general ESG-related issues, such as enhancement of ESG strategies and efforts, to specific ESG themes.</p>	
<p>Human rights risk management support services ★ </p>	<p>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 support of surveys related to human rights risks, and other efforts related to human rights risk management.</p>	
<p>Supporting establishment of Business continuity management system (BCMS) MS&AD InterRisk ★ </p>	<p>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).</p>	

<p>Consulting services against earthquake and Tsunami risk ★ </p>	<p>Supporting customers to strengthen the countermeasures based on simulation and on-site survey etc., assessing the earthquake risks in consideration of impacts of Tunami.</p>	
<p>Climate change risk analysis services</p>	<p>Companies are now expected to identify risks and opportunities associated with climate change and to disclose relevant information. In response, we provide consulting services regarding analysis and information disclosure expected of companies on a global level on issues including physical risks, such as climate change-induced floods and droughts, and transition risks, associated with socioeconomic transitions toward a decarbonized economy in line with achieving the two-degree goal, such as energy structure transformation.</p>	 
<p>Map of Forecasted Flood Frequency Change Due to Climate Change</p>	<p>This map was developed in corporation with Prof. Yukiko Hirabayashi of the Shibaura Institute of Technology and Associate Professor Dai Yamazaki of the Institute of Industrial Science at The University of Tokyo in response to the need companies have to understand the impacts on them by potential flood risks, one of the many types of climate change risks if climate change is actualized. The map shows the degree of change in the frequency of floods induced by global climate change.</p>	 
<p>Consulting service for water disaster prevention ★ </p>	<p>Support companies in developing their business continuity management (BCM) plans and their countermeasures for loss prevention and mitigation through assessing risks focusing on river flooding, inundation inside a levee, and high tides.</p>	
<p>Real-time loss prediction website cmap.dev ★ </p>	<p>As part of joint research with Aon Benfield Japan Co., Ltd. and Yokohama National University, a system has been established to predict the number of buildings damaged and damage rate by each municipality due to typhoons, heavy rains, and earthquakes immediately after the disaster occurred. This online information service is free of charge for the purpose of being widely used for early assessment of the scale of damage and quick rescue and support activities</p>	
<p>Supporting system for victims of natural disasters to relief ★ </p>	<p>Provide local governments with seminars regarding the research of loss assessment needed for issuance of Disaster Victim Certificates.</p>	
<p>Services for risk management of automobile insurance ★ </p>	<p>Various effective programs and solutions to prevent and reduce accidents.</p>	 
<p>Seminar for automobile transportation management ★ </p>	<p>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.</p>	  
<p>Risk consulting services abroad ★ </p>	<p>Assume possible material risks overseas, such as accidents and natural disasters, and support measures against these risks.</p>	 

Consulting services against environmental risk	Service for quantitative assessment of impacts on natural capital (lost benefits and recovery costs) and service for simple assessment of water risks such as water depletion, drought, flood and decline in water quality (present/future).	 
Supporting service for energy related business ★ 	Support initiatives such as electricity and energy conservation, improving comfort in the working environment, and reducing energy costs, in addition assess business risks for renewable energy stemmed from solar power, wind power and biomass etc.	
Environmental CSR management consulting services	Support the acquisition of accreditation for and improvement of environmental management systems and the formulation of environmental CSR reports.	
Consulting services on biodiversity	Support companies' efforts to preserve biodiversity and assess biodiversity risks in business activities.	
Water risk assessment service	Simple assessment of exposure to water risk such as water depletion, drought, flood and decline in water quality (present/future) on individual manufacture point (domestic/ overseas) bases.	
○Other businesses		
Nursing care homes for the aged ★ 	Operate "You Life Yokohama" and "You Life Setagaya".	
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 one in Yokohama and two in Nagoya.	
Visit nursing business ★ 	Operate three day-service centers in Shinagawa, Mizuho, and Ibaraki.	

(*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.

(*3) 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.

Deal with New Risks

The risks facing society are becoming more diverse and more complex with every passing day. The World Economic Forum's Global Risk Report 2019 showed that, in line with last year's results, environmental risks are included in the top five risks in terms of both likelihood and impact. Concerns about data fraud and cyber-attacks ranked higher for the third year in a row, with many other technical vulnerabilities also being regarded as significant risks. Also in the survey results in relation to technology were concerns about the rising risks associated with fake news and identity theft as well as privacy infringements by corporations and governments.






Changes in lifestyles may have heightened the risk of outbreaks of infectious diseases. There are also potential risks arising from accidents that occur while using new technologies and from biological threats due to artificial factors. Revolutionary technologies do lead to dramatic progress, but at the same time they require careful management and precaution.




The MS&AD Insurance Group believes that forecasting, preventing, and suitably managing new risks is essential for stable livelihoods and dynamic business activities, and we will provide products/services that address these concerns as well as products/services that satisfy diversifying customer needs. Through examination and research in support of innovation, we will do our part in realizing a sustainable society and economic development.

Providing Information and Conducting Research and Studies on Diverse Risks

We offer information, research, and studies that are effective for identifying and assessing risks, including surveys on continuously evolving technologies and environment as well as research on the utilization of Big Data.

< Principal Approaches >

<p style="text-align: center;"></p> <p style="text-align: center;">Provision of risk information/reports</p>	<p>The magazine provides practical up-to-date reports and information on the risk management efforts of various companies and organizations, and offers preparation support for a variety of risks</p>	  <p style="text-align: center;">RM FOCUS - risk management magazine</p>
<p style="text-align: center;"> </p> <p style="text-align: center;">Joint research with universities</p>	<p>Implementing efforts and support for the development and commercialization of advanced technologies through industrial-academic partnership agreements with universities engaged in cutting-edge surveys and research useful to the next generation</p>	

- > [InterRisk – Risk information/reports \(Japanese only\)](#) 
- > [Conclusion of an industry-academia partnership agreement between Tokyo Denki University and Mitsui Sumitomo Insurance \(Japanese only\)](#) 
- > [Special joint research on MaaS by Aioi Nissay Dowa Insurance and Kagawa University \(Japanese only\)](#) 

Providing solutions to risks

With the progress of technological development, the impacts of climate change, aging population, and changes in the environment have diversified the risks we face. To prepare for new risks, risk assessment through reliable risk models and risk control based on the results is critical. Through consulting done by MS&AD InterRisk Research & Consulting, which is capable of advanced investigation and research functions as well as practical consulting, our Group provides risk preparation solutions.

List of consulting services offered by MS&AD InterRisk Research & Consulting

Compliance, internal control	Risk management	D&O risks, legal risks, CS, and complaints
Product safety, food safety	Enterprise Risk Management (ERM)	Data security, data privacy
BCP, BCM (Business Continuity Management)	Risks in welfare and medicine	Measures against new strains of influenza
Sustainability	Natural Disaster	Due diligence for real estate
Fires, explosions	Risk of theft	Personnel and organizational risks
Occupational health and safety	Transportation risks	

Provision of Goods/Services that Meet Risks

We offer products/services to cope with the changing customer needs due to diversifying risks and changes in the social environments.



< Principal Products/Services >


MSI
ADI
InterRisk

Responses to cyber risks

- Group companies unflinchingly collaborate in the area of cyber risks to offer comprehensive services
- In collaboration with Verizon Japan (hereinafter, "Verizon") and BitSight Technologies (hereinafter, "BitSight"), we launched a new service in February 2018 to provide companies with comprehensive assessments of their cyber-risks. Consulting services are also provided by MS&AD InterRisk Research & Consulting, Inc., which offers companies with one-stop support for building systems to defend against multi-tier risks.
- We have launched a service to provide intelligence information in collaboration with IntSights Cyber Intelligence, Inc.
- We supply products that are also compliant with the new personal information protection rules ("GDPR") enacted by the European Union (EU) in May 2018.

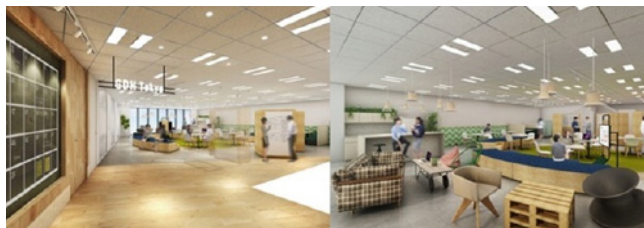
[Business partnership with an innovation organization in Israel \(Japanese only\)](#) [Cyber-intelligence information service begun in collaboration with IntSights Cyber Intelligence \(Japanese only\)](#)

<p style="text-align: center;">MSI</p> <p style="text-align: center;">On-demand "1-day Leisure Insurance"</p>	<p>In April 2018 we began offering the 1-Day Leisure Insurance, a policy that cover 24-hour periods, targeted for customer who want coverage in daily units and for obtaining coverage for leisure activities.</p>	
<p style="text-align: center;">MSI ADI</p> <p style="text-align: center;">Coverage on sharing businesses</p>	<p>To help sharing businesses steadily develop, we have been working with the Sharing Economy Association, Japan to offer services to certified companies, products to vacation rental companies, and products/services to individual members who work in the sharing economy.</p>	
<p style="text-align: center;">MSI</p> <p style="text-align: center;">Derivative products to cope with new strains of influenza</p>	<p>In August 2018, we became the first insurance company in Japan to begin offering solutions to joint-stock companies capitalized at one billion yen or more to reduce their risks during major outbreaks of new types of influenza.</p>	

Global Digital Hubs Opened

Our Group opened global digital hubs in Tokyo and Singapore to promote digitalization globally. The Tokyo hub was opened in April 2019 to encourage employees and agents to make greater use of digital technologies, while the Singapore hub was opened in February 2019 to support digital business approaches in various ASEAN countries.



[Establishment of Global Digital Hubs in Tokyo and Singapore](#) 

MS Digital Academy Established

In July 2018, our Group joined with Toyo University's Faculty of Information Networking for Innovation and Design (INIAD) to open the MS Digital Academy, a specialized training program, in order to foster industry-ready digital business creators and data scientists. Utilizing both the hardware and software resources of INIAD, we are looking to create opportunities that enable employees to acquire proficient skills in specialized knowledge and technologies.

[Collaboration with Toyo University's Faculty of Information Networking for Innovation and Design \(INIAD\) \(Japanese only\)](#) 

Create Mobility Society without Accidents

The 2018 figures for fatal traffic accidents in Japan showed more fatalities among people of 65 years of age or older than among people below 65 years, and that the elderly have accounted for an increasing number of traffic fatalities over the past 10 years. About half of the traffic fatalities are pedestrians or cyclists, a high percentage in comparison to major Western countries. There has also been an upward trend in recent years in traffic accidents attributable to the use of mobile phones or other devices while driving; 2,790 such accidents occurred in 2018, which is more than double the number ten years prior. The most common cause of these traffic accidents is human error. Mindless or inattentive driving, improper vehicle operation, and failure to confirm safe operating conditions can all be prevented by eliminating inattention and complacency. Advances in automated driving technology are also key to safer driving.

The MS&AD Insurance Group is working to reduce traffic accidents and to ensure that everyone has access to comfortable mobility by utilizing telematics technology, smartphones, and other devices, and by providing insurance products/services that support safe driving.

Services, Studies and Research to Prevent Traffic Accidents

Identifying and then avoiding the risks that lead to accidents is vital for preventing traffic accidents. We provide services that visualize elements connected to preventing traffic accidents and that support safe driving in an effort to prevent traffic accidents.

We are also engaged in joint research with a variety of institutions in anticipation of wider adaption of self-driving cars in future.

< Principal approaches >

MSI

ADI

Insurance for automobiles with onboard dashcams

We have launched “Observe and Protect Automobile Insurance (Dashcam Type)”, an insurance product that utilizes the latest in telematics technology in dedicated dashcams outfitted with proprietary communications functions to support safe driving by customers. These drive recorders offer video recording functions, and we provide safe driving assistance alerts that call drivers’ attention to driving conditions as well as a guardian service that share information including driving tendencies with family members and others living apart from the driver. If the drive recorder detects a major collision, information about the accident site and other relevant information will be relayed to a dedicated safety confirmation desk, and an operator will contact the customer to offer advice on initial responses to the accident.

Number of Observe and Protect Automobile Insurance (Dashcam Type) policies tops 100,000! (Japanese only)

[GK Mimamoru \(MSI\) \(Japanese only\)](#)

[TOUGH \(ADI\) \(Japanese only\)](#)



Providing applications that support safe driving

We provide a variety of services that utilize telematics technology, smartphone apps, and connected drive recorders for greater security and safety.

*Please see the official websites and news releases of the pertinent companies for further details.

- For corporate customers

We provide services that use telematics technology (functions to ascertain information about the vehicle's location, functions to prevent distracted driving, safety driving consulting services, etc.) to help customers reduce accidents.

Number of smartphone applications for Suma Navi tops 10,000

(MSI) (Japanese only)

Developed a smartphone app to prevent distracted driving (MSI)

(Japanese only)

Sales of Telematics Automobile Insurance strong (ADI) (Japanese

only)

Created a new service for companies utilizing telematics technology – Biz Safety (ADI) (Japanese only)

- For individual customers

We analyze data related to the customers' driving tendencies to assess their driving ability and competence, including functions capable of recording/checking videos of dangerous driving locations, and then provide information and functions useful for preventing accidents and encouraging safety driving .

Suma-Ho (MSI) (Japanese only)

Sapo NAVI (ADI) (Japanese only)

Mitsui Direct General App (Mitsui Direct General) (Japanese only)



R&D for next-generation automobile insurance

We have concluded an industrial-academic collaboration agreement with Gunma University for research aimed at helping to bring about the next-generation of mobility society. Through pursuing technological development and verification testing on self-driving cars, we are conducting joint research aimed at developing insurance products for self-driving cars and formulating claims handling methodologies pertinent to accidents involving self-driving cars.





Next-Generation Mobility Accident/Service Research Laboratory located on the Gunma University site (Japanese only)


Providing Insurance Products and related Services to Create a Comfortable Mobility Society without accidents

With the growing number of cars employing autonomous driving technologies that is causing changes to our mobility society, we are utilizing telematics technology to gather and analyze customers' driving practices and then providing customers inside and outside Japan with insurance products that lead to safety driving and fewer accidents in addition to insurance products for reducing economic burden on customers, which meet a variety of other needs.

< Principal Products/Services >

<p style="text-align: center;">ADI</p> <p style="text-align: center;">Telematics-based Automobile Insurance</p>	<p>This is the first automobile insurance policy in Japan that reflects in its premiums the degree to which policyholders have engaged in safety driving each month as measured by driving data obtained through telematics technology. Holders of this policy have seen a lower accident frequency than customers using our Tough Automobile Insurance, highlighting the effect the new policy has had on preventing traffic accidents.</p>  <p>TOUGH Connected Automobile Insurance (Japanese only) </p> <p>Began the sales of Thailand's first automobile insurance linked to driving distance (TOYOTA Care PAYD) (Japanese only) </p> <p>First telematics automobile insurance launched in Europe by a Japanese non-life insurer (ADI) (Japanese only) </p>
<p style="text-align: center;">MSI ADI</p> <p style="text-align: center;">One-day automobile insurance policies</p>	<p>We have begun offering automobile insurance allowing persons with no car of their own to obtain one-day policies when driving cars borrowed from acquaintances or others.</p> <p>Number of 1-Day Insurance policies tops 5 million! (Japanese only) </p> <p>1-Day Insurance (MSI) (Japanese only) </p> <p>One-day Supporter (ADI) (Japanese only) </p>
<p style="text-align: center;">MSI ADI</p> <p style="text-align: center;">Automobile insurance for truck convoys operating with unmanned trailing vehicles</p>	<p>Verification testing of truck convoy operations on highways has been undertaken with the aim of making practical use of fully self-driving trucks in future. However, convoys operating with unmanned trailing vehicles pose certain unconventional risks for which we have developed a new automobile insurance.</p>  <p>Developed an automobile insurance for truck convoys operating with unmanned trailing vehicles (Japanese only) </p> <p>Source: Ministry of Land, Infrastructure, Transport and Tourism website</p>
<p style="text-align: center;">MSI ADI</p> <p style="text-align: center;">Coverage for accidents while cycling</p>	<p>In light of the rising amounts of compensation being sought in the wake of accidents as well as due to other social circumstances, we provide insurance that covers cyclist's liability for damages and injuries.</p> <p>Net de Hoken@Cycle, bicycle insurance for traffic injuries (MSI) (Japanese only) </p> <p>TOUGH Injury Insurance (ADI) (Japanese only) </p>

[External Evaluation]

> “TOUGH Connected Automobile Insurance” won the 2018 Good Design Award (Japanese only) 

The concept of preventing traffic accidents by providing “safety driving incentives (discounts)” and “security and safety services” was well-received by the judges and as a result we were given the 2018 Good Design



Strive for Resilient Community Development

Weather damage from heavy rains, flooding, cyclones, and other disasters has intensified due to climate change, thus making it urgent that steps are taken to reduce the number of people killed or injured in these disasters and to lessen the economic losses.

Forecasting the risks of potential disasters and preparing communities for their contingencies is of great significance in ensuring the safety and security of people's livelihoods.

The "resilient community development," for which the MS&AD Insurance Group is aiming for, entails realizing sustainable residential spaces that are safe and able to recover from disasters. To that end, we are conducting studies and research on disaster prevention/mitigation, providing products/services that lessen disaster damage, and endeavoring to support rapid recovery from any disasters that do occur. Furthermore, revitalizing local communities is also important for creating communities capable of coping with disasters. Declining vitality among local communities is leading to a number of issues, among them a shortage of social services due to depopulation. Regional revitalization is a key governmental policy, and we will be working on revitalizing local communities and developing communities resilient to disasters by working with local governments and stakeholders by implementing industrial promotion measures tailored to the local requirements and supporting risk management that helps to create disaster-resilient communities.

Preventing/Mitigating Disasters

[National Conference for Promoting Disaster Risk Reduction 2018]

HD

We participated and conducted a session at the "National Conference for Promoting Disaster Risk Reduction 2018: Preparing for Large-Scale Disasters – Strengthening Collaboration Networks in Communities" hosted by the Cabinet Office and other offices.

This conference enabled a broad range of people from families to experts to learn about disaster prevention. Our Group held sessions combining presentations and panel discussions on the concept of, and approaches to, "green resilience" which links the bounties of nature with disaster prevention/regional revitalization. The idea of making disaster prevention the linchpin to regional revitalization was a novel one and local government officials, university researchers, and other participants commented on its usefulness.



[Weather Information Alert Service]

MSI

In collaboration with Weather News Co., Ltd., the largest weather information company in Japan, we provide corporate fire insurance (Property Master, Business Keeper), construction insurance (Construction All-in, Civil Engineering All-in), or transport insurance (Full Line, Support One) policyholders the following services for free:

- Customers can use an exclusive website to access at any time weather information/forecasts for up to five preset locations

- Customers can select locations that are to be monitored and alert e-mail messages are sent out to customer-stipulated e-mail addresses when, for instance, rainfall, wind speed or snowfall forecasts exceed pre-determined values or when lightning strikes have been observed within a pre-determined distance from monitored locations.

[Preparing Against Flooding/Earthquakes]

MSI ADI

In response to rising interest among customers for flooding/earthquake coverage against a backdrop of repeated disasters, we have been running a Flooding/Earthquake Preparation Proposal Campaign. The campaign calls on agents to explain flooding and earthquake risks to customers with the aim of having their customers review the details of their existing coverage and prepare against said contingencies. We are also encouraging the use of Internet services to ensure a communication channel between customers and agents, and making proposals to help customers prepare during ordinary times, through means such as presenting hazard maps and urging customers to confirm suitable evacuation routes.



Flyer highlighting need for coverage





Providing information on disaster prevention/mitigation

[Useful Smartphone Applications for Disaster Strikes]

MSI

We provide smartphone services for use during disasters and are endeavoring to help our users ensure their safety and security when large-scale natural disasters strike.

- > [Smartphone Disaster Navigator \(Japanese only\)](#) 
- > [Launched "Earthquake! Where Are You Now?" an industry-first service \(Japanese only\)](#) 

Assisting in Swift Post-disaster Recovery

Against the backdrop of large-scale disasters occurring one after the other, our Group has rapidly conducted damage investigations, paid out insurance claims, and taken other steps to provide relief to disaster victims. We have also introduced a variety of new technologies to accelerate payments of insurance money.

< Principal Approaches >

<div style="display: flex; justify-content: space-around; margin-bottom: 5px;"> MSI ADI </div> <p>Damage surveys utilizing drones (unmanned aerial vehicles)</p>	<p>In conducting damage surveys in areas inaccessible by road due to flooding or landslides or of solar panels spread out over an extensive area, we analyze aerial images taken by drones to quickly grasp the degree of damage.</p> <p>Full-scale damage surveys using drones started (Japanese only) </p>
<div style="display: flex; justify-content: space-around; margin-bottom: 5px;"> MSI ADI </div> <p>Real-time damage surveys using smartphones</p>	<p>We use video chat and view-sharing systems to rapidly confirm damage and pay out insurance money by transmitting real-time videos and still images to property loss assessors and technical adjusters (employees responsible for investigating property accidents)</p> <p>Introduced a nationwide view-sharing system to enable real-time damage surveys utilizing smartphones (Japanese only) </p>
<div style="display: flex; justify-content: space-around; margin-bottom: 5px;"> MSI ADI </div> <p>Operational automation by software robots</p>	<p>By introducing RPA (Robotic Process Automation) for registering accident claim information received via a dedicated website and automating the simple administrative tasks, we have developed a system that allows us to assign more personnel to higher value-added operations such as customer service and damage surveys during large-scale disasters</p>

[Donations in Response to Disasters]

Group-wide

We are soliciting donations to help out victims of disasters in Japan, to whom the Disaster Relief Act applies, as well as of large-scale disasters overseas. We also run a Disaster Relief Donation Matching Gift Program under which we supplement contributions made by Group company employees.

< Group-wide Donations in Response to Disasters >

	Number of donation drives	Contributors	Total amount (including matched funds)
FY2018	4	21,129	50,230,000 yen

Disaster Relief Donation Matching Gift Program

Revitalizing Regions by Finalizing Collaboration Agreements

We are assisting in regional revitalization efforts through agreements with partners that include prefectural, city, town, and village governments, local commercial/industry groups and financial institutions. In total, the Group has concluded 453 of such agreements, in accordance with which the Group has been offering consultations to assist in addressing various risks and promoting regional revitalization. We are also involved in the creation of shared value (CSV) with society by leveraging our strengths in cooperation with local stakeholders to resolve the social issues faced by the communities.

< Principal Approaches >

<div style="display: flex; justify-content: space-around; margin-bottom: 5px;"> <div style="border: 1px solid black; padding: 2px 5px; font-size: 8px;">MSI</div> <div style="border: 1px solid black; padding: 2px 5px; font-size: 8px;">ADI</div> </div> <p>Providing support menus for SDGs efforts</p>	<p>We support SDGs initiatives by local governments, commercial/industrial groups, regional financial institutions, and small/medium-size companies</p>
<div style="display: flex; justify-content: space-around; margin-bottom: 5px;"> <div style="border: 1px solid black; padding: 2px 5px; font-size: 8px;">MSI</div> <div style="border: 1px solid black; padding: 2px 5px; font-size: 8px;">ADI</div> </div> <p>Providing business continuity plans (BCP)</p>	<p>We hold seminars and other events to help companies formulate BCP that will allow them to quickly restore and continue their businesses even when natural disasters or unexpected accidents occur</p>
<div style="display: flex; justify-content: space-around; margin-bottom: 5px;"> <div style="border: 1px solid black; padding: 2px 5px; font-size: 8px;">MSI</div> </div> <p>Developing/providing cattle coverage for beef cattle ranches</p>	<p>We are developing/providing injury insurance that offers compensation for losses stemming from the death during transport of beef cattle after being fattened for 20 months or even more. A key business issue for beef cattle ranchers</p>
<div style="display: flex; justify-content: space-around; margin-bottom: 5px;"> <div style="border: 1px solid black; padding: 2px 5px; font-size: 8px;">MSI</div> <div style="border: 1px solid black; padding: 2px 5px; font-size: 8px;">ADI</div> </div> <p>Developing/proposing “Japanese Sake Manufacturer Insurance”</p>	<p>We are developing/providing insurance designed specifically for Japanese sake manufacturers that offers comprehensive coverage in a single insurance policy for risks inherent to the manufacturing/sale processes for Japanese sake, which has been gaining in popularity overseas as a feature of Japanese culinary culture</p>
<div style="display: flex; justify-content: space-around; margin-bottom: 5px;"> <div style="border: 1px solid black; padding: 2px 5px; font-size: 8px;">ADI</div> </div> <p>Contributing to the realization of “an inclusive society” for regional revitalization</p>	<p>We support efforts to bring about regional inclusive communities whose members respect each other’s personality and individuality by using the know-how we have gained through organizing sports events for people with disabilities, etc., and by collaborating with local governments nationwide (hosting universal manner seminars, engaging in activities to support sports for people with disabilities)</p>

> MSI: Contributions to regional revitalization (Japanese only)

> Regional revitalization by ADI (The local AD Club) (Japanese only)

External Evaluation

> In FY2018, for the second consecutive year, we received the Minister’s Award presented for “distinctive efforts” by financial and other institutions assisting in regional revitalization. (Japanese only)


Support “Good Health and Longevity”



Japan's birthrate is declining, its society is aging, and its total population is declining. It has been forecasted that the country's population will drop below 90 million by 2060, with the elderly population rate – the percentage of the population aged 65 and older – reaching nearly 40%. The rising elderly population necessitates an environment in which the elderly can live with a peace of mind. This living environment must give consideration to an urban structure that makes it easy to get about, supports access to information on health and preventive medical care, and is adapted to the decline of bodily functions that comes with age and nursing care. At the same time, the urban structures needs to facilitate the slowing of population decline by creating an environment in which pregnant women, children, and people with children can live safely and with peace of mind. The MS&AD Insurance Group will promote good health so that people can remain active throughout their entire lives, provide asset-building means to support a fulfilling “second life,” and help develop business activities that lay the foundation for a super-aging society and thereby support “good health and longevity.”

Promoting Good Health and Preventing Illness

We provide services that promote fitness so that people can enjoy long and active lives, and we collaborate with universities to carry out studies/research on promoting good health.

< Principal approaches >






<p style="text-align: center;"> MSI MSI Aioi Life </p> <p style="text-align: center;">Assisting in maintaining physical and mental fitness</p>	<p>We have created the Kokokara Diary, a smartphone app that supports physical and mental fitness. The app can measure stress, automatically calculate and display calories burned by measuring steps, record meals, height, weight, sleep time, and other data. It can also be used to check medical care information. The application can be utilized by customers to manage their health. We also provide an exclusive website for corporate customers that can be utilized for health and productivity management.</p>	
<p style="text-align: center;"> HD MSI ADI MSI Aioi Life </p> <p style="text-align: center;">Promoting good health in collaboration with the University of Tokyo's Center Of Innovation</p>	<p>MS&AD Holdings, MSI,ADI and MSI Aioi Life Insurance have commenced efforts aimed at promoting good health nationwide in collaboration with the University of Tokyo's Center of Innovation's (COI) Self-Managing Healthy Society locations. MSI and ADI are currently developing insurance products to support health and productivity management that combine consulting services with a health management app based on an AI-driven health risk forecasting model.</p>	
<p style="text-align: center;"> MSI Aioi Life </p> <p style="text-align: center;">Seminars to provide information on human life and medical care</p>	<p>To give customers a better understanding of the importance of health, medical care, and precautions, we have been holding variety of open seminars on health and medical care topics in addition to seminars as part of our joint project Cerebral Stroke Project with the Japan Stroke Association in locations nationwide.</p>	
<p style="text-align: center;"> MSI ADI InterRisk </p> <p style="text-align: center;">Promoting health and productivity management and offering consulting services</p>	<p>We are partnering with local governments, chambers of commerce and industry nationwide, and the Japan Health Insurance Association to popularize and promote health and productivity management by holding seminars presented by instructors from MS&AD InterRisk and by offering consulting services that support corporate health and productivity management.</p>	



- > Kokokara Diary developed to support physical and mental fitness. (Japanese only) 
- > Health & Productivity Management Support Products developed in collaboration with the University of Tokyo's COI (Japanese only) 

Expanding business to support a super-aging society

We are contributing to the development of businesses that support super-aging societies by making available a variety of solutions and support relating to nursing and medical care.

< Principal Approaches >




<div style="text-align: center;">  <p>Products for welfare/nursing care providers</p> </div>	<p>We provide a comprehensive compensation plan for various risks related to welfare/nursing care providers (risk of compensation liability, information leakage risk, property damage risk, etc.), which also covers consulting costs for the prevention of accident reoccurrence. Furthermore, we provide another comprehensive insurance package that includes risk consulting options so that policyholders can receive the compensation that suits their needs.</p>
<div style="text-align: center;">  <p>Work and Nursing Care Dual Support Service for companies</p> </div>	<p>We provide Work and Nursing Care Dual Support Service to human resources departments.</p> <div style="display: flex; align-items: center;">   </div>
<div style="text-align: center;">  <p>"My 100-Year Life Training" for financial institutions</p> </div>	<p>We have developed and are providing My 100-Year Life Training which is designed to enhance the consulting skills of insurance agents in an age of super-longevity. The training curriculum helps insurance agents improve their ability to put forth proposals that meet a variety of insurance needs by using original business games (card games) designed to give the agents a realistic sense of what might be required for an unexperienced 100-year life.</p>




- > We started providing our Future Nursing Care Management Head Office support service for nursing care providers. (Japanese only) 
- > Developed My 100-Year Life Training (Japanese only) 

Providing Products and Services to Support “Good Health and Longevity”

We provide means for asset-building and products/services tailored to customers’ needs designed to help people live fulfilling second lives in safe societies with peace of mind.

< Principal Products/Services >

<div style="text-align: center;">  <p>Self-help-style asset building</p> </div>	<ul style="list-style-type: none"> • We provide individual defined contribution (IDeCo) pensions through means that include financial institutions and agents. (MS, AD) • We provide products that support customers’ self-help efforts to build the assets needed for 100-year lifespans, including tontine-like* pension insurance capable of satisfying the need for long-term living benefits. <p>(*) A type of insurance in which the indemnities paid for by deceased policyholders are reduced and the reductions are allocated to the pensions of still-living policyholders who receive more pension money the longer they live</p>	
<div style="text-align: center;">  <p>Coverage for nursing care and dementia</p> </div>	<p>We provide a Lifelong Nursing Care/Dementia Plan, a product that addresses nursing care risk for the treatment of dementia (official name: Lifelong Insurance (Reduced Cancellation Refund) with Non-Dividend/Lifelong Nursing Care Coverage Special Rider (No Cancellation Refund) (18) and Special Provisions on Lump-Sum Payments for Dementia). This plan offers coverage for persons requiring nursing care for dementia, a particularly expensive type of nursing care, and enables them to prepare more robustly and alleviate anxieties about nursing care.</p>	
<div style="text-align: center;">  <p>Provision of coverage tailored to an aging society</p> </div>	<ul style="list-style-type: none"> • We offer special landlord expense riders to fire insurance policies to cover expenses incurred from dealing with the losses arising from solitary deaths of elderly residents in rental housing. We also provide incidental services (furniture moving, light-bulb replacement services) through fire insurance to support the elderly in their day-to-day lives. • We are providing special riders that cover the liability for train delays not involving property damage to deal with the increasing risks arising from a growing number of dementia sufferers. 	

- > Launched A Fulfilling Tomorrow Existence Security-Oriented Level Payment Individual Pension Insurance (Variable Rate-Type) (Japanese only) 
- > Launched Joy for Tomorrow 2 Currency Selection-Type Existence Security-Oriented Individual Pension Insurance (Japanese only) 
- > Lifelong coverage of dementia and nursing care risks offering lump-sum payment + pension! Lifelong Nursing Care/Dementia Plan whole life insurance policy now available (Japanese only) 

Work toward Realization of “Leaving No One Behind”






At the heart of the SDG-focused 2030 Agenda for Sustainable Development lies the mission of ensuring that everyone can enjoy productive and satisfying lives toward the future while leaving no one behind as the society progresses. These are also essential elements for a resilient and sustainable society that is to be achieved by 2030 through realizing the MS&AD Insurance Group’s Mission of “contributing to the development of a vibrant society and helping secure a sound future for the planet, by enabling safety and peace of mind through the global insurance and financial services business.”

Our Group will partner with various sectors in taking on the challenges of making insurance/financial services more widely available and utilizing insurance to resolve such issues as poverty, social disparities, and discrimination.

Supporting Developing Countries

We are transferring insurance technologies to expand the communities and the number of individuals able to obtain insurance and engaging in social contribution activities in those areas that cannot be covered by insurance products or services.


< Principal Approaches >

<p style="text-align: center;">MSI</p> <p style="text-align: center;">Offering fire insurance specifically for the housing of indigenous inhabitants in Malaysia</p>	<p>This package covers assistance schemes operated by Social Enterprize, EPIC Homes which is aimed at improving the living environment of indigenous people. By offering compensation, we provide peace of mind to the local indigenous people and support the participation of donors in the support scheme.</p> <p>Press release (MSIG Malaysia) </p>
<p style="text-align: center;">MSI</p> <p style="text-align: center;">Greater access to insurance and job creation in India</p>	<p>We have set up small shops equipped with insurance kiosks in villages, towns, and small and medium-sized cities across the country, and are thus helping to expand access to insurance in regions where insurance had been previously difficult to obtain.</p> <p>We have also contracted groups that are striving to create jobs in farming communities to issue insurance policies. This contributes to the process of creating jobs for women in farming communities where few job opportunities outside agriculture exist.</p> <p>Cholamandalam MS General Insurance official website </p>
<p style="text-align: center;">MSI</p> <p style="text-align: center;">Provision of Doreming Insurance Sales Service</p>	<p>We have begun collaborating to offer services linked to Doreming* in order to provide more people have not been able to access to insurance.</p> <p>(*) A work attendance management system that enables employees to receive their wages via electronic money on a per-diem basis, thereby stabilizing and improving the livelihoods of low-income people who do not have bank accounts and are unable to utilize financial services.</p> <p>The Japan Unisys Group, MSI, and Doreming Asia begin collaborative efforts to provide Doreming Insurance Sales Service (Japanese only) </p>
<p style="text-align: center;">MSI Aioi Life</p> <p style="text-align: center;">Donations to help supply vaccines to the world's children</p>	<p>For each new policy sold among our &LIFE brand of insurance products, we make a donation to the Japan Committee - Vaccines for the World's Children who use the donation to purchase vaccines.</p> <p>Results of FY2018 sustainability efforts (Japanese only) </p> 



Efforts in Support of "Leaving No One Behind" in Japan

Through our business endeavors, we are aiming to ensure that no one is left behind, focusing on issues such as poverty, disparities, and discrimination in Japan.

< Principal Approaches >

<p style="text-align: center;">Group-wide</p> <p>Provision of easily comprehensible information</p>	<p>In addition to utilizing personal computers and smartphones, we are instituting procedures that give due consideration to the needs of the elderly and people with disabilities by adopting eye-friendly and easily readable fonts (Universal Design Font, etc.) for use in pamphlets for our primary products together with easy-to-understand words, figures, and illustrations to convey information.</p>
<p style="text-align: center;">MSI</p> <p>Support for raising public awareness about foster care systems</p>	<p>We have supported efforts to raise public awareness about Osaka's foster care system, which had the lowest foster placement rate in Japan.</p> <p>< Specific efforts ></p> <ul style="list-style-type: none"> • Co-sponsorship of the Foster Care Forum (August 2017) hosted by Osaka Prefecture • Establishment of a new foster care insurance system (made-to-order- liability insurance) to strengthen the foster care support system
<p style="text-align: center;">MSI</p> <p>Development of an accident relief system linked to dementia ordinances (dementia "Kobe Model")</p>	<p>Having been entrusted with the administration of the accident relief system linked to Kobe's dementia ordinances, we have developed Japan's first comprehensive three-pronged coverage scheme for dementia: (1) accident relief (insurance), (2) system expansion (encouragement of early dementia testing), and (3) accident prevention (GPS tracking services by security companies).</p>
<p style="text-align: center;">ADI</p> <p>Traffic safety training sessions for foreign residents in their native language</p>	<p>We have teamed up with Toyohashi City, home to numerous foreign residents, to hold panel sessions on traffic safety education for the Brazilian community that makes up the city's largest segment of foreign residents. We are preparing texts in Portuguese that explain Japan's traffic rules and expand on the need for sign up for insurance.</p>
<p style="text-align: center;">ADI</p> <p>Affixing of Bell Marks to insurance products</p>	<p>As the only co-sponsor from the non-life insurance sector (as of April 2019), we are participating in the Bell Marks campaign which is designed to ensure that all children equitably receive education in productive environments. We have affixed the Bell Marks to all of the Tough-series products.</p> <p>Guide to Bell Marks-designated insurance products (Japanese only) </p>
<p style="text-align: center;">Group-wide</p> <p>Fostering of Dementia Supporters</p>	<p>We are encouraging employees and agents to attend training classes for dementia supporter so that they can acquire accurate knowledge about dementia and the know-how needed to support dementia sufferers and their family members. We also encourage them to go to participate in monitoring activities as dementia supporters in their respective communities. In FY2018, the Group worked to encourage employees to attend the training classes for dementia supporters (approximately 8,000 employees have taken part in these classes as of the end of FY2018).</p>


External Evaluation

- ▶ Our automobile insurance claim forms have received User Universal Design certification. (Japanese only) 
- ▶ We received the Gold Medal in the Japan Resilience Awards 2019 (Kobe Model). (Japanese only) 

Cultivating a Sustainability Mindset among Employees

Employee participation in social contribution activities in their local communities not only advances the personal growth of the employees but also prompts them to learn more about social issues and consider the solutions needed to achieve a sustainable society. Social contribution activities carried out by corporate citizens extend the employees' antennas into communities and societies, foster ability to image, and build networks with communities. We, as a company, are providing opportunities for employees to engage in a variety of local activities alongside community residents both inside and outside Japan.

< Principal Approaches >

<p style="text-align: center;">Group-wide</p> <p>Social contribution activities carried out nationwide</p>	<p>Group companies are actively taking part in global environmental conservation/social contribution activities tailored to the needs of individual communities.</p>
<p style="text-align: center;">Group-wide</p> <p>MS&AD Unison Smile Club</p>	<p>This social action organization is operated by MS&AD Group employees who support its activities by making donations in 100-yen units from their monthly salaries. The club makes donations to NPOs and other organizations and undertakes employee volunteer activities.</p> <p style="text-align: center;">MS&AD Unison Smile Club</p> 
<p style="text-align: center;">Group-wide</p> <p>Disaster volunteer activities</p>	<p>We are continuing our efforts to provide aid to the victims of the Great East Japan Earthquake as exemplified by our co-sponsorship of soccer classes featuring J-League players as well as sales events and running events to generate funds for reconstruction assistance. When floods or other disasters strike, employees obtain information on volunteer activities from their companies and disaster-hit areas, and then participate on their own in relief efforts in the disaster-hit areas.</p>

Quality that Earns the Trust of Society

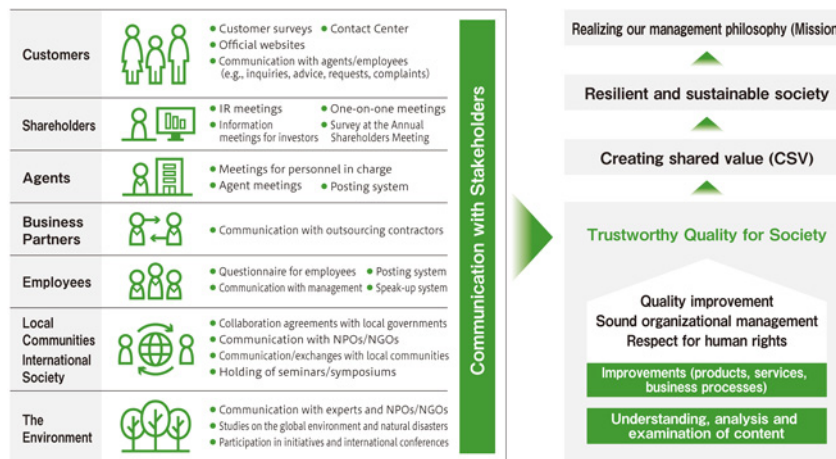
Meeting the Trust of Society with High Quality

The MS&AD Insurance Group believes it important to pay close attention to the expectations and needs of customers and other stakeholders and to put information derived from this in to good use in improving the quality of its products/services in order to continue being a corporate group needed by society.

By putting in place a variety of schemes to solicit the views of stakeholders, we are continuing to improve our quality and operations through executive-level discussions to prove ourselves worthy of the public’s trust. For example, we provide easy-to-understand product explanations, use advanced technology to make procedures more convenient, adopt approaches that meet the needs of a diverse range of customers, including the elderly and people with disabilities, and work to improve the skills of employees.

Quality Improvement through Communications with Stakeholders

The Group has established the “MS&AD Insurance Group Basic Policy for Responding to Customer Communications” and provided a scheme and opportunity to listen to the voice of customers and other stakeholders for quality improvement of products and services, as well as compliance, respect for human rights and environmental initiatives.



Communication with Stakeholders

Schemes for Receiving Feedback from Customers

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

[MS&AD Insurance Group Basic Policy for Responding to Customer Communications](#)

We disclose the substance and results of the improvement activities on our website so that the customers can see the status of the improvements.






A Customer-first Policy in the Business Operations

The five Group insurance companies in Japan have formulated and published customer-first policy in the business operations based on the Financial Services Agency's Principles for Customer-oriented Business Conduct. Because these policies align with the framework for consumer-oriented voluntary declarations called for by consumer-oriented management promotion organization comprising the Consumer Affairs Agency and other members, we announced the voluntary declaration in May 2019.

Please see individual companies' official websites for further information regarding these policies.

[Consumer-oriented voluntary declarations made by Group insurance companies in Japan \(Japanese only\)](#) 

< Customer-first policy in the business operations > (Japanese only)






- [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.](#) 

Specific Initiatives in Customer-first Business Operations

Our Group is striving to manage its business affairs by placing high value on a "customer-first" attitude to ensure quality that earns the trust of society. The five Group insurance companies in Japan are engaged in efforts based on customer-first policy in the business operations and are periodically disclosing key performance indicators (KPI) that are used to objectively assess these efforts and the progress made.

Please see the official websites of these companies for specific information regarding the efforts/progress being made.

< Customer-first Business Operations – FY2018 Overview > (Japanese only)

- [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.](#) 












< Principal Approaches >

<p style="text-align: center;"> MSI ADI MSI Aoid Life </p> <p style="text-align: center;">Efforts to enhance customer convenience in obtaining policies</p>	<p>We have been developing and adopting more convenient and comprehensible procedural methods to provide information on insurance and services to a variety of customers.</p> <ul style="list-style-type: none"> · Procedures for applying for and obtaining policies are available online · Procedures for obtaining policies without paper utilizing tablets and other devices. · Dissemination of information on insurance products using LINE
<p style="text-align: center;"> MSI ADI </p> <p style="text-align: center;">Prompt and courteous customer service during natural disasters</p>	<ul style="list-style-type: none"> · We are helping to rebuild customers' livelihoods as soon as possible by increasing manpower and improving administration at our Accident Claims Center and Insurance Claim Payment Center in line with the scale of disasters, including earthquakes, typhoons, flooding, and heavy snowfall, and by rapidly settling insurance claims. · We have developed a RPA system which helps register accident claim information and settling insurance claims. · We have been sending out post-disaster messages of sympathy and condolence as well as information on insurance claims by LINE.
<p style="text-align: center;"> Group-wide </p> <p style="text-align: center;">Screening of insurance payments</p>	<ul style="list-style-type: none"> · Claims determined not to be eligible for insurance payments but which nevertheless satisfy certain conditions are examined by a Screening Committee comprising outside attorneys and other experts. · MSI and ADI disclose the number of such claims examined and the cases examined on their official websites.
<p style="text-align: center;"> Group-wide </p> <p style="text-align: center;">Operational improvements utilizing customer suggestions</p>	<ul style="list-style-type: none"> · In accordance with the MS&AD Insurance Group Basic Policy for Responding to Customer Communications, customers' opinions that are received through consultations, requests and complaints are collected, managed, and analyzed centrally, and then utilized to improve operations. The details and outcomes of these improvement efforts are being disclosed in sequence. · We have issued a declaration of conformity with ISO10002, guidelines for quality management, customer satisfaction, and complaint response at organizations that also serve as international standards for customer service. We are continually upgrading our services in keeping with customer views. <p>Basic Policy for Responding to Customer Communications</p>
<p style="text-align: center;"> HD </p> <p style="text-align: center;">Use of customer satisfaction based on customer questionnaire surveys as a KPI*</p> <p style="text-align: center;">(*) Key Performance Indicator: an indicator used to quantitatively evaluate efforts</p>	<p>Among the indicators used for measuring the level the five Group insurance companies in Japan have continued their efforts in customer-first business operations, customer satisfaction from customer questionnaires (completed by customers when signing up for policies or being paid insurance money) has been designated as one of the indicators for Group sustainability that earns the trust of society</p> <p>Targets and Results: "customer satisfaction indicated in a questionnaire survey when purchasing policies" and "customer satisfaction indicated in a questionnaire survey when receiving insurance payments"</p>
<p style="text-align: center;"> Group-wide </p> <p style="text-align: center;">Inculcation of customer-first value orientation among employees/agents</p>	<p>We have been fostering a suitable corporate climate by infusing customer-first values into operations through education for employees and agents.</p> <p>< For employees ></p> <p>We conduct workplace meetings and arrange training and contests aimed at improving skills in all departments.</p> <p>< For agents ></p> <p>We provide agents with various training and online learning opportunities, and we seek to motivate them via an agent quality certification system.</p>

Quality Improvement Utilizing Cutting-edge Technologies

To satisfy a variety of customer needs to a high degree, we develop products/services utilizing cutting-edge ICT and other technology and employ new technologies such as artificial intelligence (AI), Big Data, and voice recognition to revamp our operational flow.

< Principal Approaches >

<p style="text-align: center;">  Improvement of customer convenience </p>	<p>We have utilized AI to develop a chatbot* that automatically responds to inquiries from customers 24/7 on our official website.</p> <p>(*) Chatbot, a portmanteau of “chat” and “(ro)bot,” is an AI-based automated conversation program.</p> <p>Launched a chatbot-based inquiry response service (Japanese only) </p> <p>Introduced a manned chat service to respond to customer inquiries (Japanese only) </p>
<p style="text-align: center;">  Improvement of telephone response quality at call centers </p>	<p>· To achieve higher-quality customer service, we have joined with Persol Works Design Co., Ltd., to develop and introduce an automated model for assessing the quality of telephone responses which can be installed at the Group company call centers.</p> <p>Developed an automated model for assessing telephone response quality at call centers (Japanese only) </p>
<p style="text-align: center;">  Enhancement of accident responses </p>	<p>We have developed and introduced a system to automatically and accurately describe accident conditions with text and illustrations by utilizing AI and telematics technologies.</p> <p>Introduced AI-based system to be used for automatically transcribing accident conditions from dashcams (Japanese only) </p> <p>Introduced a new claims handling system utilizing telematics (Japanese only) </p>
<p style="text-align: center;">  Enhancement of claim settlement operations </p>	<p>We have begun employing a solution provided by Shift Technology, a French start-up company, to detect fraudulent insurance claims.</p> <p>[An industry first] Solution to detect fraudulent insurance claims now in operation (Japanese only) </p>
<p style="text-align: center;">  Strengthening of information security management </p>	<p>In line with MS&AD Insurance Group Information Security Management Basic Policy, we have been pursuing consistent system security management across the Group to ensure that service can be reliably provided in the face of rising cyber risks stemming from technological advances. We are also working to develop more robust information management system through activities such as establishing in-house regulations and educating employees.</p> <p>Information Management</p>

External Evaluation (Japanese only)

- > We were selected as a Competitive IT Strategy Company in 2019. 
- > We received the IT Special Award (Technology Application Award) in the 2018 Information Technology Award. 
- > MSI obtained three-star ratings (the highest rating) in the HDI Rating Benchmarks in inquiry desks, and online support categories. 
- > ADI obtained three-star ratings (the highest rating) in the HDI Rating Benchmarks in monitoring (telephone response) category. 
- > Mitsui Direct General obtained three-star ratings (the highest rating) in the HDI Rating Benchmarks in inquiry desks, and online support categories. 
- > MSI Aioi Life obtained three-star ratings (the highest rating) in the HDI Rating Benchmarks in inquiry desks, and monitoring categories. 

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

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.

Promotion of Diversity & Inclusion

The MS&AD Insurance Group is convinced that providing all employees with opportunities to grow through work and to demonstrate their capabilities will result in greater corporate competitiveness. Creating management platforms that enable employees to play active roles, a business infrastructure needed for employees to take on dynamic roles, in addition to the use of diversity & inclusion key performance indicators (KPIs) to set numerical management targets, has been positioned as a priority in the Vision 2021 Medium-term Management Plan, and we are moving ahead with efforts to make this the source of the Group's comprehensive capabilities.

Issuing the Diversity & Inclusion (D&I) Promotion Report

Group-wide

Our Group issues a D&I Promotion Report and makes it publicly available on our official website. This report presents the directions the Group has taken toward D&I, the projects being pursued by Group companies toward their common goals, and introduces specific D&I measures being implemented at individual Group companies.

< Content of “Diversity & Inclusion (D&I) Promotion Report” >

> D&I Promotion Report 2019 (Japanese only) 

- Message from Group CEO
- D&I Promotion at the MS&AD Group
- Group's Current Data and Target Values
- Systems and Efforts to Promote Active Roles for Women
- Global Human assets Activities
- Active Roles for People with Disabilities, Support for LGBT Staff, Active Roles for Seniors
- Work-life Balance (Programs to Enable Employees to Continue Working)
- Creation of Environments Conducive to D&I
- Message from Diversity & Inclusion Officer
- Principal Awards Received from Government Ministries/Agencies




- > KPIs for Sustainability Initiatives: Ratio of females in managerial positions, Ratio of taking fully paid paternity/secondary leave
- > ESG Data/Reference Material: percentage and number of females among board members and corporate auditors, percentage and number of females in managerial positions

Registration as Member of the 30% Club Japan

HD

In agreement with the vision put forth by the 30% Club Japan, our Group regards gender diversity as an urgent business issue that companies should address and, accordingly, is making committed efforts to cultivate female executives within the Group.

> MS&AD Joins "30% Club Japan" 

Efforts to Realize an Inclusive Society through Support for Athletes

MSI

ADI

MSI Aioi Life

MSI Primary Life

We have been striving to realize an inclusive society in which a variety of people can play active parts by supporting sports for people with disabilities. Among the initiatives taken thus far include fostering and supporting athletes who are actively engaged in competitions, co-sponsoring sports organizations for people with disabilities, and attending competitions around Japan to cheer on the participants. In this context, we have been employing abled and people with disabilities athletes, many of whom take part in the Olympics, Paralympics, Deaflympics, world championships, and other international competitions in order to create an environment in which people are able to dedicate themselves to both work and sports.

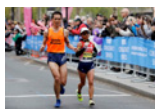



Photo: Reuters/Aflo




Photo: ©JEF United





> MSI x Sports (Japanese only) 

> AD Challenge Support, athlete support website (Japanese only) 


> MSI Aioi Life: Promotion and Support of Sports (Japanese only) 


External Evaluation (Japanese only)

> We became the first non-life insurance company ever to receive an award in the Diversity & Inclusion Category at the 4th White Company Awards (2019). 

> We received the Minister of Internal Affairs and Communications Award recognizing us as one of the Top 100 Telework Pioneers. 

> We received a Gold rating (the highest) in Pride Index 2018, an index evaluating LGBT-related efforts. 

> We are the only non-life insurance company to be certified as a Tokyo Sports Promotion Company for four consecutive years! 

> We were certified as a 2018 Sports Yell Company for the second year in a row by the Japan Sports Agency. 

> For other awards and certifications, see the Diversity & Inclusion (D&I) Promotion Report.

Encourage Employees to Learn and Think by Themselves, Take on Challenges and Continue to Grow

We live in a drastically changing society that can also be seen in our diversifying workforce. To ensure that our employees grow and play active roles, it is important that they find their work satisfying and rewarding, that they remain healthy and dynamic, and that they exercise originality and ingenuity to achieve their work goals so that both the individuals and the organizations can grow and better meet the expectations of society.

MS&AD Insurance Group aims 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 the organizational level power 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."

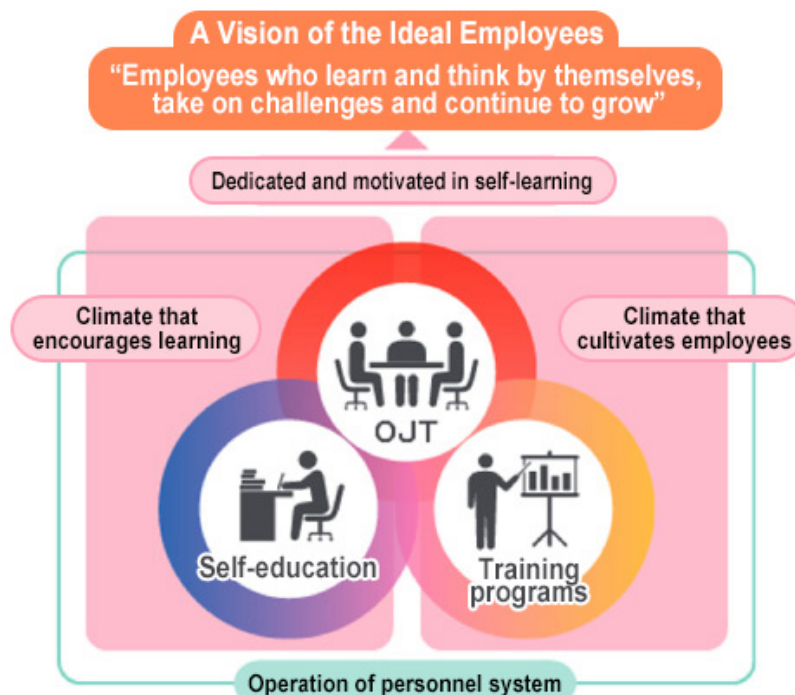
A Vision of the Ideal Employees

Envisioning ideal employees as those “who learn and think by themselves, take on challenges and continue to grow”, Group insurance companies in Japan have been offering education and assistance to promote training, OJT*, and self-improvement so that our employees can work as professionals with pride and satisfaction. We provide a wide range of opportunities, including obligatory courses for all employees in an e-learning format that is more convenient for course participants.

More specifically, individual employees sketch out their career visions, undertake new efforts to realize these visions and bolster their own capabilities and skills through a target management system. Superiors engage in career dialogue during target challenge interviews (interviews with subordinates utilizing career vision sheets) and in other approaches to help employees achieve their career visions and to enhance communication between superiors and subordinates.

(*) OJT: On-the-Job Training

< Conceptual Image of Human Asset Development System >



Enhancing Individual Strengths (Enhancing Individuals)

Group insurance companies in Japan provide training programs as well as outside correspondence courses and other opportunities for self-education in support of self-directed learning and growth to individual employees.

< Our Development Program >



MS&AD Open College	Classroom training to acquire business skills, such as problem-solving
Trainee programs	Voluntary in-house programs that enable employees to experience working in other departments/companies for short periods; among the aims of these programs are to further cultivate Group solidarity and improve communication ESG Data/Reference Material (number of participants of the trainee system)
Post-challenge programs	An open recruiting program through which employees considering their own career paths can convey their plans and wishes to their companies and take on challenges to progress down these paths. Efforts to actualize autonomous career development.

Enhancing Organizational Strengths (Enhancing Teamwork)

To maximize the performance of organizations (workplaces), we are conducting a variety of stratified training programs for employees at all levels to support improvement in their way of thinking and behavior.


< Our Development Program >

New employee training	We have a fair and impartial approach to hiring personnel that respects diversity. Additionally, we are operating OJT programs to enable employees to smoothly integrate into their workplaces after joining the company and to put their workplace experience to good use in obtaining the needed knowledge/skills
Training for managerial personnel	We offer training to help employees understand their unconscious biases and to learn methods for recognizing and controlling their own biases. We also endeavoring to support the improvement of management and workplace communication capabilities to support human resources development across the board
Training for female employees	We have stepped up training and educational programs for female employees to promote career development of women (leaders' school, management seminars, and mentor programs for women, etc.)

 Support for "Meeting of male leaders to accelerate the success of leading female" (Japanese only) 

Development of professional human assets

To respond to the advance of digitalization, the emergence of new risks, and other changes in social structure, we are systematically cultivating human assets with specialized skills who are capable of excelling on the world stage.

<p>Development of global human assets</p>	<p>We have put in place a framework for employees to mutually interact and improve themselves through friendly competition between overseas locations and Japan in order to foster internationally-minded specialists with expertise</p> <p>< Examples of training and programs ></p> <ul style="list-style-type: none"> • Overseas training (learning business skills, languages, etc.) • Global trainee system • Temporary Transfer System for employees hired at overseas branches <p>ESG Data/Reference Material (number of participants in global trainee system, etc.)</p>
<p>Development of personnel to oversee digitalization*</p>	<p>We offer training programs designed to foster industry-ready personnel (digital business creators and data scientists)</p> <p>(*)Digitalization should not be limited to improving the efficiency and convenience of processes, services, etc., via digital technology but it should also help reform the Group's overall business operations</p> <p>< Examples of training and programs ></p> <ul style="list-style-type: none"> • MS Digital Academy • Data science education programs for all employees <p>MS Digital Academy Established</p> <p>Stepped up efforts to hire/train data scientists (Japanese only) </p>
<p>Support for acquiring actuarial qualifications</p>	<p>We are encouraging and supporting employees to take qualification examinations conducted by the Institute of Actuaries of Japan (IAJ) as part of our efforts to develop actuarial professionals capable of applying probability, statistics and other methods to product development, risk management, etc.</p>



Fostering Personnel to Shoulder the Future (Internships)

We offer internships from the perspective of developing human assets through industrial-academic collaboration, and help students grow by ensuring that these internships provide them with opportunities to gain a deeper understanding of the significance and appeal of the non-life insurance industry through group work and workplace experiences.

Our proprietary internship program has been deemed noteworthy by serving as a model for other companies, and it has been selected by students to receive awards for excellence in the Internship Award, organized by Mynavi Corporation as the secretariat.

(2018 – MSI; 2019 – ADI)



 Selected by students to receive an Award for Excellence in the Internship Award 2019 (Japanese only) 

Work Style Reform and Health and Productivity Management

As Japan’s birthrate declines and its society ages, securing an adequate workforce to enable our company to stay in business has become a major issue.

Keeping working employees healthy is essential not only to improve the quality of life (QOL) of the employees themselves but also to realize the MS&AD Insurance Group’s Corporate Philosophy.

Our Group provides venues for diverse personnel with a wide range of values to work together and pursue work style reform that will increase productivity while making their workplaces more comfortable and their work more satisfying, and creates health- and safety-conscious workplace environments to maintain and improve the physical and mental health of all employees.

Promoting Work Style Reform

Work style reform is being implemented across the board by diversifying work locations and hours, restructuring employee roles, and adopting creative approaches to prevent long working hours.

< Principal Approaches >

<p>Diversification of work locations/hours</p>	<p>We are diversifying previously fixed work locations and pursuing more diverse work styles for our employees</p> <p>< Example efforts ></p> <ul style="list-style-type: none"> • Promoting mobile work (installation of thin-client PCs) • Implementing work from home programs and utilizing satellite offices • Introducing shift work and short-term work systems
<p>Restructuring of roles</p>	<p>We are seeking to reform employees’ thinking and behavior to ensure that they perform their work even better, further improving their productivity and strengthening their competitiveness.</p>
<p>Prevention of long-term working hours</p>	<p>We are maintaining the health of individual employees and supporting work-life balance by preventing long working hours</p> <p>< Example efforts ></p> <ul style="list-style-type: none"> • As a rule, employees must leave work before 19:00 • Finishing times are shared within workplaces using “finishing time declaration cards” to foster awareness of differences in working hours • Industrial physicians provide one-to-one guidance to employees who operate PCs beyond a prescribed number of hours
<p>Encouragement of paid leave</p>	<p>We encourage employees to take paid leave by formulating plans for regular leave in advance, and periodically confirming that employees are in fact taking leave</p> <p>Targets and Results [the number of annual paid holidays taken] ESG Data/Reference Material (rate/days of paid leave taken)</p>

Maintaining and Improving Employee Health

We are working to maintain and improve the physical and mental health of employees and to create better working environments.

< Principal Approaches >

<p>Support to improve health</p>	<p>We conduct campaigns that encourage and support employees to carry out behaviors and lifestyle habits that improve health (self-care)</p> <p>< Example efforts ></p> <ul style="list-style-type: none"> · Revamping day-to-day lifestyle habits by encouraging use of “Koko Kara Diary,” our proprietary app · Providing meal campaigns, walking plans, health challenge rally (health point system) plans, support to help people who are quitting smoking (subsidies to cover teletherapy expenses), etc. · Encouraging sneaker commuting, stair climbing (conducting a “2-Up/3-Down” campaign, displaying stickers on staircases showing calories burned), etc.
<p>Improving health literacy</p>	<p>Establishing an environment that promotes the lifestyle practices needed to improve health and prompts employees to acquire greater knowledge/skills on mental health, etc.</p> <p>< Example efforts ></p> <p>E-learning, videos featuring top athletes promoting exercise, provision of information on lifestyle practices that include physical/mental health, diet, exercise, sleep, smoking, and provision of health education as part of health consultations and tier-specific training</p>
<p>Mental health care</p>	<p>We have set up a health and productivity management center and an employee consultation office to provide care for the mental health of employees. In addition to carrying out stress checks uniformly across the Group and bolstering mechanisms to prevent mental disorders, we are using the findings of group analysis to establish better workplace environments</p> <p>< Example efforts ></p> <p>Preventive activities: training, e-learning, stress checks, health consultations at workplaces</p> <p>Support for afflicted persons: consultations during rehabilitation</p> <p>Return-to-work support: preparations for returning to work during recovery periods, etc.</p>

Creating Safety-conscious Workplaces (Compliance with Occupational Health and Safety Act)

We are striving to ensure safety-conscious workplaces with the Group insurance companies in Japan setting up industrial health committees in accordance with the Occupational Health and Safety Act. The committees investigate/deliberate on matters pertinent to preventing health hazards and maintaining/improving health each month.

< Principal Approaches >

<p>Uniform Group-wide medical checkup system</p>	<p>MS&AD Holdings operates a uniform Group-wide medical checkup system so that employees can undergo standardized medical exams and analyses. For employees whose exam results require follow-up measures, we provide health guidance and encourage them to undergo further examinations by industrial physicians/nurses.</p> <p>ESG Data/Reference Material (Consultation rate of medical checkup)</p>
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<p>Establishment of a suitable working environment</p>	<p>To improve operational efficiency among employees while ensuring their physical and mental health, we are establishing comfortable working environments with due consideration for lighting, circulation, temperature, humidity, noise, and ergonomics</p>
<p>Prevention of workplace accidents</p>	<p>We conduct monitoring and risk assessments at workplaces in order to put in place the workplace environments needed to prevent falls and other accidents. Group insurance companies that use company-owned vehicles are managing accident rates and ensuring that employees engage in safe driving practices in keeping with the safe driving management rules for company-owned vehicles.</p> <p>ESG Data/Reference Material (Number of claims for work-related injuries)</p>




Communicating with Employees

We think it is vital that all employees understand the direction in which the company wishes to proceed and that working environments are created in such a way that the employees can maximally apply their enthusiasm and skills to helping the company along its course, and we are arranging various opportunities for communication among employees to this end. We also incorporate opinions expressed by employees in to our efforts to improve corporate management and upgrade the quality of our products/services.

< Principal Approaches >

<p>Employee satisfaction surveys [Employee Satisfaction]</p>	<p>We periodically conduct opinion surveys of all Group employees. These surveys are used to instill the concepts of the Group's Corporate Philosophy, Corporate Vision, and Code of Conduct, to confirm whether a sense of Group solidarity is being fostered, and to check whether employees feel satisfaction and a genuine sense of growth with their work</p> <p>Targets and Results (Employee satisfaction)</p>
<p>Mechanisms to make use of employee opinions in improving operations</p>	<p>We have set up a bulletin board on the in-house system where employees can post improvement proposals and other messages. The posted content is then examined by the various head office divisions, who then provide feedback on the proposals.</p>
<p>Dialogue with executives</p>	<p>We periodically arrange opportunities for employees and top-level executives to exchange views so that the employees' views can be incorporated into company management</p>

External Evaluation (Japanese only)

- > We were recognized by the Ministry of Economy, Trade and Industry as one of the outstanding organizations in their health and productivity management certification program in 2019. 
- > We received the highest award for excellence (the Minister of Health, Labour and Welfare Award) at the 2nd Comfortable and Productive Company/Workplace Awards. 
- > We became the first insurance company ever to receive the Grand Prize at the 10th Work-Life Balance Awards. 

ESG Data / Reference Material

The following are the materials and data about sustainability approaches of the MS&AD Insurance Group.

Subject period:

FY2018 (April 1, 2018 - March 31, 2019)

Subject organization and data coverage:

Company name	abbreviation	Group Domestic (Domestic consolidated subsidiaries)		Consolidated (MS & AD Group total)	
		Subject	Employee-based coverage	Subject	Employee-based coverage
Mitsui Sumitomo Insurance Co., Ltd.	MSI	○	77.6%	○	100%
Aioi Nissay Dowa Insurance Co., Ltd.	ADI	○		○	
Mitsui Direct General Insurance Co., Ltd.	Mitsui Direct General	○		○	
Mitsui Sumitomo Aioi Life Insurance Co., Ltd.	MSI Aioi Life	○		○	
Mitsui Sumitomo Primary Life Insurance Co., Ltd.	MSI Primary Life	○		○	
MS & AD Holdings	MS&AD Holdings	○		○	
Overseas insurance subsidiaries	Overseas		○		
Other(*)	Other		○		

(*) Domestic group companies operating such as risk-related services

Third-Party Assurance

Since 2015, the MS&AD Insurance Group has engaged KPMG AZSA Sustainability Co., Ltd. to perform assurance of selected environmental and social data in order to assure credibility of reported figures. The data subject to the third-party assurance is indicated with ✓.

- [Organizational Governance](#)
- [Consumer Issues](#)
- [Environment](#)
- [Community Involvement and Development](#)
- [Human Rights/Labor Practices](#)

ISO 26000 Core Subjects (Organizational Governance)

Corporate Governance

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.

- [MS&AD Insurance Group The Basic Policies on Corporate Governance](#)
- [MS&AD Insurance Group The Basic Policy Pertaining to the System for Internal Controls](#)
- [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 24 June 2019)

Chairperson of the Board	Chairman (except holding concurrent post of President)
Number of Directors	12(*1)
Number of Outside Directors	5(*2)
Number of independent Directors	5(*3)
Number and ratio of women at the Board of Directors	2 / 16.7%

(*1) Board members average tenure 3.9years

(*2) Outside directors average tenure 2.4years

(*3) The number of outside directors with relevant work experience in our company's sector : 1

Corporate Auditors (as of 24 June 2019)

Establishment of Board of Auditors	Established
Number of Audit and Supervisory Board Member	4
Number of Outside Audit and Supervisory Board Member	2
Number of independent Audit and Supervisory Board Member	2
Number and ratio of women in corporate auditors	2 / 50.0%

Nomination and Remuneration

[Detailed Information](#)

Number of Meetings of Board of Directors etc.

Function		FY2018
Business Execution, Oversight	Board of Directors	12*1
	Governance Committee	4
	Group Management Committee	12
	Task-Specific Committees	
	Sustainability Committee	4
	Quality Improvement and Compliance Committee	4
	Group Management and Monitoring Committee	9
	Digitalization Committee	4
	Group Systems Committee	5
	Group International Business Committee	2
Auditing, Oversight	Risk Management Committee	4
	Board of Auditors	11*2

(*1) Outside Directors average attendance rate 93.1%.

All directors average attendance rate 97.2%

(*2) Outside Corporate Auditors average attendance rate 100%

[Detailed information of Corporate Governance](#)

Information Voting Right

Classification	Number of shares (shares)	Number of Voting Rights	Description
Shares without Voting Rights	-	-	-
Shares with Restricted Voting Right (treasury stock, etc)	-	-	-
Shares with Restricted Voting Right (others)	-	-	-
Shares with Full Voting Right (treasury stock, etc)	(Treasury Stock) 9,580,000 shares of Common Stock	-	Share Unit Number (100 shares)
Shares with Full Voting Right (others)	582,026,400 shares of Common Stock	5,820,264	Same as above
Shares Representing Less than One Unit	Common Stock 1,685,354	-	Fractional Shares (Less than 100 shares)
Number of Issued Shares	593,291,754	-	-
Total number of Voting Rights	-	5,820,264	-

Compliance

- [MS&AD Insurance Group Compliance Basic Policy](#)
- [MS&AD Insurance Group Basic Policy for Management of Customer Information](#)
- [MS&AD Insurance Group Basic Policy for Shared Use of Customer Information](#)
- [MS&AD Insurance Group Basic Policy for Management of Outside Vendors](#)
- [MS&AD Insurance Group Tax Policy](#)

Speak-up system (Whistleblowing system)*1

Items	Coverage	Units	FY2016	FY2017	FY2018
Number of cases reported	Consolidated	cases	50	93	164*2

(*1) We conducted an employee surveys to raise awareness of the whistleblowing system and to create a workplace where everyone feels comfortable speaking up (number of respondents to the 2018 survey: approximately 46,000 in Japan and 9,000 overseas)

(*2) The number of reports has significantly increased as we revised the system to allow anonymous reporting and consultation in 2018.

[> Speak-up system \(Whistleblowing system\)](#)

Risk Management

[> MS&AD Insurance Group Risk Management Basic Policy](#)

Information Disclosure

[> MS&AD Insurance Group Basic Policy for Disclosure of Information](#)

ISO 26000 Core Subjects (Consumer Issues)

[> MS&AD Insurance Group Basic Policy for Responding to Customer Communications](#)

Progress and KPI(key performance indicators) in relation to our customer-first policy in the business operations (Japanese only)

The Group's five domestic insurance companies have disclosed their initiatives based on their Customer-first Policy in the Business Operations and KPI used to evaluate the result of their initiatives.

[> Mitsui Sumitomo Insurance Co., Ltd. !\[\]\(5abce1a84a655b073239ab33e1199487_img.jpg\)](#)

[> Aioi Nissay Dowa Insurance Co., Ltd. !\[\]\(21226b58c700e5231ab98d27101bac58_img.jpg\)](#)

[> Mitsui Direct General Insurance Co., Ltd. !\[\]\(097cdd6c9c875b64d9b8c9a2409491c4_img.jpg\)](#)

[> Mitsui Sumitomo Aioi Life Insurance Co., Ltd. !\[\]\(f9f168a9979beed8b01f8750d577d508_img.jpg\)](#)

[> Mitsui Sumitomo Primary Life Insurance Co., Ltd. !\[\]\(111c5272ee3f91361f0d2e3665dd6ad0_img.jpg\)](#)

ISO 26000 Core Subjects (Environment)

CO2 Emissions in Business Activities

With our support for the Paris Agreement adopted in 2015, we have signed the Paris Pledge for Action that calls on its signatories to address climate change and global warming. In line with this, we have established a target of 70% CO2 emissions reduction by FY2050 and 30% by FY2020 (Total of Scope 1 and 2) compared to the base year (FY2009). Even though we had several large-sale natural disasters which resulted in quite increased number of payouts, we have reduced our CO2 emissions (Total of Scope 1 and 2) from the previous year as a result of our continuous efforts for energy saving activities at our offices and data centers through initiatives such as work style reforms and our unique environmental management system, which is the MS&AD Our Earth Project.

With regard to data, we have obtained third-party assurance for the following new data items starting from FY2018: 1) the Category 3 in Scope 3, upstream emissions of purchased energy, 2) Total amount of waste recycling, and 3) Final disposal amount of waste. We strive to regularly assess our performance, identify the root course of problems, and take the next steps for further improve our operations.

(Percentage change from the previous year in parenthesis)

Items	Coverage	Units	FY2016	FY2017	FY2018	Third-Party Assurance
CO2 emissions (Scope1,2,3)	Consolidated	t-CO2	514,833 (7.4%)	513,320 (▲0.3%)	529,913 (3.2%)	
CO2 emissions (Scope 1)	Group Domestic + Other	t-CO2	19,717 (▲3.4%)	18,389 (▲6.7%)	17,174 (▲6.6%)	✓
	Consolidated	t-CO2	26,315 (5.2%)	27,948 (6.2%)	25,508 (▲8.7%)	✓
CO2 emissions (Scope 2) *	Group Domestic + Other	t-CO2	81,629 (▲2.4%)	65,196 (▲20.1%)	62,196 (▲4.6%)	✓
	Consolidated	t-CO2	94,615 (▲0.3%)	76,721 (▲18.9%)	71,897 (▲6.3%)	✓
CO2 emissions (Scope 1 and Scope 2 combined)	Group Domestic + Other	t-CO2	101,346 (▲2.6%)	83,586 (▲17.5%)	79,370 (▲5.0%)	✓
	Consolidated	t-CO2	120,930 (0.8%)	104,669 (▲13.4%)	97,405 (▲6.9%)	✓
CO2 emissions (Scope 3) *	Consolidated	t-CO2	393,904 (9.5%)	408,652 (3.7%)	432,508 (5.8%)	

(*) From FY2017 onwards, we report CO2 emissions associated with energy used by the tenants of MS&AD-owned buildings as Scope 3 emissions.

CO2 emissions (Scope 3)

(Percentage change from the previous year in parenthesis)

Items	Coverage	Units	FY2016	FY2017	FY2018	Third-Party Assurance
Category 2 Capital goods	Consolidated	t-CO2	39,376 (▲2.7%)	39,560 (0.5%)	60,904 (54.0%)	✓
Category 3 Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	Consolidated	t-CO2	11,219 (11.9%)	10,434 (▲7.0%)	10,132 (▲2.9%)	✓
Category 5 Waste generated in operations	Consolidated	t-CO2	2,948 (-)	2,750 (▲6.7%)	3,463 (25.9%)	✓
Category 6 Business trip by airplane	Consolidated	t-CO2	10,192 (-)	9,740 (▲4.4%)	4,295 (▲55.9%)	✓
Category 7 Employee commuting	Group Domestic + Other	t-CO2	7,332 (▲3.4%)	7,489 (2.1%)	7,388 (▲1.3%)	✓
Category 13 Downstream leased assets *	Consolidated	t-CO2	- (-)	8,013 (-)	7,352 (▲8.2%)	✓

(*) From fiscal 2017 onwards, we report CO2 emissions associated with energy used by the tenants of MS&AD-owned buildings as Scope 3 emissions.

Data on Environmental Burden

Scope 1 & 2 Coverage [the Group's consolidated figures (including overseas Companies)]

(Percentage change from the previous year in parenthesis)

Items	Coverage	Units	FY2016	FY2017	FY2018	Third-Party Assurance
Electricity *1	Consolidated	MWh	171,826 (0.1%)	144,737 (▲15.8%)	142,338 (▲1.7%)	✓
Heat supply	Consolidated	GJ	67,842 (15.1%)	62,426 (▲8.0%)	68,684 (10.0%)	✓
City gas *1	Consolidated	thousand m ³	2,258 (11.9%)	2,113 (▲6.4%)	2,439 (15.4%)	✓
Liquefied Petroleum Gas	Consolidated	t	203 (7.5%)	183 (▲9.7%)	151 (▲17.3%)	✓
Heavy oil	Consolidated	k ℓ	107 (12.0%)	58 (▲45.8%)	51 (▲12.3%)	✓
Kerosene	Consolidated	k ℓ	192 (0.9%)	80 (▲58.4%)	50 (▲37.3%)	✓
Diesel oil	Consolidated	k ℓ	5.9 (▲4.5%)	6.5 (8.6%)	7.4 (14.6%)	✓
Gasoline	Consolidated	k ℓ	8,585 (3.7%)	9,256 (7.8%)	8,334 (▲10.0%)	✓
Total energy consumption *2	Consolidated	MWh	305,002 (2.5%)	282,737 (▲7.3%)	274,292 (▲3.0%)	✓
		GJ	1,098,008 (2.5%)	1,017,853 (▲7.3%)	987,452 (▲3.0%)	✓

(*1) From FY2017 onwards, we report CO₂ emissions associated with energy used by the tenants of MS&AD-owned buildings as Scope 3 emissions.

(*2) The calculation of the total energy consumption in MWh and GJ is based on unit heat values specified in Japan's Act on the Rational Use of Energy except for purchased electricity, for which 3.6GJ/MWh is used.

Scope 3 Coverage (major items)

(Percentage change from the previous year in parenthesis)

Items		Coverage	Units	FY2016	FY2017	FY2018	Third-Party Assurance
Paper		Group Domestic + Other	t	13,005 (▲6.6%)	11,085 (▲14.8%)	10,545 (▲4.9%)	
Proportion of paper with forest certification		MSI, ADI, MSI Aioi Life	%	17.2 (4.8%)	13.6 (▲20.9%)	12.8 (▲6.1%)	
Total water use		Consolidated	thousand m3	1,074 (18.1%)	961 (▲10.5%)	998 (3.8%)	✓
Disposed waste	Total	Consolidated	t	10,551 (17.8%)	10,962 (3.9%)	10,157 (▲7.3%)	✓
	Recycled		t	5,837 (26.5%)	4,804 (▲17.7%)	4,523 (▲5.8%)	✓
	Final disposal amount		t	4,714 (-)	6,158 (30.6%)	5,634 (▲8.5%)	✓
Business trip (Aircraft use only)*		Consolidated	thousand passenger -km	45,025 (-)	46,759 (3.9%)	47,127 (0.8%)	✓

(*) We have revised the calculation method based on the results for fiscal 2018. Using the same method on the results for fiscal 2017, it would be 113,224 thousand passenger-kilometer.

Renewable Energy Generation (Photovoltaic Power)

We have installed solar power generation systems in our four major buildings, and are promoting to reduce CO2 emissions by using such renewable energy.

(Percentage change from the previous year in parenthesis)

Items	Coverage	Units	FY2016	FY2017	FY2018	Third-Party Assurance
Energy Generation*1	4 Buildings*2	kWh	56,212 (▲0.7%)	57,109 (1.6%)	57,275 (0.3%)	✓

(*1) All generated electricity is for self-consumption.

(*2) MSI Surugadai Main & New bldgs, MSI Osaka Yodoyabashi bldg, ADI Tokyo Customer Center bldg.

Cost Effect

Items	Coverage	Units	FY2016	FY2017	FY2018
Electricity *1	Consolidated	thousand JPY	▲24,098	▲414,372	▲69,920
Gasoline *2	Consolidated	thousand JPY	38,316	91,525	▲138,144
Copy Paper	Group Domestic + Other	thousand JPY	▲5,265	▲45,825	▲15,463

(*1) Calculated from the average unit price at MS&AD Holdings.

(*2) Calculated from the petroleum products price survey gasoline nationwide annual average unit price (Agency for Natural Resources and Energy).

Environmental Approaches through Supply Chain

Our efforts to reduce the environmental burden are also promoted in conjunction with key business partners. We are engaged in green purchasing, prioritizing eco-friendly products in procuring the materials used in our operations, and our entire value chain is working to establish a sustainable society. In addition, we are working with policyholders on Eco insurance certificates and web policy clauses that reduce the environmental burden of business activities and, at the same time, improve the convenience of policyholders.

Items	Coverage	Units	FY2016	FY2017	FY2018
Ratio of Web Policy Clause *	MSI, ADI	%	75.2	76.8	76.4
Number of Agents and companies with certification under Eco Action 21	MSI, ADI	companies	241	132	121
Number of maintenance shops implementing Eco-inspection, Eco-maintenance	MSI	companies	391	386	379

(*) Online "Terms & Conditions" in consideration of environment

ISO 26000 Core Subjects (Community Involvement and Development)

Through our Group's social contribution activities and involvement in and support for community development, companies can help their employees become interested in understanding the community and society, be creative, and be able to build a network with the communities. Based on these ideas, the Group provides our employees with opportunities to take part in social contribution activities, and we have seen the number of participants is increasing. In fiscal 2018, over 70% of employees in Japan joined the social contribution activities. If our employees think it difficult to spare time to physically participate in these activities, they can alternatively make a monetary contribution through the employees' social contribution activity team. The monetary contributions start at 100 yen, and the contributions are withdrawn from their monthly salaries. We also strive to disclose social contribution expenditures, including conversion of social contribution activities.

Items		Coverage	Units	FY2016	FY2017	FY2018
Number of acquirer of Volunteer leave		MSI, ADI, MSI Aioi Life	people	7	26	23
Number of acquirer of Volunteer suspension		MSI, ADI, MSI Aioi Life	people	1	2	0
Number of employees engaged in social contribution activities		Group Domestic	people	19,861	20,022	23,601
MS & AD Unison Smile Club Number of members		Group Domestic	people	16,159	15,701	15,414
Disaster Relief Donation Matching Gift Program	Donated amount *1	Consolidated	thousand yen	53,691	29,455	50,230
	Number of participants *2	Consolidated	people	21,010	10,594	21,129
corporate philanthropic contributions		Group Domestic	thousand yen	1,719,120	1,271,451	1,519,660
(Breakdown) Purpose	Charitable Donations			675,620	614,930	821,730
	Community Investments			327,410	303,441	303,330
	Commercial Initiatives			716,090	353,080	394,600
(Breakdown) Money conversion	Cash contributions			1,607,340	1,155,290	1,413,220
	Employee volunteering during paid working hours			7,690	15,749	750
	In-kind donation, facility opening etc			7,340	16,270	14,600
	Management overheads			96,750	84,142	91,090

(*1) Total amount of Donation Matching Gift and Donation from employees

(*2) Total participants

ISO 26000 Core Subjects (Human Rights) (Labor Practices)

Breakdown of employees

Items	Coverage			Units	FY2016	FY2017	FY2018	Third-Party Assurance
Number of the Group employees *1 Temporary employees are superscripted as the average number of annual temporary hires in the bracket.	Consolidated	male- female combined total		people	40,641	41,295	41,467	
					(10,150)	(9,745)	(9,142)	
			male		20,350	20,173	19,914	
			female		20,291	21,122	21,553	
	Group domestic	male- female combined total			31,591	31,823	32,182	
					(9,458)	(9,108)	(8,612)	
			male		16,057	15,772	15,598	
			female		15,534	16,051	16,584	
		companies	MSI		14,650	14,572	14,577	
			ADI		13,052	13,287	13,657	
			MD		581	571	545	
			MSA		2,595	2,609	2,604	
			MSP		384	394	400	
		holding company	HD		329	390	399	
		Domestic employees (including group companies) /Consolidated employees				77.7%	77.1%	77.6%
Overseas	male- female combined total		8,759	9,184	8,958	✓		
			(656)	(603)	(507)			
		male	4,072	4,190	4,073			
		female	4,687	4,994	4,885			
	Overseas employees/ Consolidated employees				21.6%	22.2%	21.6%	✓

	Other *2	male-female combined total		people	291	288	327	
			male		221	211	243	
			female		70	77	84	
	Other employee/ Consolidated employees				0.7%	0.7%	0.8%	

(*1) Excludes executive officers and employees on leave.

(*2) Risk-related services businesses operated by the Group Companies other than those in the domestic insurance industry

Number of Employees by Age

Items	Coverage			Units	FY2016	FY2017	FY2018
Number of Employees by Age (Group Domestic)	Under 30	male-female combined total		people	-	6,428	6,919
			male		-	2,097	2,235
			female		-	4,331	4,684
	30~39	male-female combined total			-	7,172	7,121
			male		-	3,128	3,101
			female		-	4,044	4,020
	40~49	male-female combined total			-	9,124	8,694
			male		-	4,579	4,137
			female		-	4,545	4,557
	50~59	male-female combined total			-	7,348	7,620
			male		-	4,481	4,602
			female		-	2,867	3,018
	60+	male-female combined total			-	1,751	1,828
			male		-	1,487	1,523
			female		-	264	305

Employment

Items	Coverage		Units	FY2016	FY2017	FY2018
Average age *1	Group domestic	male-female combined total	age	41.7	41.6	41.5
		male		44.6	44.6	44.6
		female		38.6	38.7	38.7
Average length of service	Group domestic	male-female combined total	year	12.6	12.8	12.8
		male		13.5	13.7	13.8
		female		11.7	11.9	11.9
New-graduate recruits *2	Group domestic	male-female combined total	people	1,327	1,352	972
		male		377	417	311
		female		950	935	661
Turnover rate *3	Group domestic	male-female combined total	%	2.8	2.7	2.8
The ratio between the total annual compensation of the Chief Executive Officer and the mean employee compensation *4	HD	male-female combined total	times	9.7	9.4	12.4

(*1) The end of March of each year

(*2) The number of new hires in April of each next year

(*3) Exclude retirees and are calculated based on voluntary resignees

(*4) The total CEO Compensation / The mean employee compensation

Diversity

We are promoting diversity and inclusion (D&I) initiatives in order to create a working environment where all employees with different backgrounds, characteristics, and values can fully demonstrate their abilities and play active roles. The percentage of females in managerial positions is steadily improving, with the aim of achieving the target of 15% in FY2020.

Items	Coverage		Units	FY2016	FY2017	FY2018	Third-Party Assurance
Employment rate and number of employees with disabilities	Group domestic		%	2.52	2.37	2.37	✓
			people	755	719	711	✓
Rehiring Program after retirement Number of users *1	Group domestic		people	1,008	1,133	1,173	
Percentage and number of females among board members and corporate auditors *2	HD	Directors	%	16.7	16.7	16.7	
			people	2	2	2	
		Corporate Auditor	%	50.0	50.0	50.0	
			people	2	2	2	
Percentage and number of females in managerial positions *3	Group Consolidated	Total managerial positions	%	12.7	15.7	18.1	✓
			people	1,200	1,292	1,514	✓
	Group domestic	General Managers	%	2.8	3.4	4.1	
			people	35	36	47	
		Managers	%	7.9	11.3	14.3	
			people	516	577	735	
		Total managerial positions	%	7.1	9.9	12.4	✓
			people	551	613	782	✓

(*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 insurance subsidiaries

Human Rights

In February 2017, the Group established the MS & AD Insurance Group Basic Policy on Human Rights and implemented the Group's human rights due diligence system. We provide our employees with human rights training every year in order for them to understand human rights better and to develop an organizational culture that respects human rights.

Items	Coverage	Units	FY2016	FY2017	FY2018
Training of Human rights *	Group domestic	%	100	100	100

(*) Ratio of the business units that completed mandatory human rights trainings which require all employee participation

Items	Coverage	Units	FY2016	FY2017	FY2018
Labor union membership rate	Group domestic	%	90.2	93.8	93.9

Human Asset Development

Items	Coverage	Units	FY2016	FY2017	FY2018
Number of participants of the Trainee System*1	Group domestic	people	522	568	794
Number of participants of the Global Trainee System*2	Consolidated	Total	90	118	112
		Domestic employee	38	67	51
		Local employee	52	51	61
Number of participants of the overseas career training program*3	Group domestic	people	41	55	52
Number of participants of the Temporary Transfer System to Headquarters from Overseas Branches*4	Consolidated	people	11	9	11

(*1) Short-term program which allows employees to experience work they have never done before, at the request of the employee.

(*2) Short-term program which allows employees in Japan to experience working at overseas subsidiaries, as well as local employees at overseas subsidiaries to experience working at the head office.

(*3) MBA dispatch program, and training program which allows employees to experience working for a year at overseas subsidiaries or insurance companies.

(*4) Transfer system for which allows the local employees from overseas experience the jobs at the head office for 6 months to 1 year in Japan.

Employee satisfaction *1

Items	Coverage	Units	FY2016	FY2017	FY2018
Employee satisfaction (questionnaire results), "Pride, Job satisfaction"*2	Group domestic	point	4.4	4.4	4.4
Employee satisfaction (questionnaire results), "Working Vigorously"*3		point	4.2	4.3	4.3

(*1) The results of the opinion poll asking all Group employees (all-employee average on a 6-point scale, Scope: 36,546 all domestic employees including temporary employees at the time of survey, Response rate: 96.1%).

(*2) Ratio of employees feeling pride or job satisfaction

(*3) Ratio of employees, regardless of sex and age, feeling free and lively at workplaces.

Programs for Promoting Work-life Balance

We have been developing an effective system that helps employees actively work with satisfaction and with the feeling of growth by balancing their work and personal life. In particular, we have set KPI for the rate of male employees taking childcare leave, and encouraged them to take part in the program.

Items	Coverage*1		Units	FY2016	FY2017	FY2018
Temporary leave before / after childbirth Number of acquirers	Group domestic		people	646	708	788
Number of employees taking childcare paid leave	Group domestic	male-female combined total	people	849	994	1,026
		male	people	204	304	289
		female	people	645	690	737
Acquisition rate of childcare paid leave	MSI, ADI	male-female combined total	%	74.3	78.0	85.2
		male	%	44.8	58.0	63.9
		female	%	95.4	98.6	98.0
Flexible working hours for childcare Number of acquirers	Group domestic	shorter hours	people	851	982	1,126
		flextime	people	78	41	70
		change of Starting / finishing time	people	34	44	65
Temporary retirement for nursing Number of acquirers	Group domestic	male-female combined total	people	17	9	17
		male	people	5	1	1
		female	people	12	8	16
Flexible working hours for nursing Number of acquirers	Group domestic	number of acquirers	people	9	13	22
Paid leave	Group domestic	ratio of days taken*2	%	56.1	54.7	66.2
		days taken	days	15.7	16.0	15.6

(*1) Includes temporary employees

(*2) Number of days acquired / granted

Occupational Health and Safety (OHS)

In accordance to the Occupational Safety and Health Act, a health committee has been established to research and discuss relevant topics to preventative measures for OHS-related concerns and initiatives to support employees' health. We strive to provide a workplace environment that considers employee's health and safety. In addition, we have a group-wide health checkup system, a health management center, and a consultation room for employees in order to ensure that our employees can maintain their good health even better.

Items	Coverage	Units	FY2016	FY2017	FY2018	Third-Party Assurance	
Number of claims for work related injuries	Group domestic	Total	cases	227	178	162	
		Work-related accident	cases	113	76	66	
		Accident during commute	cases	114	102	96	
		Fatality accident	cases	0	0	0	
Consultation rate of Medical Checkup*1	Group domestic	%	100	100	100		
Absentee rate*2	Group domestic	%	-	0.561	0.565	✓	

(*1) Number of employees undergoing medical checkup consultation / number of employees

(*2) Total days lost due to absenteeism / Total days scheduled to be worked

Governance

The MS&AD Insurance Group 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, and we are working to disseminate these aspirations to all of the officers and employees of the Company and Group companies. In addition, we have set corporate governance, compliance, and risk management as priority issues within our Group Medium-Term Management Plan and are making active efforts to promote them.

[Outline of the Group](#)



[Corporate Governance](#)



[Compliance](#)



[ERM and Risk Management](#)



[Information Management](#)



[Transaction Responsibilities](#)



[Information Disclosure](#)



[Medium-Term Management Plan - Vision
2021](#)



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.

Company Information



Financial and Non-Financial Highlights



- > Company Overview
- > Organizational Chart
- > History

Group Structure



Our Business



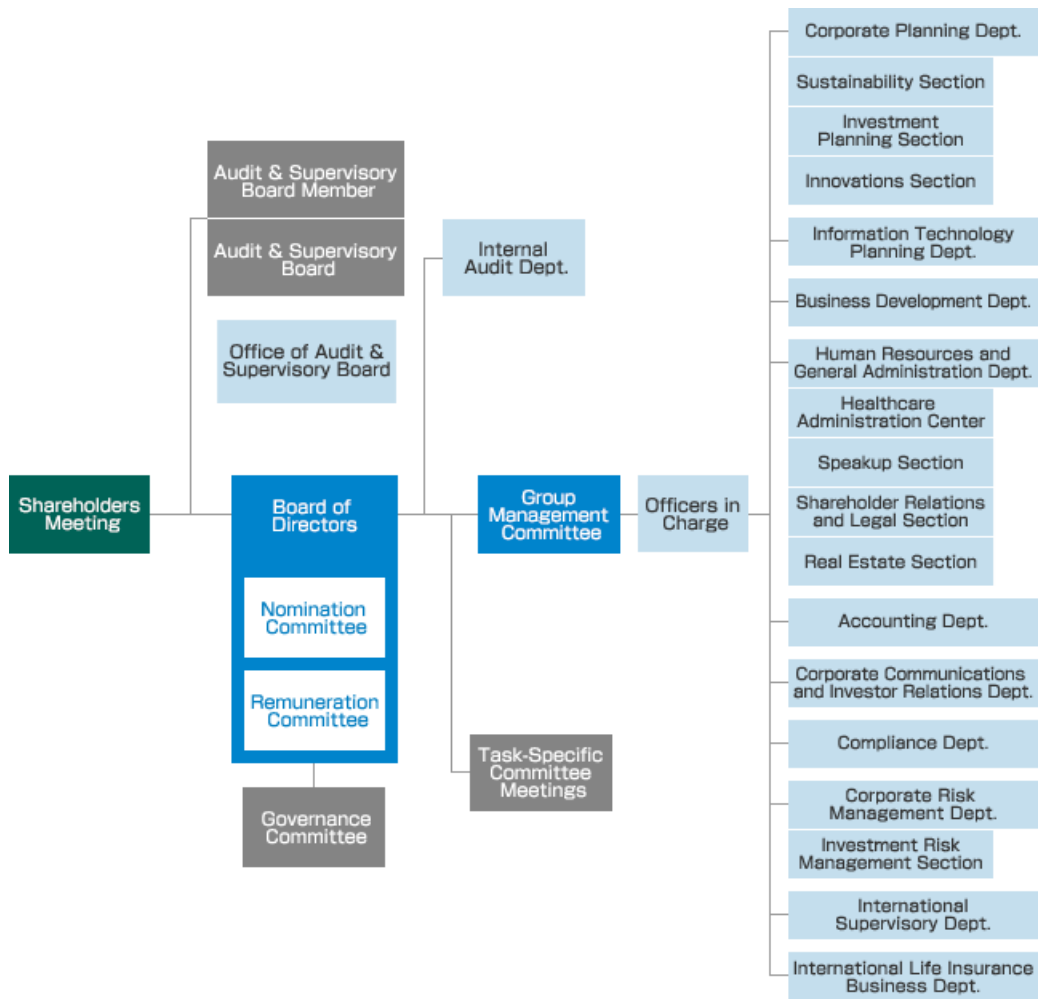
Company Overview

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	390(As of March 31, 2018)
Business Description	Our activities as an insurance holding company are: <ol style="list-style-type: none"> 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)

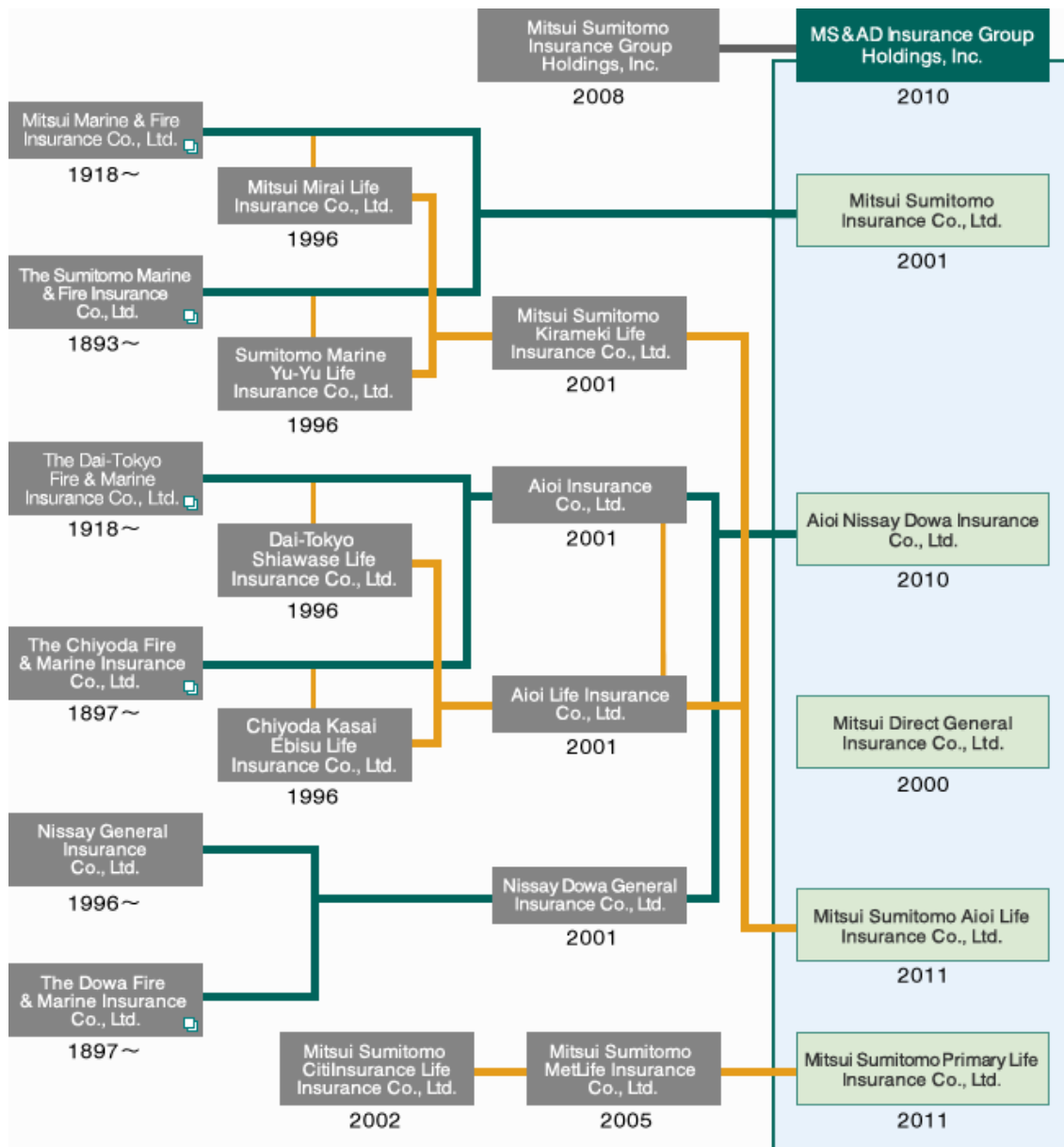
Organizational Chart



History


- Background of Group Integration
- History of Holdings

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 \(link to website\)](#) 

Five Business Domains

Domestic Non-Life Insurance Business

No. 1 position in the domestic non-life insurance market, making groupwide efforts to comprehensively meet diverse customer needs

MS&AD Mitsui Sumitomo Insurance



MS&AD Aioi Nissay Dowa Insurance



MS&AD Mitsui Direct General Insurance



Domestic Life Insurance Business

Leveraging the distinctive strengths of two group companies in protection-type and asset-building products

MS&AD Mitsui Sumitomo Aioi Life Insurance



MS&AD Mitsui Sumitomo Primary Life Insurance



個人年金は、未来への贈りもの。

International Business

An overseas network covering 46 countries and regions*
- No. 1 in terms of non-life gross premiums written in the ASEAN region

A Member of **MS&AD INSURANCE GROUP**



*Excluding the Cayman Islands, where SLI Cayman Limited (Financial Services Business) is located. (As of April 1, 2018)

Financial Services Business

Leveraging the full range of its capabilities as an insurance and financial services group to provide new financial products and services

MS&AD Mitsui Sumitomo Insurance

MS&AD Aioi Nissay Dowa Insurance

MS&AD MS&AD Loan Services Co., Ltd.

MS&AD MITSUI SUMITOMO INSURANCE Venture Capital Co., Ltd.



Sumitomo Mitsui Asset Management

Risk-Related Services Business

Creating synergies with the insurance business by deploying global risk solution services

MS&AD InterRisk Research Institute & Consulting, Inc.



MITSUI SUMITOMO INSURANCE Care Network Co., Ltd.

Fureai Do-Life Services Co., Ltd.

MS&AD Group companies that support the five business domains

MS&AD MS&AD Business Support Co., Ltd.

MS&AD MS&AD Business Service Co., Ltd.

MS&AD MS&AD Staffing Service Co., Ltd.

MS&AD MS&AD ABILITYWORKS Company, Limited

MS&AD MS&AD Systems Co., Ltd.

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 ten affiliated operating companies: MS&AD 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 Loan Services Co., Ltd., ANSHIN DIAL Co., Ltd., MS&AD ABILITYWORKS Co., Ltd., MS&AD VENTURES INC, and JAPAN ASSIST INTERNATIONAL CO., LTD.

MS&AD Insurance Group Holdings, Inc.

[Company Overview](#)

[MITSUI SUMITOMO INSURANCE CO., LTD. \(MSI\)](#)

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. \(ADI\)](#)

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. \(Mitsui Direct General\)](#)

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) 

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) 

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

> MS&AD InterRisk Research & Consulting, Inc. 

InterRisk Research & 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. 


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. 


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. 

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. 

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 Loan Services Co., Ltd. 

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. 

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

▼ Outline

> MS&AD ABILITYWORKS Co., Ltd. 

MS&AD Insurance Group is promoting diversity & inclusion by creating a working environment where employees with disabilities can fully utilize their potential and competence.

▼ Outline

> MS&AD VENTURES INC. 

MS&AD Ventures Inc. is a corporate venture capital firm. It seeks to invest in startups that may lead to new business models and technologies, enabling MS&AD Insurance Group to establish a competitive advantage as an innovation leader across different markets and global territories.

▼ Outline


> JAPAN ASSIST INTERNATIONAL CO., LTD. 

Japan Assist International offer various kinds of assistance services to all over the world as the assistance company that has the advantage of foreign languages.

▼ Outline

Corporate Governance

- ▼ Basic Policies on Corporate Governance
- ▼ Corporate Governance Stance
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- ▼ Support Systems for Outside Directors and Outside Audit & Supervisory Board Members
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- ▼ Nomination and Remuneration
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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.

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

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	FY2017		FY2018	
	Compensation for audit services	Compensation for non-audit services	Compensation for audit services	Compensation for non-audit services
The Company	60	10	66	32
Consolidated subsidiaries	394	21	408	43
Total	454	32	474	75

* Regarding the content of non-audit services for which the Company paid compensation to the accounting auditor, in fiscal 2017 and 2018, 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 seven 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 2019, the Committee has 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 about twice a year.
- In fiscal 2018, the Nomination Committee met three times, and held a discussion on the Succession Plan etc.

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 about twice a year.
- In fiscal 2019, the Remuneration Committee met four 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. The standard ratio of performance-based remuneration is 50% to 30% of the total remuneration amount, according to position. Performance-based remuneration is composed of monetary remuneration and stock-based compensation, and the standard ratio of stock-based compensation is 9% to 25% of the total remuneration amount, according to position (revised in April 2019). Outside Directors receive fixed compensation only because they are independent from business execution.

(3) Key Performance Indicators for Remuneration

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

These indicators are selected in accordance with the Group's Medium-Term Management Plan, "Vision 2021".

(Main KPIs)

<Financial indicator (single-year performance)>

- Group Adjusted Profit (Note)
- Consolidated Net Income
- Group Adjusted ROE

Note: For Group Adjusted Profit, please refer to (15)a "Disclosure Based on the Principles of the Corporate Governance Code", above.

<Non-financial indicator (medium term performance)>

- Achievement status of initiatives "Sustainability Priority Issues" aimed at Creating Shared Value (CSV) with society using SDGs as the guideposts including "create accident-free and comfortable mobility society" and "contributing to mitigation and adaptation of climate change", etc.
- Achievement status of "Key Strategies" (Pursue Group's comprehensive strength, Promote digitalization and Reform portfolio) in the Medium-Term Management Plan "Vision 2021"

The ratio between the financial indicator and non-financial indicator shall be 50 : 50 as the standard and the financial indicators and non-financial indicator vary within a range of 0 to 3.0 and 0.5 to 1.5, respectively, with 1.0 as the standard.

Restricted stock shall be provided as stock-based compensation and in principle, the transfer restrictions shall be released upon retirement of the related Director.

If it is found that a Director was involved in a fraudulent act while in office, the Company acquires the restricted stock for free during the transfer restriction period or the Director is made to return it after the transfer restriction is released.

(4) 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 ¥100 million for Outside Directors). With a separate framework, the remuneration of Directors (excluding Outside Directors) includes "total amount of monetary remuneration receivables provided for allotting restricted stock" with a maximum value of ¥200 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 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.
- In order to realize a director remuneration system functioning as an appropriate incentive for improving linkage between director remuneration and business performance and achieving sustainable growth for the purpose of strengthening governance and increasing medium term corporate value of the Group, the Company has introduced a restricted stock remuneration plan for Directors (excluding Outside Directors). The plan involves granting treasury stock or new stock (allotment of restricted stock) by replacing a portion of the Company's performance-based monetary remuneration with monetary remuneration receivables provided by means of contribution in kind.
- The Company introduced the same system as mentioned above and granted treasury stock or new stock (allotment of restricted stock) to 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, by replacing a portion of the Company's performance-based monetary remuneration with monetary remuneration receivables provided by means of contribution in kind.

Directors' and Audit & Supervisory Board Members' Remuneration

We disclose the total amounts of remuneration to all Directors and to all Audit & Supervisory Board Members according to the category (Directors/Audit & Supervisory Board Members) and according to the types of remuneration. We also disclose total amounts of consolidated remuneration to officers amounting to 100 million yen or more.

Remuneration for fiscal 2018 is prior to the revision of the system. The standard ratio of performance-based remuneration was 40% to 20% of the total remuneration amount, according to position, and the standard ratio of stock-based compensation was 10% to 20% of the total remuneration amount, according to position.

Performance-based remuneration is calculated based on the Group Adjusted Profit and consolidated net income, and stock-based compensation consists of the allocation of stock acquisition rights as stock compensation-type stock options.

Total Amount of Remuneration by Directors/Audit & Supervisory Board Members Category, and the Number of Recipients (fiscal 2018)

Category	Number	Total Remuneration (¥ million)
Directors (excluding Outside Directors)	9	238
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	2	51
Outside Directors/Audit & Supervisory Board Members	9	76

(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 2018)

Name	Corporate Officer Posts	Company	Total consolidated remuneration, etc. (¥ million)
Yasuyoshi Karasawa	Director	The Company	131
	Director	MSI	
Noriyuki Hara	Director	The Company	131
	Director	MSI	
Yasuzo Kanasugi	Director	The Company	103
	Director	ADI	

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 general business company corporate officer, government administration 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*
Mari Matsunaga	June 2012	<p>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.</p> <p>We appointed her as Outside Director in order to continue to draw on her knowledge and experience in the management of the Company.</p>	11 of 12 meetings
Mariko Bando	June 2017	<p>Ms. Mariko Bando previously served as Director General of Gender Equality Bureau of the Cabinet Office, Consul General of Japan in Brisbane, Australia, President of Showa Women's University, etc. She has broad knowledge and experience in public administration and education, as well as wide insight into promotion of diversity. She has been stating opinions at meetings of the Company's Board of Directors and on other occasions based on her knowledge and experience. We appointed her as Outside Director in order to draw on her knowledge and experience in the management of the Company.</p>	11 of 12 meetings
Akira Arima	June 2018	<p>Mr. Akira Arima previously served as Director of Nippon Telegraph and Telephone Corporation, President, Chief Executive Officer of NTT Communications Corporation, etc. He has been stating opinions at meetings of the Company's Board of Directors and on other occasions based on his broad knowledge concerning telecommunications business and experience as a management executive.</p> <p>We appointed him as Outside Director in order to draw on his knowledge and experience in the management of the Company.</p>	10 of 10 meetings
Kazuhiro Ikeo	June 2018	<p>Mr. Kazuhiro Ikeo has held a number of posts, including university professors and members of the Financial Services Agency's Financial System Council. He has been stating opinions at meetings of the Company's Board of Directors and on other occasions based on his broad knowledge and experience concerning economic and financial fields as well as financial administration.</p> <p>We appointed him as Outside Director in order to draw on his knowledge and experience in the management of the Company.</p>	9 of 10 meetings
Junichi Tobimatsu	June 2018	<p>Mr. Junichi Tobimatsu has a wealth of knowledge and experience concerning overall corporate legal affairs including those overseas companies as an attorney-at-law and has been stating opinions at meetings of the Company's Board of Directors and on other occasions based on his broad knowledge and experience. We appointed him as Outside Director in order to draw on his knowledge and experience in the management of the Company.</p>	10 of 10 meetings

* The number of Board of Directors' meetings attended during fiscal 2018.

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: 12 of 12 Audit & Supervisory Board meetings: 11 of 11
Kyoko Uemura	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.	Board of Directors meetings: 12 of 12 Audit & Supervisory Board meetings: 11 of 11

* The number of Board of Directors' meetings and Audit & Supervisory Board meetings attended during fiscal 2018.

[Corporate Governance Report \(last update : June 27, 2019\) !\[\]\(cbe2492b119e39e02a1dab2af4a4b296_img.jpg\) \(530KB\)](#)

[Internal Control](#)

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 Quality Improvement 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, Quality Improvement 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.

Speak-up system (Whistleblowing system)

The MS&AD Insurance Group has established the Speak-up system (whistleblowing systems) . Group company employees can contact the speak-up desk to make a report if a compliance-related issue arises. A contact desk has also been established at an external legal office to make it easier for whistleblowers to speak up a case. The identity of whistleblowers is protected and their information is handled carefully to protect them and ensure that they do not suffer any unfair treatment.

Anti-Money Laundering and Countering the Financing of Terrorism

The MS&AD Insurance Group has formulated a “Policy on the Anti-Money Laundering and the Countering Financing of Terrorism” and is promoting initiatives to prevent the products and services of Group companies from being used in money laundering or the financing of terrorism.

Moreover, measures to prevent money laundering and the financing of terrorism are implemented at overseas entities of the MS&AD Insurance Group, where “Guidelines on Measures for Anti-Money Laundering and Counter Financing of Terrorism” are stipulated in the “Compliance Manuals for International Operations”.

Prevention of Corruption and Bribery

The MS&AD Insurance Group has formulated a “Policy on Fair Operating Practices” and implements fair operating practices (“prevention of Corruption including bribery” and “compliance with laws and regulations regarding political activities and political funds”). Actually at the overseas entities of the MS&AD Insurance Group, “Guidelines on Anti-Bribery Measures” are also stipulated in the “Compliance Manuals for International Operations” and the establishment of adequate rules and training is implemented.

[> Policy on Fair Operating Practices](#)

Compliance Promotion Structure in International Business Operations

All executives and employees of the overseas offices of the MS & AD Insurance Group give top priority to compliance and respect the culture, customs, and history of their respective countries and regions, as well as act in a manner that contribute to the development of the community.

As a department that supervises and manages matters related to compliance at overseas offices of the Group, the Company established the International Supervisory Department to monitor the status of compliance-related initiatives of these overseas offices, while providing them guidance and support.

This department works with the Compliance Department, which is in charge of overall integration of Group companies' compliance matter, to provide periodic reports regarding the status of overseas compliance framework to the Company's Board of Directors, also engages in activities to improve and expand the overseas compliance promotion structure based on the discuss with other relevant departments.

Tax compliance efforts

Our Global Tax Strategy

In achieving a resilient and sustainable society, we believe that MS&AD Insurance Group should build trust as a social entity by supporting people live in stability and encouraging companies develop their business. We believe that is the basis of insurance business and our value to become a trusted and reliable partner.

In order to earn the trust from the society, we always consider tax compliance. The environment surrounding taxation has changed significantly in recent years, with the increasing focus on securing transparency in taxation as corporate responsibility and strengthening the international tax framework. Our Group believes it is important as a responsible insurer to fully recognize the importance of fair and transparent taxation and to disclose the Group's approach to and initiatives for tax compliance.

■ MS&AD Insurance Group Tax Policy

Our Group has made a fair allocation of tax payments and filings in full compliance with the spirit of the relevant tax laws and regulations of each country where we operate.

In April 2018, the Board of Directors adopted the "MS&AD Insurance Group Tax Policy" in order to ensure that each and every employee of the Group has a high ethical standard concerning taxation and to implement appropriate tax practice and procedures.

Pursuant to the "Tax Management Principles" (please see below), MS&AD Insurance Group will promote a greater awareness of tax compliance to build trust from all stakeholders by ensuring to act transparently in each jurisdiction.

Basic Policies ("Tax Management Principles")

1. MS&AD Group values the trust and confidence of its stakeholders and is committed to managing tax matters with integrity and responsibility while recognizing the importance and social significance of appropriate tax payments.
2. MS&AD Group, in performing our business operations, complies with all applicable tax laws and the relevant regulations of each jurisdiction in which it operates.
3. MS&AD Group is committed to both optimizing tax-related costs as well as making appropriate tax filings and tax payments.
4. MS&AD Group does not conduct any transactions only intended to avoid tax without business purposes in a way contrary to the national and local tax laws.
5. MS&AD Group develops and maintains trusting relationships with the tax authorities in each jurisdiction in which it operates through sincere and transparent behavior in a timely and appropriately cooperative manner.

Our Approaches Underpinned by Tax Management Principles

■ Global tax governance framework

Based on "MS&AD Insurance Group Tax Management Principles", MS&AD Insurance Group will implement and strengthen its tax governance framework led by the parent company in order to thoroughly manage tax compliance at a global level.

■ Tax transfer pricing

We understand the purpose of the OECD's BEPS (Base Erosion and Profit Shifting) project. We are committed to ensuring that we meet our tax obligation in the jurisdictions where we engage in business activities. Intragroup transactions are conducted at appropriate prices determined on an arm's length basis under the group transfer pricing policy. We pay a fair allocation of taxes corresponding to profits reported to the tax authorities in the jurisdictions where value is created within commercial activity.

■ Tax planning

We do not conduct tax planning only intended to avoid tax, such as through the transactions or organizations without business purposes or economic substance, using tax-free or low tax jurisdictions (known as tax havens).

Current income tax by country and region (FY2018)

(Unit : 100 million yen)

Country & Region	Ordinary Income	Income before Tax	Current income tax	
				Share
Japan	48,373	3,057	837	94.5%
Asia	2,085	341	38	4.3%
Europe	6,025	▲ 161	▲ 5	▲0.5%
Americas	717	103	15	1.7%
Consolidation adjustments	▲ 2,197	▲ 541	-	-
Amount on the consolidated financial statements	55,004	2,798	886	100%

*The above table is based on the consolidated financial statements issued by our group.

*Income tax paid for our flagship countries (FY2017)

(Unit : 100 million yen)

Country	Income tax paid
Japan	1,196
U.K.	17

ERM and Risk Management

Group Management Based on ERM

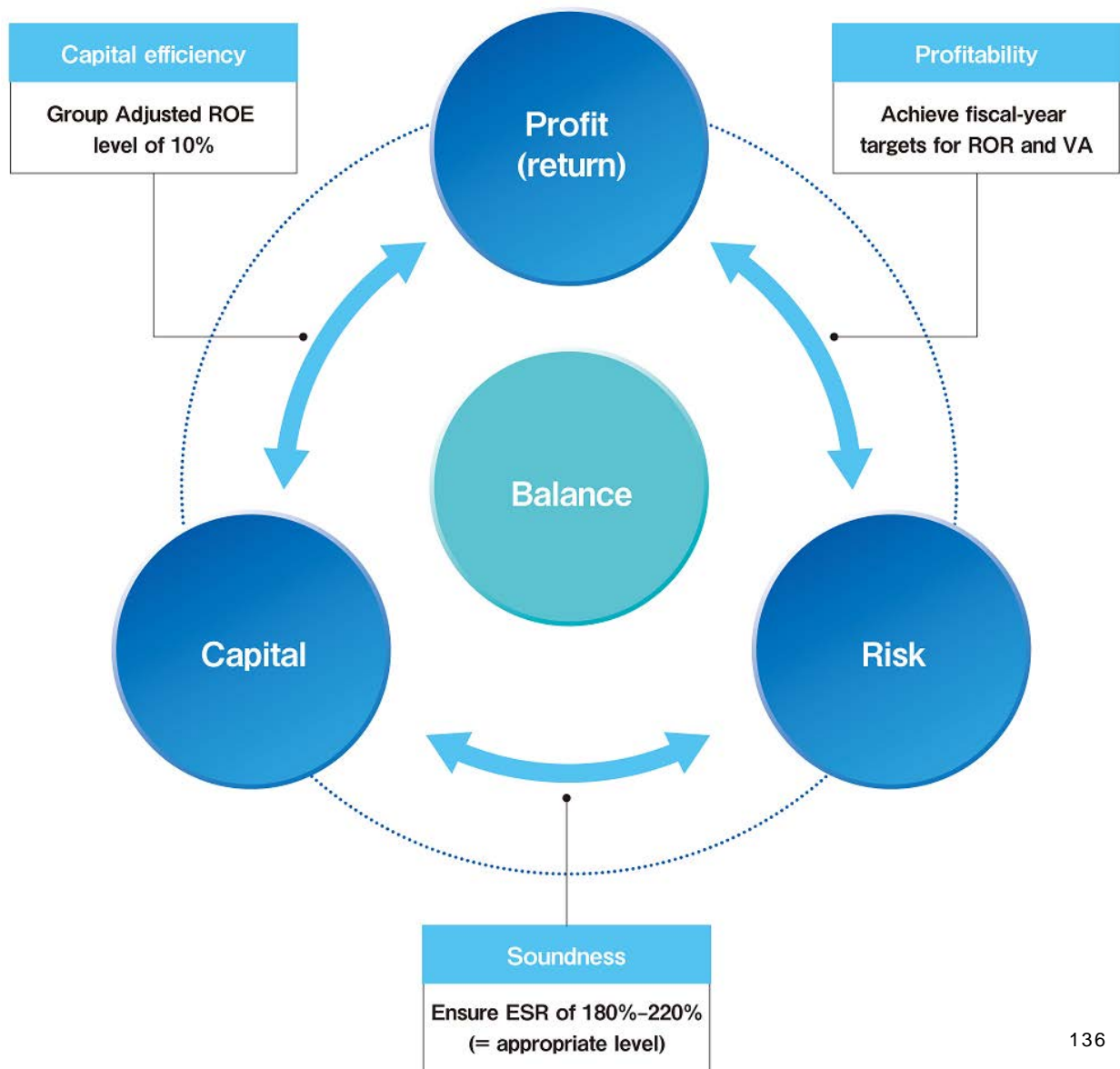
The function of ERM (Enterprise Risk Management) is to control the balance among three key management indicators: profit (return), risk and capital. The MS&AD Insurance Group positioned ERM as a driver in the previous medium-term management plan, "Next Challenge 2017," establishing a platform for Group management.

Under the current medium-term management plan "Vision 2021," MS&AD is pushing forward with initiatives to improve profitability and capital efficiency, while ensuring soundness, and base Group management on the ERM cycle.

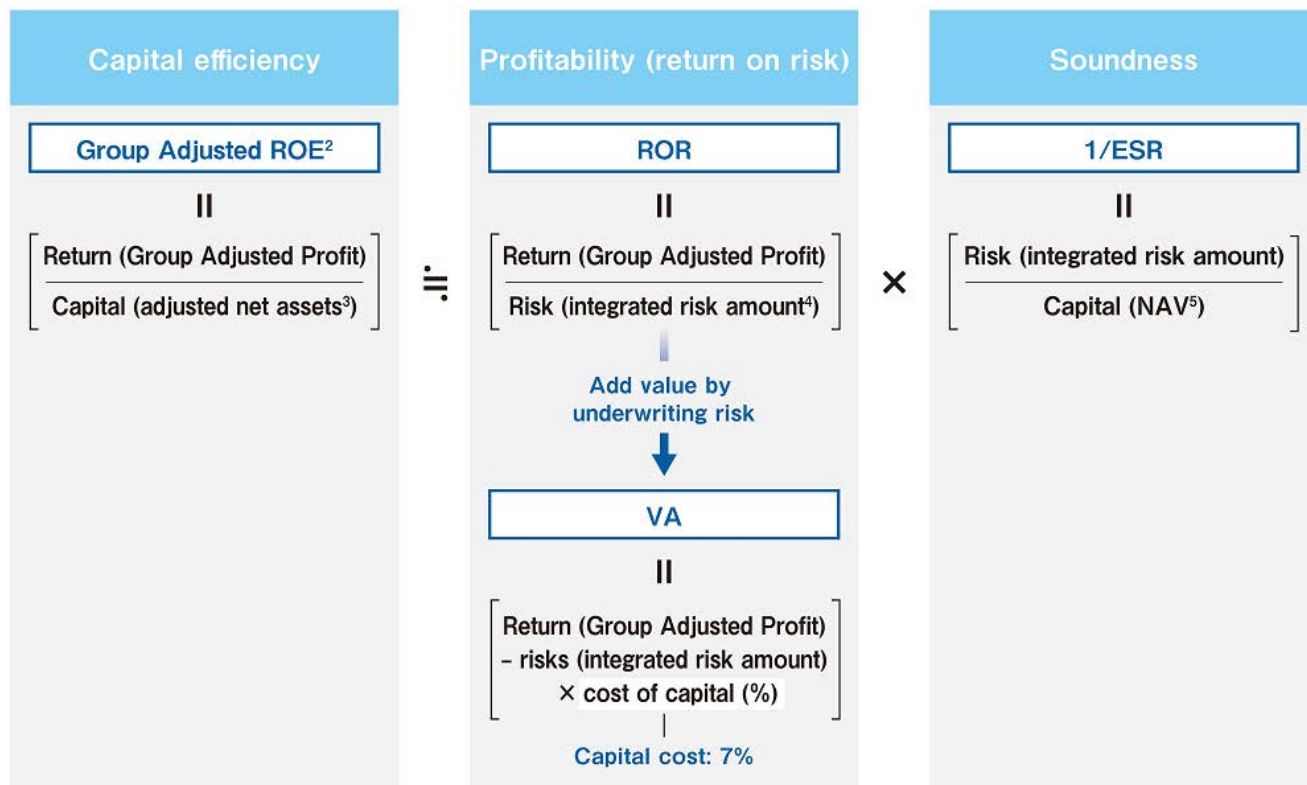
Function and Role of ERM

When pursuing profits through risk-taking, ERM considers opportunities with high ROR (Return on Risk) or means of increasing ROR and seeks to achieve the target return on equity (ROE) while maintaining the soundness of capital(ESR1). The relationship between these three is outlined in the following figure.

1. ESR: Economic Solvency Ratio (economic value-based solvency ratio) = NAV/Integrated risk amount



Indicators Emphasized in ERM



2. Group Adjusted ROE = Group Adjusted Profit ÷ Average of adjusted net assets (Consolidated net assets + Catastrophe loss reserves and others – Goodwill and other intangible fixed assets) at the start and end of the fiscal year
3. The adjusted net assets used to calculate Group Adjusted ROE is the average of consolidated net assets plus catastrophe loss reserves and others minus goodwill and other intangible fixed assets at the start and end of the fiscal year.
4. Integrated risk amount represents the maximum amount of losses and total value of associated insurance payments that are likely to be encountered once in 200 years. It is marked to market value.
5. Net asset value is an indicator used as a management buffer to enable thorough net asset management. In addition to adjusted net assets, it includes such items as unrealized insurance liabilities, other equity liabilities, etc.

ESR (Economic Solvency Ratio)

ESR is an indicator of capital adequacy with respect to the risk amount.

(¥ billion)

Risk amount is calculated based on the statistical quantification of risks of losses and price fluctuations associated with businesses and asset portfolios, and the integrated risk amount represents the total amount of risk assumed by the Group as a whole. The Group uses a recurrence interval of 200 years for the maximum foreseeable loss (in other words, losses will not exceed this value for 199 out of 200 years).

	March 31, 2018	March 31, 2019	Change from previous year
ESR	211%	199%	(12 pt)
NAV	4,800.0	4,600.0	(200.0)
Integrated risk amount	2,200.0	2,300.0	+100.0

ROR (Return on Risk)

To assume risk, it is necessary to secure the capital that balances that risk. Consequently, in business where ROR is high (in other words, business where profit is large relative to the risk assumed), the profit that can be earned is large relative to the capital necessary.

VA (Value Added)

Value Added (VA) indicates how much value can be generated with respect to the risks assumed.

While ROR (Return on Risk) indicates the rate of return that can be obtained with respect to the risks assumed, VA is an indicator of absolute value.

ERM and Risk Management

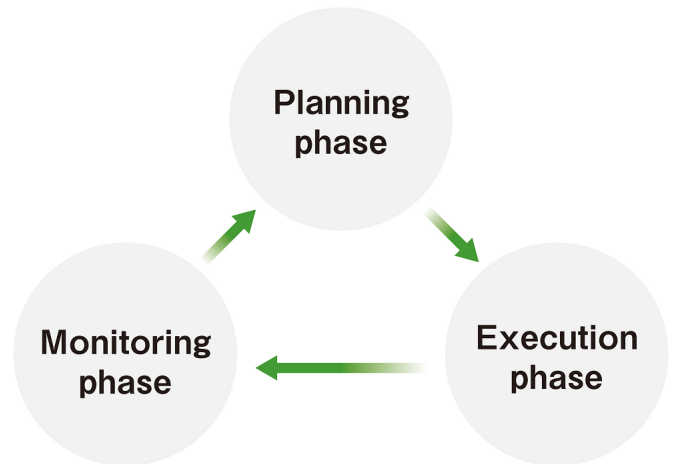
The MS&AD Insurance Group formulates management plans in accordance with the Group Risk Appetite Statement with the aim of improving profitability and enhancing capital efficiency while ensuring soundness based on the ERM cycle. Capital is allocated in accordance with the ERM cycle and the risks assumed, and by monitoring return on risk (ROR)* for the risks assumed we take steps to strengthen our risk controls and underwriting.

*ROR = Group Adjusted Profit/Integrated risk amount

ERM Cycle

ERM is implemented through the planning, execution and monitoring phases.

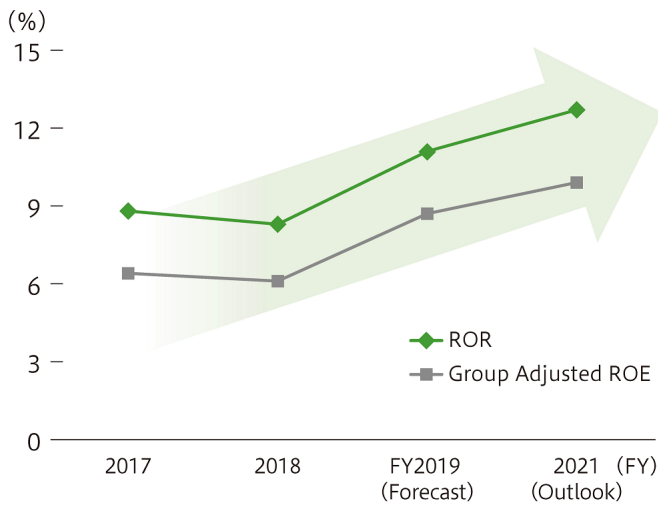
Planning phase	<ol style="list-style-type: none"> 1 Formulate strategies based on the Group Risk Appetite Statement and establish capital allocation amounts based on the level of assumable risk.
Execution phase	<ol style="list-style-type: none"> 2 Take risks within the risk limits based on the capital allocation amounts.
Monitoring phase	<ol style="list-style-type: none"> 3 Conduct regular monitoring of financial soundness, profitability and capital efficiency. 4 Based on the outcome of monitoring, examine and implement any necessary measures.



Initiatives to Improve ROR

Trends in ROR, which is an indicator of the profits that can be earned on risks assumed, are a proxy for the earnings power of the Group's risk portfolio. The MS&AD Insurance Group is working to improve ROR based on the ERM cycle and aims to achieve Group Adjusted ROE of 10% in fiscal 2021.

► ROR Outlook



► Initiatives to Improve ROR

Domestic Non-Life Insurance Business	Subdivide the monitoring targets and aim to secure a return in accordance with capital costs
Domestic Life Insurance Business	Develop products mainly geared toward the domestic low-interest rate environment
International Business	Strengthen existing businesses centered on MS Amlin and diversify our business portfolio geographically and by class
Asset Management (excluding strategic equity holdings)	Improve returns by expanding and diversifying investment assets

Control of Risk

The MS&AD Group has established the MS&AD Insurance Group Risk Management Basic Policy, which underpins the common risk management exercised throughout the Group. Specifically, the policy identifies the principal types of risk with an impact on the Group's business portfolio, stipulates how risk factors are to be evaluated both quantitatively and qualitatively, and promotes risk management based on those evaluations.

► Risk Management

- Risk Management Basic Policy
- Risk Management Structure
- Insurance Business Risks
- Risk Management in International Business
- Crisis Management System (Including Business Continuity Management System)

Specifying Risks

The Group specifies material risks that affect management as follows in fiscal 2019.

Group Material Risks

The Group identifies material risks to be controlled by management, formulates a Management Action Plan and regularly monitors the status with respect to individual risk.

FY2019

Occurrence of a large-scale natural catastrophe in Japan or overseas

Sharp fluctuations in financial markets in Japan or overseas

Increase in credit risk and nonperforming loans

Occurrence of behavior that is detrimental to the corporate value of the Group, loss of social credibility

Occurrence of cyberattacks that cause large-scale and serious impediments to operations, information leaks, the payment of insurance, and the frequent occurrence of large-scale leaks and illicit use of personal information and confidential information

Frequent occurrence of IT system failures, the occurrence of critical IT system failures and large-scale IT system development plan-related progress delays, shortfalls, budget overruns and expected effects being unrealized

Pandemic of a new highly toxic strain of influenza

Group Emerging Risks

Group Emerging Risks are defined as events that could affect the Group business from a medium- to longer-term perspective and events that could affect the Group business that management should be aware of but are difficult to measure in terms of scale and timing. We regularly monitor Group Emerging Risks.

FY2019

Declining birthrate and aging population, advances in medical technology

Resource depletion

Climate change

Environmental damage

Trends in new technologies and mechanisms (including the spread of IoT, sharing economy) that significantly alter the economy and consumer behavior

Newly established/revised domestic and overseas laws and systems

Major changes to domestic labor supply-demand

National governance/political turmoil, dysfunction, collapse, interstate conflict

Japanese security crisis

Declining Birthrate and Aging Population

The domestic insurance market will contract as the birthrate declines and the population ages, but growth in the elderly population and longer life spans have created new needs for insurance. The Group is continuously developing new products and services that support people's health and longevity that include providing "Tontine Annuities," adding guarantees for dementia nursing care and launching "whole life nursing/dementia plans" that sufficiently address anxiety over nursing care. We are undertaking key measures to address the risks associated with falling birthrates in Japan through reforms of our business portfolio that involve strengthening our international business and geographical/business diversification.

Environmental Damage

Insurance companies might have to pay out insurance claims based on underwriting provisions as companies claim massive amounts of compensation for the environmental damage they have caused by pollution and/or significant environmental burdens. Amid progressive climate change and natural resource depletion, it looks like concerns are deepening and risks are rising regarding such phenomena within society. The MS&AD Insurance Group is working to provide appropriate insurance underwriting and reinsurance while monitoring trends in global social concerns and legal regulations that address the causes of environmental pollution and burdens and focusing on the provision of risk consulting services related to environmental damage from business activities.

Strengthening Natural Disaster Risk Management

In 2018, several major natural disasters occurred in Japan and overseas. In Japan, the number of accident claims received Group-wide was 520,000, which far exceeds the Great East Japan Earthquake. Overseas, there was a significant amount of natural catastrophe losses, such as those caused by hurricanes in the United States and the California wildfires.

The MS&AD Insurance Group has built a system able to ensure the soundness of the entire Group by performing stress tests versus large-scale insured losses caused by earthquakes as well as hurricanes in the United States, while securing the necessary capital based on risk criteria that uses event probability of once in 200 years. In fiscal 2018, the Group was able to reliably sustain operations while maintaining a proper level of financial soundness.

Recently, however, the scale and frequency of natural disasters, such as major hurricanes and typhoons, have been increasing. Under these circumstances, the Group intends to advance the level of its natural catastrophe risk management by refining methods for measuring risks related to windstorms and floods in the United States, enhancing stress tests, and promoting research and assessments of natural catastrophe risks in Asia.

Controlling the Retained Amount of Natural Catastrophe Risk

While the amount of natural catastrophe damage in Japan reached a record high, we covered this loss using reinsurance as a means of recovering insurance money as well as catastrophe reserves that are accumulated each period to cover large-scale insurance payments like those seen recently. Throughout the Group, we redoubled our efforts to control the retained amount of natural catastrophe risk while implementing and enhancing measures to mitigate risks of earnings fluctuations during the period.

Specifically, we

1) Lower the natural catastrophe retention on a Group-wide basis

- Lower the natural catastrophe retention including that for windstorm and floods in the United States
- Further enhance the profitability of the reinsurance business

2) Reduce the risk of profit fluctuations

- By enhancing the respective existing reinsurance coverage of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance for domestic natural catastrophes and creating joint reinsurance treaty coverage shared by the two companies that covers annual aggregate losses, the Group reduces the losses on a once-in-10-years basis by around 20% year on year, decreasing the risk of profit fluctuation.

Cyber Risk Initiatives

We have developed a Group-wide platform to address cyber risks, which are a common challenge within the Group.

MS&AD InterRisk Research & Consulting, Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance closely cooperate to provide comprehensive risk consulting/diagnostic services to corporate customers.

We launched a multifaceted risk assessment service in cooperation with Verizon Japan and BitSight Technologies. (July 2018)



We launched an intelligence information provision service (IntSights) in cooperation with the American company IntSights Cyber Intelligence (July 2018)

- Gather and analyze online data using a proprietary algorithm and machine learning
- Provide monthly reports on intelligence information

Information Management

Basic View and Policy

The MS&AD Insurance Group will observe the laws and regulations for information security, 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 order to proactively strengthen information security management to the entire group, we have established the "MS&AD Insurance Group Information Security Management Basic Policy."

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 the "MS&AD Insurance Group Basic Policy for Management of Customer Information" and the "MS&AD Insurance Group Basic Policy for Shared Use of Customer Information".

- > [MS&AD Insurance Group Information Security Management Basic Policy](#)
- > [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 Security Management

The holding company appoints the Group Chief Information Security Officer (CISO) to build a framework and enhance information security management. The MS&AD Group maintains a framework to detect threats to information assets and always understands changes in the external environment, such as those related to cybersecurity, to ensure information security and respond to emergencies quickly.

In accordance with the "MS&AD Insurance Group Basic Policy for Management of Customer Information", 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 security 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 security 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 \(Privacy Policy\)](#)

Transaction Responsibilities

Basic Concept and Policy

In the MS&AD Insurance Group Compliance Basic Policy, the MS&AD Insurance Group stipulates that all of our officers and employees should take 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 with a constant awareness of our corporate social responsibility.

[> Compliance Basic Policy](#)

Furthermore, we established the MS&AD Insurance Group Basic Policy on Human Rights in February 2017, in which we recognize our responsibility for the actual and potential adverse impact that our business activities have on human rights, including in the value chain. We have begun efforts to implement activities and dialog that respect human rights.

[> Basic Policy on Human Rights](#)

Based on the fact that there are situations in business activities where various activities are entrusted to outside vendors, we have formulated the MS&AD Insurance Group Basic Policy for Management of Outside Vendors as our basic policy regarding outsourcing. Based on the above, the Group companies maintain and properly control the management of outside vendors.

[> Basic Policy for Management of Outside Vendors](#)

Specific Initiatives

Initiatives for Human Rights and the Environment

Through its human rights due diligence, the MS&AD Insurance Group is making efforts for the safe management of customer information by making the prevention privacy infringement arising from the leakage of customers' personal information a priority issue. The Group also conducts procurement that takes into account the sustainable use of resources.

[> Human Rights Due Diligence and Remedial Measures](#)

[> Information Management](#)

[> Promoting Use of FSC-Certified paper](#)

Confirming the Appropriateness of Outside Vendors

The Group's domestic insurance companies have established standards for selecting new outside vendors and conduct regular inspections of vendors, in principle annually, to check the vendors' customer personal information management system, the soundness of business management, and the appropriateness of business execution.

Initiatives in the Value Chain

Consideration for Human Rights

> Basic Policy on Human Rights

The MS&AD Insurance Group urges related parties such as business partners, including suppliers, who are involved in the procurement of services, and agencies, to prevent and/or reduce the risk of adverse impacts on human rights through their business activities.

Environmental Consideration

As part of ISO14001 initiatives, MSI and ADI annually explain the MS&AD Insurance Group Basic Policy on the Environment to clients and ask for their cooperation in environmental consideration.

Examples of specific initiatives include encouraging agencies and clients to obtain Eco Action 21 certification, a simplified environmental ISO certification, as well as spreading eco-maintenance* and promoting the use of recycled automobile parts. We also encourage the preservation of biodiversity by companies.

> Support for Certification under Eco Action 21

> Support for the Spread of Eco-maintenance and Eco-inspection

* Encouraging the spread of eco-maintenance (engine cleansing)

"Engine cleansing" has been stipulated by the government as one of the designated items of Green Purchase Method in April 2008. Support for obtaining Eco Action 21 certification has directly lead to the spread of engine cleansing.

Group Basic Policy for Management of Outside Vendors

Based on the fact that there are situations in business activities where various activities are entrusted to outside vendors, the MS&AD Insurance Group has formulated the Group Basic Policy for Management of Outside Vendors as the basic policy regarding outsourcing. Based on the above, the Group companies maintain and properly control the management of outside vendors.

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

The MS&AD Insurance Group maintains proper management of outside vendors based on the below management policy in situations when it entrusts work externally.

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.

Information Disclosure

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

[➤ Basic Policy for Disclosure of Information](#)

Disclosure of Information and Investor Relations (IR)

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

[➤ Disclosure of Information and Investor Relations \(IR\)](#)

Capital Management Policies and Shareholder Return Policy

Our Group aims to ensure that capital is kept in line with the amount of risk while strengthening shareholder returns through dividends and share buybacks.

[➤ Capital Policy and 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 Policy](#)

[➤ Stock Overview](#)

Climate-related Financial Disclosure

The MS&AD Insurance Group endorses the Task Force on Climate-related Financial Disclosures (TCFD) and promotes the disclosure of financial information.

[➤ Climate-related Financial Disclosures](#)

Disclosure of Information and Investor Relations (IR)

The MS&AD Insurance Group is actively conducting appropriate information disclosure to earn trust from a wide variety of stakeholders, including 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

Our Group has compiled its stance relating to information disclosure in the "MS&AD Insurance Group Basic Policies on Corporate Governance." Based on this basic policy, we have established the "Policy for Constructive Dialogue with Shareholders" as a guideline for dialogue with shareholders, and the "MS&AD Insurance Group Basic Policy for Disclosure of Information," etc. as a guideline for adequate disclosure, to ensure that the Group implements accurate, timely, and fair information disclosure.

[> MS&AD Insurance Group Basic Policies on Corporate Governance](#)

Basic Policies

MS&AD Insurance Group Basic Policy for Disclosure of Information

The "MS&AD Insurance Group Basic Policy for Disclosure of Information" 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, 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 corporate value in the medium and long term, our Group works to carry out constructive dialogue with shareholders, and is working to further create value by taking advantage of the dialogue in 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 and regulations of financial instruments exchanges, our Group proactively releases information for investment decisions, ranging from basic policies and management plans to business strategies of the Group, thereby improving the quality of our 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, our Group has established a Disclosure Committee and built a timely disclosure system.

Disclosure Committee

The Disclosure Committee has been established by a resolution of the Board of Directors, and it 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. Our Group regularly convenes 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 for timely disclosure is provided in the Corporate Governance Report.


[Corporate Governance Report \(last update: November 19, 2019\)](#)  (734KB)




Communication with Shareholders and Investors

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


[Policy for Constructive dialogue with shareholders](#)



The Medium-Term Management Plan




- > The Medium-Term Management Plan(2018~2021)  (5,655KB)
- > FY2018 First Information Meeting  (3,050KB)
- > Presentation 

Previous Medium-Term Management Plan (FY2014-FY2017)



- > Next Challenge 2017-Stage2(FY2016-FY2017) (May 26, 2016)  (451KB)
- > Next Challenge 2017 (June3, 2014)  (5,709KB)

FINANCIAL TIMES (October 9, 2018)

> Visions of a Sustainable Future 

> PDF  (1,180KB)

Visions of a Sustainable Future

MS&AD Insurance Group is determined to cement its place in the top rank of the global non-life insurance industry—and has a clear vision of how to achieve that goal.

Insurance companies like to engage risk. That does not mean that they don't operate in a risk-free environment. In fact, MS&AD Insurance Group came into being in 2015 when a goal of world-class insurance companies in Japan drove globality down to sustainable levels. Created through the integration of Mitsui Bussan Kaisha Insurance, Aioi Insurance and Nippon Fire General Insurance, MS&AD had a challenging beginning, gaining a license in 2015 due to the Great East Japan Earthquake and flood in Thailand.

The company devoted the next few years to the concept of growth and efficiency. "Our effort came to fruition in fiscal 2017," says Yasuyoshi Kawasaki, Group CEO since 2014. "We've achieved efficiency through function-based reorganizations and cost-cutting costs, rebuilt our domestic, non-life portfolio, and secured financial foundations."

As evidence of this new-found robustness, Kawasaki points to key insurance industry metrics: a combined ratio for the domestic



MS&AD can increase stability in the lives of individuals and dynamism in the business community.

Yasuyoshi Kawasaki
President and CEO,
MS&AD Insurance Group
Holdings, Inc.

single column or value set is more effective at governing activities," he says, explaining why diversity is one of MS&AD's core strengths. (See box top right.)

As for digitalization, Kawasaki stresses that it doesn't mean using automation to take over people's jobs. "For us, digitalization means adding value so what people do to improve productivity and the customer experience via auto-

MS&AD Holdings
MS&AD INSURANCE GROUP
www.ms-ad-hd.com/en

Strength in diversity

Diversity makes sound business sense. Why? Because diverse groups are proven to do a better job of thinking differently. MS&AD is diverse in a whole variety of ways. First, it has a rich mix of companies, with three brands and two life insurance companies mainly in Japan, plus a highly diverse global network. It also has a range of partnerships with entities ranging from Japanese keiretsu groups and manufacturers like Sumitomo and Toyota to international insurers like F&W, General and Equi. More. But the company also benefits from diversity at the human resources level, with a healthy global gender split and a broad spread of nationalities now that fully one-quarter of the group's 40,000 employees are based outside Japan.

A variety of separating companies

NON-LIFE INSURANCE			LIFE INSURANCE	
Global operations	Security fund	Blue chip	Private life	Real-estate
Domestic business			Real-estate	Real-estate

Third-Party Assurance

Third-Party Assurance

Since 2015, the MS&AD Insurance Group has engaged KPMG AZSA Sustainability Co., Ltd. to perform assurance of selected environmental and social data in order to assure the credibility of reported figures. The data subject to the third-party assurance is indicated with ✓.



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 ✓ (the “Indicators”) for the period from April 1, 2018 to March 31, 2019 included in its Sustainability Report 2019 (the “Report”) for the fiscal year ended March 31, 2019.

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 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 the ‘International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information’ and the ‘ISAE 3410, Assurance Engagements on Greenhouse Gas Statements’ issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the 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 the Company’s responsible personnel to obtain an understanding of its policy for preparing the 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 procedures on 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 recalculating the Indicators.
- Visiting the Company’s Yaesu First Financial Building selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

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 Report are not prepared, in all material respects, in accordance with the Company’s reporting criteria as described in the 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

December 2, 2019

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.	For overseas electric power, emission factor by country published by IEA (*2).
	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.	
Total amount of waste	Japan	The percentage of the actual measured amount of general waste disposed from Company-owned buildings is 94.5%. 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 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 recycled waste	Consolidated	The actual measured amount of recycled waste	
Amount of disposed waste	Consolidated	Total amount of waste minus actual measured amount of recycled waste	
Amount of water used	Japan	The percentage of the actual measured amount of water used in Company-owned buildings is 71.4%. 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 Japan 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	
	Overseas		

		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.	
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Organizational boundary: MS&AD Insurance Group Holdings, Inc. and its consolidated subsidiaries.

*1 JETRO: Japan External Trade Organization

*2 IEA: International Energy Agency

Scope and Method of Calculating Scope3

Category	Subject	Calculation method	Emission source unit
Capital goods	Consolidated	Facility investment amount x emission source unit per price of capital goods	The Ministry of the Environment's database*3 [6] emission source units per price of capital goods (financial/insurance)
Fuel- and energy-related activities (not included in scope 1 or scope 2)	Consolidated	Usage amount of fuel and energy Usage amount x emission source unit	①The Ministry of the Environment's database*3 [7] emission source units per usage of electricity and heat ②CFP Program DB *4 emission source units per amount of fuel
Waste generated in operation	Consolidated	Amount of recycled industrial waste, incineration processing, and direct landfill processing x waster type/emission source unit by processing method	① Carbon Footprint DB*4 Emission source unit for incineration of non - industrial wastes per weight ② The Ministry of the Environment's database*3 [8] emission source units by waste type (including waste transportation stage)
Business travel (by airplane)	Consolidated	○Cost of air flight Cost of air flight × Emission source unit per transportation expenses	The Ministry of the Environment's database*3 [11] Emission source unit per transportation expenses
Employee commuting	Major Domestic consolidated subsidiaries	○commutation allowance commutation allowance × Emission source unit per transportation expenses	The Ministry of the Environment's database*3 [11] Emission source unit per transportation expenses
Lease property	Consolidated	○Electricity and gas used in the lease property • energy and gas consumption amount × Emission source unit per consumption amount for electricity and gas	Emission factor by energy source based on the Act on Promotion of Global Warming Countermeasures as published by Japan's Ministry of the Environment

*3 : The Ministry of the Environment's emission source unit database (ver. 2.6) for calculating greenhouse gas emissions through the supply chain (March 2019)

*4 : Carbon Footprint Communication Program (CFP Program) Database (ver. 1.01)

Third-party Opinion

Junko Edahiro

Professor, Graduate School of Leadership and Innovation, Shizenkan University

President, Institute for Studies in Happiness, Economy and Society

Founder and President, e's Inc.



This Report covers a wide range of topics including the MS&AD Insurance Group's policies and initiatives, and, despite the vast volume of information covered, both its layout and text are reader-friendly. The process of identifying material issues and developing them into concrete measures as well as how the progress of those measures is managed is clear. In fact, the Group has reduced its carbon footprint (Scope 1 and 2) by 13.3% compared to 2009 and it has incorporated various measures to address global warming, a point I suggested last year, which attests to the Group's commitment to steadily promote and expand sustainability initiatives. The Group is also stepping up its efforts to develop a system that facilitates effective engagement with sustainability through means such as by incorporating efforts to tackle global warming into directors' performance-based compensation.

The Report is already a reliable one in its own right, but I would like to point out a few issues for further improvement.

In this Report, the MS&AD Insurance Group reiterates "a resilient and sustainable society" as the image of the society the Group aspires to achieve. I would suggest that the Group's own definition and image of such a society be shared with readers. "Resilient" is still an unfamiliar term and its meaning varies depending on the person. I believe that drawing a concrete image of such a society would give the readers a clearer picture of the goals of each initiative.

Furthermore, I recommend that descriptions on the kind of world the MS&AD Insurance Group foresees and how the Group intends to respond to it be presented, for example, in the CEO Message, from a broader, long-term perspective. I understand that the Group is already working on matters "deemed as an issue in and outside Japan" and matters that "constitute social problems," but what about risks that are yet to become a social issue? Moreover, besides global warming, I believe we need to anticipate new emerging risks in the era of AI and autonomous driving. Turning our eyes to Japan, what kind of risks would be brought about by a shrinking population and rural flight from local communities? I think it is essential for an organization committed to "identify and inform on risks" to explore potential risks, including existing but yet unrecognized risks, and the danger of such unawareness, and to report on the possible solutions to the potential risks that are under consideration.

Another point, which overlaps with my comments from last year, is that although the Report covers a wide range of initiatives taken, most of what is offered consists largely of explanations of those programs. I would suggest that data on the Group's performance and particularly changes over the past one year and future plans based on a review of that performance be included in the main text. Particularly, rather than merely re-presenting the figures, data such as employee satisfaction, for which figures remain unchanged over the past few years, the figures should be accompanied by deeper analyses and descriptions of the subsequent actions the Group intends to take.

Lastly, it is natural that global warming accounts for the majority of the initiatives, given the nature of the Group's business and the social requirement. However, I expect the Group to promote other global issues including water problems, biodiversity, regional revitalization, which is a pressing issue in Japan, and social impacts. As to sustainability of natural capital, the MS&AD Insurance Group has provided consultation services to customers, I would like to see the Group apply the same awareness to its own sustainability efforts too.

Furthermore, with regard to the CO2 emissions reduction target, a "70 percent reduction in 2050 from the 2009 level" was a drastic one at the time when it was devised. However, I believe that the target should become more aggressive considering developments such as the Paris

Agreement, the publication of the Special Report on Global Warming of 1.5° C last autumn, and the long-term targets announced by the Japanese government last spring. On the other hand, I expect the Group to also work on energy problems, such as by joining RE100. By evolving the exemplary disclosure that the Group already has in place, and articulating a broader perspective, the direction it will take, and each further step taken, I am sure the MS&AD Insurance Group will be able to produce an even more communicative report.

Our Response to the Third-Party Opinion on Our Sustainability Report

We sincerely appreciate your valuable opinions on the MS&AD Insurance Group Sustainable Report 2019.

In fiscal 2018, we focused on Creating Shared Value (CSV) with the SDGs referenced as leading marks in order to realize our image of society in 2030 as "a resilient and sustainable society", envisioned in our Medium-term Management Plan, Vision 2021, launched in 2018. Year after year, we are compelled to be prepared for contingencies arising from factors such as the ever intensifying natural disasters and increasingly sophisticated cyber attacks. Furthermore, we are faced with a multitude of risks that will emerge during the course of the drastic reforms towards realizing a sustainable society. The MS&AD Insurance Group is addressing social issues that many people hope to resolve, such as diversified/large-scale accidents and disasters, the global environment approaching the limit, mounting burden of nursing/medical care associated with aging population and a decline in social vitality due to widening inequalities, by proposing adequate measures to tackle such problems and risks.

FY 2019 will continue to see us advance our CSV initiatives and provide insurance and financial services that help to resolve these and other social issues. We highly value the opinions we receive, which we find very suggestive and important when communicating to our stakeholders about our CSV efforts to realize a "resilient and sustainable society," the image of the society we will achieve by 2030.

As to the four themes you have raised in your advice, we will take the following steps:

First, to provide our definition and a concrete image of a "resilient and sustainable society," the society we aspire to achieve by 2030 as outlined in our Medium-term Management Plan, Vision 2021, we will reorganize the steps toward the realization of such a society in a readily comprehensible way and provide a description of the society that is linked with our CSV efforts.

Second, to foresee the world from a broad and long-term perspective and address the forecast, we will proceed with research and study into potential risks, mainly around the four social issues, in cooperation with external institutions and will present the findings and solutions from a medium- to long-term perspective.

Third, in order to indicate our future plans based on a review of the previous year's performance as well as changes, we will reflect on the previous year's track record and show our vision of the future pertaining to the issues we are working on, to the extent possible.

Fourth, to advance with initiatives on global issues other than global warming, we will return to the MS&AD's Story of Value Creation and strive to materialize it. Our story of Value Creation is stated as follows: To fulfill our aim to realize a desirable society, we will squarely face the social issues that hamper society's advancement and quickly identify various risks stemming from such issues and provide information on these risks. Then through a variety of products and services, we need to prevent risks from occurring or minimize the impact of those risks and to reduce the economic burden when those risks do materialize. By doing so, we help create an environment where customers can live and conduct business in a secure manner.

To support the Group's efforts towards its Mission, to contribute to the development of a vibrant society and help secure a sound future for the planet by enabling safety and peace of mind, we will clarify what we can do and how we can contribute by proactively incorporating the opinions received and strive for disclosure that is meaningful both to stakeholders and the MS&AD Insurance Group.

Yusuke Shirai, General Manager, Corporate Planning Department
MS&AD Insurance Group Holdings, Inc.

Editorial Policy

Concept of Sustainability Information Disclosure

The MS&AD Insurance Group issues an annual Sustainability Report so that stakeholders can better understand the sustainability-related activities at the Group. In addition to including information that is considered important by stakeholders and the Group, the report is published via a website in order to save natural resources.

- The Group is making efforts to Create Shared Value (CSV) by utilizing the SDGs as leading marks, in order to realize a “resilient and sustainable society,” our ideal for society in 2030 as set forth in our Medium-Term Management Plan, Vision 2021.
- The report focuses on initiatives related to our priority issues of “contributing to climate change mitigation and adaptation” “striving to improve sustainability of natural capital,” and “implementing activities and dialog that respect human rights,” in addition to other initiatives related to our value creation approach.
- The report also mentions unique initiatives being carried out at Group companies (please refer below for the scope of the report).
- The report includes a collection of sustainability-related data.

Scope of the Report

Target period
Fiscal 2018 (April 2018 through March 2019) * Also includes some activities in and after April 2019.
Target organizations and abbreviations
The Company and Group companies are abbreviated as follows. (The Group's domestic insurance companies are indicated with a star symbol.)
<ul style="list-style-type: none"> · MS&AD Insurance Group Holdings, Inc. ⇒ "MS&AD Holdings" or "HD" · Mitsui Sumitomo Insurance Co., Ltd. (★) ⇒ "Mitsui Sumitomo Insurance" or "MSI" · Aioi Nissay Dowa Insurance Co., Ltd. (★) ⇒ "Aioi Nissay Dowa Insurance" or "ADI" · Mitsui Direct General Insurance Co., Ltd. (★) ⇒ "Mitsui Direct General Insurance" or "Mitsui Direct General" · Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (★) ⇒ "Mitsui Sumitomo Aioi Life" or "MSI Aioi Life" · Mitsui Sumitomo Primary Life Insurance Co., Ltd. (★) ⇒ "Mitsui Sumitomo Primary Life" or "MSI Primary Life" · MS&AD InterRisk Research & Consulting, Inc. ⇒ "MS&AD InterRisk Research" or "InterRisk"

Timing of Publication

This issue
September 2019
Previous issue
October 2018
Next issue
Scheduled for September 2020

Referred Guidelines

- GRI, Sustainability Reporting Guidelines (Standard)

[>](#) Linkage with GRI Guideline

- ISO26000:2010 Guidelines on social responsibility (Japanese Standards Association)

Past Sustainability Reports

[>](#) MS&AD Insurance Group Sustainability Report

[>](#) Mitsui Sumitomo Insurance's CSR Report [📄](#)

[>](#) Aioi Nissay Dowa Insurance's Communication Report (Japanese only) [📄](#)

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