

Reduction of the Environment BurdenSupport "Good Health and Longevity"

Quality that Earns the Trust of SocietyPromotion of Diversity & Inclusion

Take on Challenges and Continue to Grow

· Work toward Realization of "Leaving No One Behind"

• EEncourage Employees to Learn and Think by Themselves,

• Work Style Reform and Health and Productivity Management

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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." "Group that supports resilient and sustainable society" has been set as our vision 2030 in light of future changes.

In order to achieve this vision, we are developing business activities that take into account the environment, society, and corporate governance. "Climate change mitigation and adaptation", "Improving the sustainability of natural capital", and "Respect for human rights" are especially focused as the top-priority issues.

Climate change has already brought all sorts of impacts on a global scale. The more frequent nature and size of natural catastrophe in particular is one of the more pressing issues that could shake the foundations of the global insurance system due to rising insurance payouts. In May 2021, the Group reviewed its medium- to long-term goals for reducing its CO2 emissions and decided to aim for net zero by 2050. Then, in June, we released our policy of not underwriting or investing in any



coal-fired power plants planned for the future. Furthermore, in August, we released our TCFD Report, which summarizes the details of the Group's latest activities on climate change, in line with the Task Force on Climate-related Financial Disclosures (TCFD). We will continue to reduce emissions from the Group, and help to achieve a decarbonized society together with stakeholders by providing insurance products that push for emission reductions and support the use of more renewable energy, and by providing consulting services on climate change.

Natural capital is the world's stock of natural resources, including forests, soils, water, air, and all living organisms. It is one of the most important capitals supporting our lives and corporate activities. We will contribute by promoting risk assessment services that predict and analyze the effects of natural capital depletion and deterioration, as well as regional revitalization (green resilience) initiatives, and disaster prevention and mitigation initiatives that utilize natural capital.

Respect for human rights is an important issue particularly emphasized in the Sustainable Development Goals. The Group has established a Basic Human Rights Policy in which we are working to understand and address human rights risks throughout the value chain in light of the current social situation, carrying out business activities that respect basic human rights.

In addition, we are promoting on diversity and inclusion, and on developing human assets, as key fundamentals that support our CSV initiatives, Creating Share Value. In promoting the active participation of women, we achieved our goal set in 2018 of having at least a 15% ratio of females in managerial positions by 2020 (16.1% in 2020). Taking this to the next stage, we have raised the target to 30% by 2030. We are working to create a work environment in which diverse human resources can play an active role regardless of gender, nationality, race, or disability. Regarding our development of human assets, we are working to develop professional talent capable of solving problems with new ideas and creativity to promote digital transformation and create innovations to solve social issues.

Amid the huge changes in social issues and society that come with more large-scale natural disasters and outbreaks of infectious diseases, the whole Group will continue to work together with our stakeholders to solve social issues and provide better value to society with the aim of realizing a resilient and sustainable society.

September 2021

President & CEO

Noriyuki Hara

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MS&AD Insurance Group and Sustainability



Our Sustainability Approach



MS&AD's Story of Value Creation and Business Models



Targets (KPI) and Results



ESG Integration and Sustainability Approach



Communication with Stakeholders



Initiative

>

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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 everyone 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)

Business Activities with Consideration for Sustainability

The MS&AD Insurance Group, as insurance and financial services group which provides safety and peace of mind conduct business activities with consideration for sustainability.

We aim to enhance corporate value by contributing to solutions for sustainability issues (also known as environmental, social and governance (ESG) issues) with profound understanding through stakeholder engagement.

- Our underwriting considers issues and risks that would have a negative impact on society and the global environment. In addition, we provide products and services that respond to the demand of society.
- Our investments consider ESG factors in pursuit of long-term returns and contribution to solutions for sustainability issues.

"Responding to Climate Change", "Improving Sustainability of Natural Capital" and "Respecting Human Rights" that require urgent actions are the Group's priorities.

[Responding to Climate Change]

- We contribute to climate change mitigation and adaptation as climate change may bring material impacts on our lives and ecosystems and pose substantial risks to the insurance industry.
- With new risk solutions using DX (digital transformation), we support our customers to establish and roll out innovative technologies for a decarbonized society, including things like next-generation energy, such as renewables and hydrogen, and CCUS*1 carbon recycling.
- We will not provide insurance for, nor make investments in new coal-fired power plants.
- We have established medium- and long-term targets for the CO2 emissions reduction from our business processes and the

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renewable energy usage ratio, and are working to reduce CO2 emissions.

< CO2 Emission Reduction >

· Scope 1*2, 2 *3

FY 2030: ▲50% (Base year :FY 2019)

FY 2050: Net Zero

· Scope 3 *4

FY 2030: ▲50% (Base year :FY 2019) (Categories 1, 3, 5, 7, 13)

FY 2050: Net Zero (All Categories)

< Renewable Energy Use >

· Targets for renewable energy usage ratio

FY 2030: 60% FY 2050: 100%

• We will continue to disclose our climate change-related initiatives, in line with the TCFD framework.

[Improving Sustainability of Natural Capital]

• Natural capital is the foundation that supports our society and economy. As its conservation and sustainable use is essential to the economic development and prosperity of society, we take initiatives to conserve biodiversity and improve sustainability of natural capital.

[Respecting Human Rights]

- As respecting human rights is the foundation of a safe society where one can enjoy peaceful lives, we conduct our business activities with respect for human rights.
- We will not provide insurance for, nor make investments in manufacturers of cluster munitions that may cause indiscriminate mass killing.

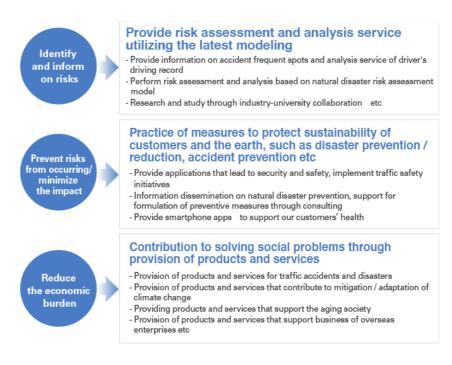
The Board of Directors and the Sustainability Committee hold discussions on the policies, plans, and the progress initiatives for the aforementioned Business Activities with Consideration for Sustainability. We keep the highly transparent disclosure and engage in dialogue with stakeholders. Revision and /or modification may be applied when necessary.

MS&AD Insurance Group participates in the following initiatives.

- · 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)
- *1: Carbon dioxide Capture, Utilization and Storage
- *2: Scope 1 is for direct emissions from our group, such as gasoline from company-owned vehicles.
- *3: Scope 2 is for indirect emissions from the use of electricity and gas.
- *4: Indirect emissions by our group's operations other than those in Scope 2.

MS&AD's Story of Value Creation and Business Models

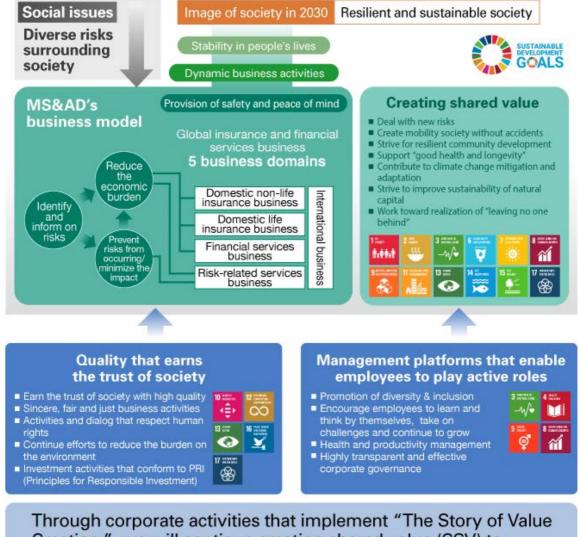
Based on the Perspective of Sustainability of the MS&AD Insurance Group, as an insurance and financial services provider, we offer coverage on various risks that include accidents and disasters. We also focus on solving social issues in order to reduce the rise of risks. We will create common value with 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."



- Our Sustainability Approach
- 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.



Through corporate activities that implement "The Story of Value Creation," we will continue creating shared value (CSV) to realize the image of society

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

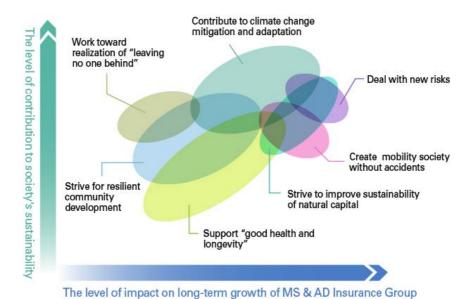
In order to accurately grasp the issues that society needs to solve, we identified social issues based on inputs from our stakeholders (customers, shareholders, business partners, the environment, local society, international society, employees, and agencies), the international frameworks, and the goals 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 > A business model that responds to new risks such as cyber risk and changes emerging risks into opportunities Deal with new risks Products and services that respond to new lifestyles Products and services with mechanisms that help prevent accidents occur Create mobility society Products and services that respond to the next-generation mobility society without accidents Continuation of traffic safety initiatives Support for regional business to revitalize local communities Strive for resilient Reinforcement of capability to respond to large-scale natural disasters community Promotion of green resilience (disaster prevention and mitigation development using natural capital) Products and services that support a healthy, long life Support "good health Products and services that can contribute to the development of and longevity advanced medicine and regenerative medicine treatment Prevention and mitigation of damage from climatic Contribute to climate change mitigation and Proposal of products and services that assist the adaptation penetrationof renewable energy Evaluation of natural capital risks Strive to improve Activities to regenerate tropical forests in Indonesia and other countries, MS&AD Ramsar Supporters sustainability of Support for promoting sustainable business through natural capital corporation and biological diversity initiative etc. R&D of insurance and financial services that help support primary industries and low-income earners in developing countries Work toward Participation in creation of mechanisms to support developing countries through realization of "leaving international organizations, companies, etc. no one behind"% Transfer of insurance technology *Principle of UN's "2030 Agenda for sustainable development" which describes SDGs

[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.

< Initiatives Supporting CSV > Quality that meets the trust of society Meeting the trust of society with high quality Continuing efforts to reduce the burden on the environment Thoroughly implementing business management based on the "Our Customer-First Policy in the Operation of Group's Business" Promoting "MS&AD Our Earth Project" Promoting digitalization to enhance the value of customers' Initiatives to reduce usage of electricity, experiences gasoline and paper Reduction of CO2 emissions - Long-term Implementing sincere, fair and just business activities target (FY2050:-70% of FY2009) Implementation of corporate activities based on Mission, Vision Implementing investment activities and Values conforming to PRI (Principles for Responsible Harnessing customers' voices and the "speak-up" system to Investment) ensure sound organizational management Investment analysis of ESG (Environment, Social, Governance) factors and incorporating

Management platforms that enable employees to play active roles

Implementing activities and dialog that respect human rights

Establishment of corporate culture with respect for human rights

Development of management system relating to respect human



them into the decision-making process

The promotion of engagement through

stewardship activities







Promoting diversity & inclusion

rights

- 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 identity
- Development of a workplace environment that enables work styles to suit women's life cycles

Encouraging employees to learn and think by themselves,

- 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"

take on challenges and continue to grow

 Expanded development of human assets with the capability to carry out digitalization

Implementing health and productivity management

- 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

- 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)

Impacts of CSV Initiatives

We estimate both the "impact on society" and the "economic impact on our Group" from CSV initiatives.

Impact

Our Sustainability Priorities

For realizing a resilient and sustainable society, we have set three priority issues; i) contribute to climate change mitigation and adaptation, ii) strive to improve sustainability of natural capital, and iii) Activities and dialog that respect human rights, that have a major impact on both the society and the Group.

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.

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Targets (KPI) and Results

Key Performance Indicators (KPI) to Promote Our Sustainability Initiatives

Issues	Indicators	FY2018 Achievements	FY2019 Achievements	FY2020 Achievements	Group Targets for FY2020 and after	Covered Companies
Creating shared value	Development of products and services	Table A find below	Table A find below	Table A find below	Acceleration	Domestic Group Companies
	Customer satisfaction survey about insurance contract procedures*1	97.1%	97.7%	97.3%	the same level or higher compared to the previous fiscal year	Domestic Group Companies
	Customer satisfaction survey about payment of insurance claim*1	96.6%	96.6%	96.7%	the same level or higher compared to the previous fiscal year	MSI,ADI,Mitsui Direct General,MSI Aioi Life
Quality that earns the trust of society	CO2 emission reduction rate(Scope1 and Scope2 combined)*2	▲12.7% (vs. 2009)	▲20.7% (vs. 2009)	▲30.5% (vs. 2009)	Reduce CO2 emissions by 30% by 2020 and by 70% by 2050 versus base year (fiscal	Consolidated
	Total energy consumption	1,000,014 GJ	948,583 GJ	871,338 GJ	2009) *3	
	Paper consumption	10,545t (▲4.9%)	13,041t (23.7%)	10,035t (▲23.1%)	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	12.4%	14.8%	16.1%	15.0% (FY2020)	
	Employee satisfaction (questionnaire results), "Pride, Job satisfaction"	4.4points	4.4points	4.4points		
	Employee satisfaction (questionnaire results), "Working Vigorously"	4.3points	4.5points	4.5points	the same level or higher compared to the previous fiscal year	Domestic Group Companies
	Number of annual paid holidays taken	15.6	15.7	15.0		
	Ratio of taking fully paid paternity/secondary leave	63.9%	64.6%	69.0%		
	Number of employees practicing social contribution activities	23,601	27,673	26,519		

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

^(*2) We have revised the figures in FY2019 by improving the accuracy of business activities' data which is the basis of calculation.

^(*3)In May 2021, we revised our medium- to long-term targets as follows.

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- Mitsui Sumitomo Insurance Co., Ltd. (Japanese only) 🗖
- 🕑 Aioi Nissay Dowa Insurance Co., Ltd. (Japanese only) 🗂
- Mitsui Direct General Insurance Co., Ltd. (Japanese only) 🗂
- Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (Japanese only)
- Mitsui Sumitomo Primary Life Insurance Co., Ltd. (Japanese only) 🗖

< Table A – Examples of CSV Initiatives >

Deal with new risks	 Cyber risk related products and services with enhanced risk management. Insurance coverage package for risks in introducing remote working. Launched "Comprehensive insurance coverage for Mobile Application-based payment service providers". Problem-solving data analysis service for our clients through RisTech (launched in May 2019 with 64 partner companies, and 262 companies considering the service). "Medical receivable insurance coverage" for losses due to insufficient payment by non-insured of public medical insurance. Information related to COVID-19. Consulting services on how to deal with complaints and harassment from customers.
Create mobility society without accidents	 Participated in research and demonstration experiments to popularize and promote new mobility services, and examined coverage plans and services. Launched insurances and services that contribute to accident prevention and safe driving. (Distracted driving prevention support service "FOUR SAFETY", Dashcam and telematics services for fleet policyholders "F-Dora", automobile insurance "TOUGH Observe and Protect Automobile Insurance Plus", Smartphone app for driving skill training, and AD Telematics.) Insurance plans for on-demand transportation operators as well as plans for Maas operators. Encouragement for zero traffic accidents with the introduction of discounts for safe/accident-free driving in line with the concept to realize zero accidents.
Strive for resilient community development	 Regional revitalization initiatives such as supporting small and medium-sized enterprises, and contributing to solving regional issues and revitalization (461 comprehensive cooperation agreements with local governments, local banks, and credit unions.) Examples of products and services: Special insurance package for sake brewers. Development of "Nagano model" for regional revitalization through collaboration with local governments and regional financial institutions. Examples of local contribution activities: List of ideas and attractions for the benefit of local towns. Plug-in hybrid vehicle demonstration sessions. Support for "Online SDGs platform". Promotion for understanding of the need for coverages for natural disasters through the "Proposal for preparation for natural disasters." Free Navigation services to support safe and secure actions in the event of large-scale natural disasters.

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Support "good health and longevity"	 Health and productivity management insurance package to support corporate health management. Support tools for small and medium-sized enterprises to be certified as an "excellent health management corporation." Introduction of the insurance premium discount system for general welfare group term life insurance without dividend to organizations certified by the Ministry of Economy, Trade and Industry as "good health management corporations." (October 2019) Provision with information using virtual reality. Seminars on health and medicine (the Life and Medical Seminar). Ashitano Yorokobi 2", package plan with four types of lump-sum payment Tontine annuities including the industry's first fixed-term annuity with a lifetime of coverage.
Contribute to climate change mitigation and adaptation	 Adaptation for natural disasters through development and utilization of climate change risk analysis service and website for real time loss prediction (cmap.dev). Support measures for companies toward the transition to a decarbonized society through products and services that support renewable energy businesses. Special coverage for installation cost of equipment to reduce impact on the environment. Investment on Sustainability Bonds issued by Japan Railway Construction, Transport and Technology Agency.
Strive to improve sustainability of natural capital	 Consulting service that evaluates impact on natural capital generated by business activities and propose the countermeasures. Joint research with Kumamoto City on the creation of the green resilience map (creating regional information data to utilize natural capital for disaster prevention and regional revitalization). Symposium related to advanced cases of Western countries that support natural capital that contributes to disaster prevention and reduction through insurance and financial schemes.
Work toward realization of "leaving no one behind"	 Investment on Sustainable Development Bonds issued by the Inter-American Development Bank Fire insurance specifically for low-income groups in Malaysia to build homes with insurance coverage. Donation for vaccine expenses, which amount is proportional to the number of new "& LIFE" insurance products sold. "Social Contribution Agreement", jointly developed with Sumitomo Mitsui Banking Corporation, that enables donations to the Japan Committee for UNICEF and the Japanese Red Cross Society through insurance claim payments etc.

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Medium- to Long-term Target

■The following targets have been set for reducing CO2 emissions.

< CO2 Emission Reduction >

●Scope (1+2)

Base Year	Target Year	Rate of Reduction
EV 2010	FY 2030	▲50%
FY 2019	FY 2050	Net Zero

• S c o p e 3 (Newly established in FY 2021)

Base Year	Target Year	Rate of Reduction	Target Categories
FY 2030 FY 2019	▲50%	1、3、5、7、13 *1·2	
11 2019	FY 2050	Net Zero	All categories

^{*1:} Categories quantifiable and with importance in light of employee behavior change and natural capital conservation.

Category 1: Purchased products and services (Subject: Paper and mail), 3: Non-scope 1 and 2 fuel and energy activities, 5: Waste from operations, 7: Employee commuting, 13: Lease assets

< Renewable Energy Use >

●Targets for renewable energy usage ratio

Target Year	Target rate
FY 2030	60%
FY 2050	100%

- ■As for the promotion of diversity and inclusion, the following goals are set.
- lacktriangle Group target for the ratio of female managers (Subject: 5 domestic insurance companies + H D) 30% by the end of FY 2030
- Group target for the ratio of women in charge of overseeing the organization (Subject: 5 domestic insurance companies + H D)

15% by the end of FY 2030

- ●Ratio of women among management team (Subject: HD)
 - Ratio of women among board members (Directors and Corporate Auditors)
 More than 30% by 2025
 - Ratio of women among Directors, Corporate Auditors and Executive Officers
 30% or more by the end of FY 2030
- Percentage of male employees taking childcare leave (Subject: MSI)80% by 2021

^{*2}: Setting medium-term goals for investment (Category 15) is under consideration.

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ESG integration and sustainability approach

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)

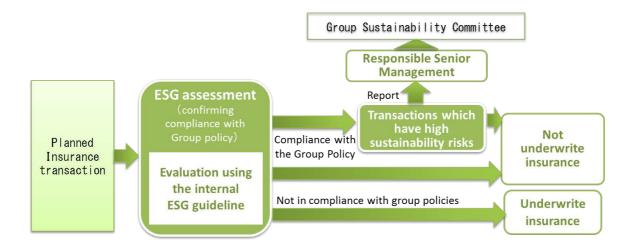
Implementation of "Business Activities with Consideration for Sustainability"

In May 2019, we committed that it would consider sustainability in all of our business activities in line with our ESG policy "Business Activities with Consideration". In September 2020, we announced a process for underwriting insurance and making investment and revised the content in light of changes in the business environment in June 2021. We will not undertake projects related to the construction of new coal-fired power plants or underwrite or invest in companies that manufacture cluster munitions, which are inhumane weapons. For insurance underwriting and making investment, we confirm that the transactions are in accordance with the content stated in the "Business Activities with Consideration for Sustainability (Group Policy)", and underwrite and make investment only the relevant projects (ESG Assessment/Confirmation of Compliance with Group Policy).

In underwriting insurance, we have established an escalation process for projects that are considered to be in compliance with the Group's policies, but are deemed to have high sustainability risks (ESG risks). Since September 2020, we have reported such transactions to the Group Sustainability Committee based on the judgment of the senior management of the responsible sections for ESG. When formulating and revising policies, we hold dialogues with our company's client companies and share an understanding of the need for initiatives to move toward decarbonization.

[Process for Underwriting]

*For the investment and financing process, please refer to "Investment and financing considering ESG issues" and "ESG evaluation process" below.

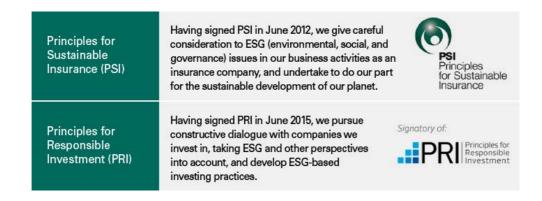


Signatory to the Principles for Sustainable Insurance (PSI) and the Principles for Responsible Investment (PRI)

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 CFD 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.



Climate-related Financial Disclosure

Development of Products and Services with Consideration for ESG

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 catastrophe 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 association with underwriting products and services, we discuss general policy to handle ESG risks at the Sustainability Committee, and we evaluate and manage individual ESG risk at the Risk Management Committee. Both committees shall report their decisions and conclusions to the Board of Directors.

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—sexpartner to be beneficiaries to support diversity.

In underwriting these products and services, all employees and agencies deepen their understanding of sustainability issues, including ESG risks, through trainings and other means, and to promote initiatives to realize a resilient and sustainable society with customers through dialogue.

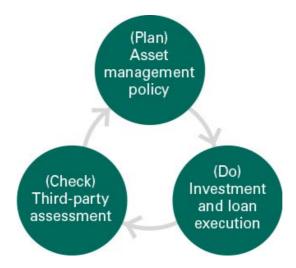
Additionally, in reviewing factors to be considered, we have referred to the UN Global Compact, the Universal Declaration of Human Rights, the Guiding Principles on Business and Human Rights, the International Labour Organization Standards, the UN Convention against Corruption, and the OECD Guidelines for Multinational Enterprises.

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

ESG-based Investments

As a signatory to the Principles for Responsible Investment (PRI), the MS&AD Insurance Group takes ESG issues into account for investments. Specifically, we incorporate ESG factors into responsible investment process and promote ESG—thematic investments on the basis of profitability.

In addition, MSI and ADI declared their acceptance of Japan's Stewardship Code, and have since engaged in constructive dialogues encompassing ESG issues with investee companies, to encourage them to take appropriate actions to increase medium—term corporate value by raising their awareness over ESG.



Operating Scheme

ESC	Investment methodologies	Description
The	matic 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.)
	Sustainable-thematic investment	Investment methodology of investing in sustainability themes, organizations, assets, etc. that are not included in impact investment
Inte	gration	Systematic integration of ESG factors into company analysis and evalutaiton
	Integration into research	Systematic integration of ESG factors into the investment process
	Positive screening	Construction of a portfolio of companies with high ESG rating, etc.
	Negative screening	Construction of framework that excludes certain loan purposes, industry sectors, etc. , from the portfolio
Eng	agement	Dialogue and communication on ESG topics

sample ESG investment methodologies as by our company

Key Investments

MSI ADI MSI Aioi Life MSI Primary Life Investment in sustainable development bonds	Invested in sustainable development bonds issued by the World Bank (International Bank for Reconstruction and Development) (private placement: \$120 million, or approximately 13.5 billion yen).
MSI ADI Investment in Future Creation Fund	Invested in companies or projects that have positioned intelligent technologies, robotics, technologies useful in bringing about a hydrogen society, motorization, and new materials as core technologies, possessing innovative technologies in these fields.
Investment in Regional Economy Vitalization Corporation of Japan	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.
MSI Financing for renewable energy power plants	Financed the construction of mega—solar and wind power plants with the aim of promoting diffusion of renewable energy (FY2018, 5 billion yen).
Investment in loan origination funds for small and medium-sized enterprises	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.).(FY2016, 5.9billion yen).
MSI Aioi Life Investment in African Development Bank's Industrialize Africa bond	Invested in Industrialize Africa themed bonds issued by the African Development Bank in November 2017 (private placement)(FY2018, approx. 2.6 billion yen).
MSI ADI MSI Aloi Life MSI Primary Life Investment in green bonds/social bonds	Invested in green bonds/social bonds issued by Japanese companies in Japanese markets (FY2018, approx. 4 billion yen at MSI and ADI; FY2019, 16.5 billion yen at MSI, ADI, MSI Aioi Life, and MSI Primary Life).
MSI Investment in ESG-based real estate funds	Invested in ESG-based overseas real estate funds (FY2018, 5.5 billion yen).
Investments and financing in solar power, biomass and wind power generation	Made investments and loans for solar power, biomass, and wind–power projects to promote diffusion of renewable energy (FY2019, 14.7 billion yen).
MSI Aioi Life Investment in Inter-American Development Bank's sustainable development bonds	Invested in sustainable development bonds issued by the Inter-American Development Bank. The proceeds from these bonds aim to support countries in their response to the COVID-19 pandemic by providing support for public health, safety nets for vulnerable populations, productivity and employment, as well as fiscal policies for the amelioration of economic impacts (FY2020, approx. 3.6 billion yen).

ESG Risk Evaluation Process

In managing assets, we have a process in which ESG factors are assessed when making investments and providing loans. For example, we have integrated ESG risk assessments into their investment approach by performing ESG screenings on domestic shares, and when executing corporate loans 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 Guidance for Collaborative Value Creation provided by the Ministry of Economy, Trade and Industry.

Additionally, in reviewing the process, we have referred to the UN Global Compact, the Universal Declaration of Human Rights, the Guiding Principles on Business and Human Rights, the International Labour Organization Standards, the UN Convention against Corruption, and the OECD Guidelines for Multinational Enterprises.

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, 2019 to June, 2020, MSI and ADI conducted constructive "proseful dialogue" with a total of 347 firms.

- MSI Our Policies According to Japan's Stewardship Code 🗖
- ADI Our Policies According to Japan's Stewardship Code (Japanese only) 🗂

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 December 2020, the Company is a constituent of the following ESG indices:

- Dow Jones Sustainability Indices
- ODP □
- MSCI Japan ESG Select Leaders Index (Japanese only)
- MSCI Japan Empowering Women Index (Japanese only)
- FTSE4Good Index Series <a>¬
- FTSE Blossom Japan Index <a>¬
- ISS ESG Corporate Rating Prime
- STOXX Global ESG Leaders Index 🗖
- S&P/JPX Carbon Efficient Index

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA







2020 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2020 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)







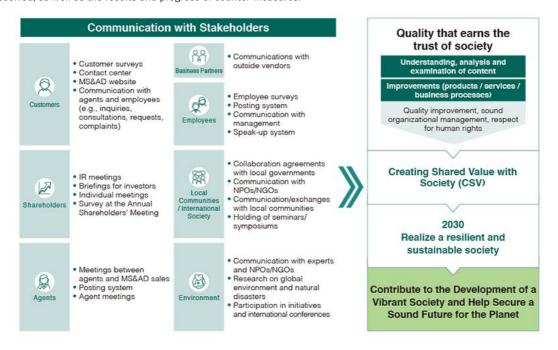
^{*} THE INCLUSION OF The MS&AD Insurance Group IN ANY MSCI INDEXES, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF The MS&AD Insurance Group BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE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

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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 a corporate group that is needed by society. The MS&AD Insurance Group has various systems in place to facilitate communication with our stakeholders and is working on incorporating the opinions of 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 and utilize feedback from our stakeholders for quality improvement. In addition, we publicly disclose our processes for understanding the feedback received, as well as the results and progress of counter measures.



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 complaints, among others, to be utilized for quality improvement. Furthermore, a customer-first policy has been formulated to ensure business is carried out in a way that makes customers feel as if they are valued. We endeavor to understand our Customers stakeholders' needs and expectations, and to this end, together with management level discussions, have constructed various schemes that help to improve the quality of the products and services we offer. Quality that Earns the Trust of Society Products and services that contribute to achieving the Sustainable Development Goals (SDGs) We are carrying out a range of 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 initiative to achieve sustainable growth and increase corporate value. Specifically, through highly transparent information disclosure, the MS&AD Insurance Group seeks to reduce Shareholders 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. Disclosure of Information and Investor Relations

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Agents	We seek sustainable growth for both our agents and the Group by maintaining effective communication with agents, who are our business partners, to provide customers with high-quality services and the best insurance products, and to create shared value with society through solving social issues. 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. 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. Quality that Earns the Trust of Society
Business Partners	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 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. Transaction Responsibilities
Employees	 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 or raise concerns on any problems they may have. 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 executives and employees, we continue to make initiatives to leverage employee feedback in business operations.
Local Communities and International Society	As a member of both the local and international communities, the MS&AD Insurance Group takes part in the initiatives listed below, makes initiatives to understand the diversifying sustainability issues, and continues to take relevant actions. - Paris Pledge for Action - United Nations Global Compact (UNGC) - United Nations Environmental Programme Finance Initiative (UNEP FI) [Principles for Sustainable Insurance (PSI), Natural Capital Finance Alliance (NCFA)] - 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) Initiatives In order to promote initiatives through our insurance business to create shared value, our employees are encouraged to join environmental conservation activities and contributing activities to the local community so that they can deepen their understanding of social issues. Furthermore, through the MS&AD Unison Smile Club, a social contribution group created by the employees of the MS&AD Insurance Group, donations are made that meet local needs through dialogue with local governments and various social contribution activities in collaboration with non-profit organizations. Our Approach to Sustainability Work toward Realization of "Leaving No One Behind"

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The Environment

We signed the Paris Pledge for Action and formulated a policy to consider sustainability in all business activities toward the realization of net zero carbon emissions by 2050. Together with our stakeholders, we are promoting initiatives to move to a decarbonized society, reduction of CO2 emissions. We are taking leadership in preserving biodiversity and improving the sustainability of natural capital and chair of the Japan Business Initiative for Biodiversity (JBIB).

Contribute to climate change mitigation and adaptation Improving the sustainability of natural capital Reduction of the environment burden HOME / Sustainability / MS&AD Insurance Group and Sustainability / Initiative

Initiative

Our Group participates in various initiatives and strives to create shared value with society. We will continue to work to identify and address a diverse range of sustainability issues.

Paris Pledge for Action	We support the "Paris Agreement," which countries all across the world affirmed in December 2015 to tackle climate change, and we have signaled our intention to work toward this goal by signing the "Paris Pledge for Action."
Participation in the United Nations Global Compact* WE SUPPORT BAL COMPACT COMPAC	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.
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. Signatory to the Principles for Sustainable Insurance (PSI) and the Principles for Responsible Investment (PRI)
Task Force on Climate-related Financial Disclosures	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 disclose information on climate-related efforts in line with these Recommendations. Task Force on Climate-related Financial Disclosures (TCFD)
Japan Climate Initiative	The MS&AD Insurance Group has signed up to the Japan Climate Initiative. The Initiative was launched in 2018 with the aim of enhancing Japan's efforts to address climate change and sharing information on such efforts with the rest of the world. Under the Initiative, companies, local governments and NGOs that are actively engaged in climatechange action cooperate toward achieving the goal. Being a signatory to the Initiative also means that we approve ofits declaration: "Joining the front line of the global push for decarbonization from Japan." The declaration representsone of the efforts made toward meeting the well-below 2° C goal of the Paris Agreement under the United NationsFramework Convention on Climate Change that was adopted in 2015.
Natural Capital Finance Alliance	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).
CDP	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.

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Principles for Financial Action toward a Sustainable Society in the 21st Century (PFA21)	In October 2011, the "Principles for Financial Action toward a Sustainable Society in the 21st Century (PFA21)" and "Business-specific Guidelines (insurance, deposits, loans and leases, investment management, securities and investment banking)" were released in Japan. These principles were created as action guidelines for financial institutions that want to fulfill their responsibilities and roles in building a sustainable society. MS&AD Holdings, Mitsui Sumitomo Insurance, Aioi Nissay Dowa Insurance, Mitsui Direct General Insurance, Mitsui Sumitomo Aioi Life Insurance, Mitsui Sumitomo Primary Life Insurance, and MS&AD InterRisk Research & Consulting have signed, showing their intent to follow these principles.
Japan Business Initiative for Biodiversity (JBIB)	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. Japan Business Initiative for Biodiversity (JBIB) and "The Story of Biodiversity Told by Companies"
Principles for Responsible Institutional Investors (Japan's Stewardship Code)	Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance, from the perspective of fulfilling their social responsibility as institutional investors, have announced their support for Japan's Stewardship Code, a code of behavior laid out for institutional investors. MSI Our Policies According to Japan's Stewardship Code ADI Our Policies According to Japan's Stewardship Code(Japanese only)
Challenge Zero (innovation challenges toward a decarbonized society) Declaration	In June 2020, Keidanren (Japan Business Federation) released its "Declaration on Challenge Zero" in support of achieving a net zero regarding greenhouse gas emissions as early as possible, in line with the goal of the Paris Agreement.
"Plastics Smart" Forum	We participated in the Plastics Smart campaign promoted by the Ministry of the Environment and joined the Plastics Smart Forum in July 2019. We will tackle the problem of plastic waste more actively than ever before and contribute to the SDGs by "improving the sustainability of natural capital," one of the Group's priority issues.

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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 our own risk management. We have taking initiatives with the goal of reducing CO2 emissions to net zero by fiscal 2050.

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 change social issue through Creating Shared Value (CSV initiative), Contributing climate change mitigation and adaptation

Because climate change seriously impacts 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.



Creating Shared Value

The development of climate change may exacerbate natural disasters worldwide and the likelihood of greater damage than ever may increase. 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. Natural disasters are an enormous risk confronting the entire planet, and insurers closely involved in responding to such disasters are concerned that more expensive insurance payouts could lead to a degradation of the global insurance system. We must make initiatives 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 natural disasters and that help bring about a decarbonized society.

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

Products and Services to Support Decarbonization

While business activities in line with the Paris Agreement have become an important management strategy, we are working to develop and provide services that support decarbonization of our customers.



Providing Services and Research Related to Climate Change Risk **Assessments and Analyses**

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.

Climate change risk analysis service

The scope of risk which companies need to be aware includes not only physical risks, such as floods and droughts caused by climate change, but also transition risks which arise when societies and economies shift to a carbon neutral world, such as when transforming energy systems. We provide services that support our clients building a climate change governance structure, performing scenario analysis, and developing a climate strategy in accordance with the TCFD's Final Recommendations through assessment and analysis of such risks. In July 2020, we launched a service which can quantitatively assess the risk of future natural disasters anywhere in the world to an accuracy of 90 square meters based on climate change impact assessments using AI in collaboration with a US startup company. We have since provided this service to many companies.

Climate change risk analysis service (in Japanese only)

Launched climate change impact assessment service for TCFD with Jupiter Intelligence \Box

InterRisk

Provision of "Prediction Map Showing Changes in Flood Frequencies"

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 $^{\rm TM}$) and



published a Map of Forecasted Flood Frequency Change Due to Climate Change as part of this project. To clarify the relationship between climate change and flood 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.

In the research project, we developed a method to detect trends in changes of flooded area from satellite images. Through such event attribution, we have been able to see how the impacts of global warming affect flooding. The research was developed and we have been working on more sophisticated research into flood risks with support from the New Energy and Industrial Technology Development Organization (NEDO) since fiscal 2021. This has enabled us to accelerate our research for the creation and practical application of highly accurate widearea flood risk information with a view to using this information in the industrial world.

LaRC-Flood map (in Japanese only)

Understanding changing flood risks due to climate change (InterRisk) (in Japanease only)



Joined the Japan Hydrogen Association

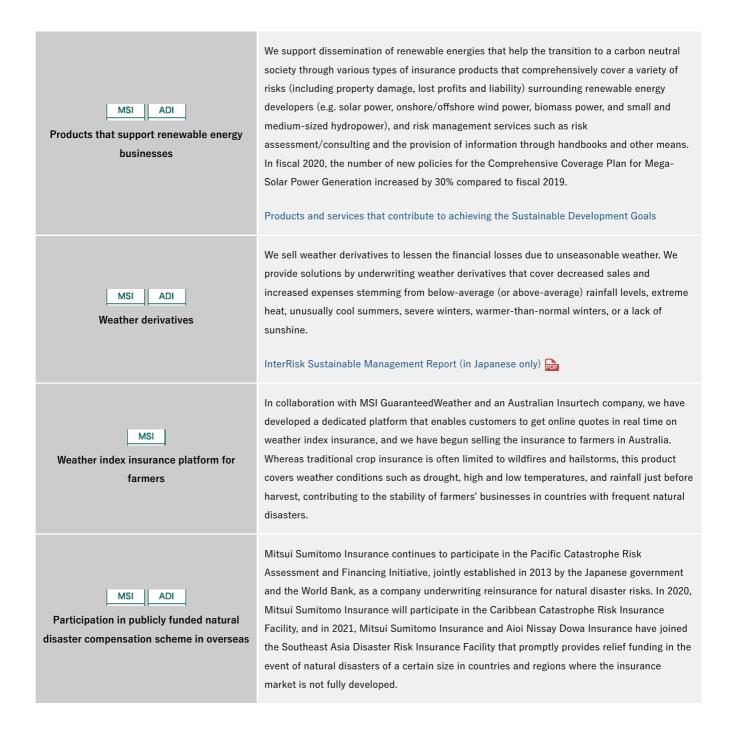
MS&AD has joined the Japan Hydrogen Association which was set up in December 2020. The association was established with the aim to support the early creation of a hydrogen society by carrying out social implementation projects as a cross-industry and open organization with a bird's eye view of the entire supply chain. Collaboration of various companies for lower-cost hydrogen supply and wider use is expected and we will contribute through the association.

Joining the Japan Hydrogen Association (MS) (in Japanese only) Joining the Japan Hydrogen Association (AD) (in Japanese only)

Providing Coverage

We are assisting economic revitalization and climate change mitigation and adaptation through appropriate preparations for damage/loss caused by natural catastrophes 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 the impact on the environment.

In April 2021, the Green Energy Certificate Stable Supply Support Insurance was launched to support the stable supply of Green Energy Certificates*1. This product covers for additional costs*2 incurred by the issuer when a facility of a green power company contracted by the issuer is shut down in a disaster or other such event and the MSI issuer is obliged to procure green energy from other power companies, etc. Product to support stable supply of green power certificates *1. Electricity generated by renewable energy *2. Additional costs in the event that the issuer procures green energy at a higher than normal rate in order to continue providing the certificate Launch of Green Energy Certificate Stable Supply Support Insurance(in Japanease only) MS&AD, at the forefront of the of the industry, support the spread of environmentally friendly vehicles, such as electric cars, by developing lower premium insurances such as 10% discount on automobile insurance for Toyota ultra-compact EVs and other discounts specifically for autonomous vehicles (low-speed EVs) that use electromagnetic induction lanes which are being introduced to secure means of local transport. Supporting wider use of environmentally friendly vehicles Providing insurance for self-driving cars using electromagnetic induction lanes (AD) (in Japanese only) 🚠 10% discount on automobile insurance for Toyota ultra-compact EVs (AD) (in Japanese only)



Participation in the CDP

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 change. 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.



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Climate-related Financial Disclosure

Climate-Related Financial Disclosure

Climate change is a material global issue. Countries around the world have signed onto the Paris Agreement with the aim of realizing a decarbonized society, and are promoting measures against climate change with the goal of well below the 2° C comapred to pre-industrial revolution.

The MS & AD Insurance Group addresses various measures recognizing that climate change has a significant impact on society and us. For example, we are promoting the provision of products and services that contribute to disaster prevention and mitigation to support the improvement of society's resilience to damage from natural catastrophe and its adaptability to climate change. In addition, through the provision of insurance and investments and loans, we are supporting the research and development and dissemination of new technologies to reduce the risk of climate change and contributing to the transition to a decarbonized society.

The Task Force on Climate-related Financial Disclosures, hereinafter "TCFD", recommends that responses to climate change issues be disclosed in accordance with the four frameworks of Governance, Strategy, Risk Management, and Metrics and Targets. our group supports this and promotes climate-related disclosures.

- > TCFD REPORT (PDF version)
- Nhat is TCFD? (Ministry of Economy, Trade and Industry) (Japanese only)

1. Governance

Our climate-related governance structure consists of the Board of Directors, the Group Management Committee, and Task-Specific Committees.

The Board of Directors discusses and makes decisions on important climate-related matters, in addition to matters stipulated by laws and regulations and the Articles of Incorporation, in the Group's management strategy, including the Group's management policies, management strategies and capital policies, as well as important climate-related matters in corporate management, and supervises the execution of duties by directors and executive officers. The Board of Directors allocates management resources based on risk preferences in order to control risk, return, and capital, including climate-related risks, in a balanced manner, and aims to increase corporate value over the medium to long term by achieving sustainable growth and improving profitability and capital efficiency based on soundness. The Board of Directors appoints executive officers and clarifies their authority to perform their duties, and strives to separate the "Management decision-making and supervisory functions" of the Board of Directors from the "business execution function" of executive officers. The executive officers are responsible for the areas of business entrusted by the Board of Directors. They report the status of business execution to the Board of Directors and seek approval.

The Group Management Committee discusses important matters related to the Group's management, such as management policies and strategies, and monitors the execution of specific operations by receiving reports on certain matters to be approved by the officers in charge. The Task-Specific Committees are to discuss important management issues related to the execution of business and to mutually coordinate opinions of related departments. Climate-related issues and initiatives are reported to and approved by both the Board of Directors and the Group Management Committee after discussions at Task-Specific Committees, primarily the Sustainability Committee and the ERM Committee (respectivley held approximately four times a year in principle).

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The Sustainability Committee, headed by the Group CFO, consists of the presidents of each Group company, the Group CFO (Director in charge of Sustainability), the Grroup CRO, and the Director in charge of Diversity and Inclusion. It discusses policies, plans, and strategies for addressing sustainability issues, including climate ones. In fiscal 2020, three meetings were held, and in September 2020, our Business Activities with Consideration for Sustianbility, which describes our initiatives for climate change mitiagtion and adaptation and our contribution to the realization of a decarbonized society was discussed. In May 2021, the committee discussed our Initiatives for Realizing Net Zero Emissions by 2050, which set forth new targets for reduction of CO2 emission from business activities, as well as enhancement of our measures. Each discussion was reported to the Board of Directors for decision.

The ERM Committee is a reorganized task-specific committee from the Risk Management Committee in fiscal 2021. Comprised of our full-time directors excluding the chariman executive officer and headed by the Group CFO and the Group CRO, it is to discuss and coordinate important matters concerning ERM, as well as monitoring the status of risk, return, and capital and risk management including climate-related ones. The predecessor Risk Management Committee met 9 times in fiscal 2020. The meeting held in February 2021 discussed that climate change is a risk event that has a wide-ranging impact on our business and it should be clasified as Group Material Risk,which is managed by management with strengthened management from fiscal year 2021. The discussion was reported to the Board of Directors, where then decided. In addition, the ERM Committee, as its predecessor, the Risk Management Committee did, is discussing ways to improve the management of natural catastrophe, including climate change, and report their discussions to the Board of Directors.



climate-related governance structure

Internal Control

2. Strategy

Climate change brings about the intensification of natural catastrophe, physical changes in weather conditions, and rapid social and economic changes in the course of transition to a decarbonized society.

Our group will contribute to the realization of a resilient and sustainable society by initiatives for supporting development of new technologies and transition to a decarbonized society that will mitigate climate change risks, by reducing the environmental impact of the Group's business activities, and by paying insurance claims of natural catastrophe such as typhoons and floods while ensuring financial soundness and earnings stability.

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(1) Climate-Related Risks and Opportunities

We recognize some climate-related risks and opportunities have impacts on the balance of a single year such as large-scale natural catastrophe, while others occur over the medium to long term of four years.

In addition to annual business plans, our group has formulated medium-term strategies and plans based on various risks and opportunities, including climate-related ones. In addition, we have set "Resilient and Sustainable Ssociety" as our vision for society in 2030, and are working to achieve net zero CO2 emission by 2050.

[Climate-Related Risks]

We consider the effects of physical changes in weather conditions and the transition to a decarbonized society to be risks in our business operations, and are working to ensure stable earnings and financial soundness. We will maintain and strengthen a system that enables the prompt payment of insurance claims even in the event of a large-scale natural catastrophe. We will also mitigate risks by promoting disaster prevention and mitigation initiatives.

TCFD classifies climate-related risks into two categories: physical risks and transition risks.

Physical risks are those associated with the physical impacts of climate change. They are further divided into two sub-categories by how they manifest. One category is "Acute physical risks" due to acute physical events such as typhoons and the other is "Chronic physical risks" due to changes in long-term climate patterns.

Transition risks are those associated with the transition to a decarbonized economy. They are classified into four sub-categories by factor.

"Risks from Policies and regulations on climate change mitigation and adaptation," "Risks from technology that supports the transition to a decarbonized society," "Risks from changes in market supply and demand," and "Risks from social evaluation and reputation for responding to climate change".

Risks according to this classification are as follows.

Class	ification	Example	Risk Examples in our Business Activities
Physical risks	Acute	Typhoons, floods, storm surges, heavy rains and wildfires	Deterioration in income and expenditure due to the intensification of natural catastrophe, etc., and an increase in capital costs due to an increase in profit volatility
	Chronic	Rising sea levels and mean temperatures Changes in weather such as low rainfall and drought Decrease in supply of water and other resources Changes in the habitat of infectious disease vectors Increase in heat stroke	
Risks Legal	Policy and Legal	Rise in carbon prices Strengthening environmental regulations and standards Change in energy composition Rising number of climate-related litigation cases	Decline in investment returns caused by deterioration in the performance of investee companies due to an increase in carbon costs
	Technology	Progress in decarbonization technology Changes in industrial structure due to a decrease in demand for low-carbon efficient products	Reduced earnings due to inability to capture changing markets due to decarbonization
	Market	Changes in supply and demand for goods and services	
	Reputation	Criticism of delayed response to climate change	Decreased reputation due to inadequate information disclosure and/or delayed response to climate change

[Climate-related Opportunities]

Rapid social and economic changes resulting from transition to a decarbonized society will bring opportunities for our group's growth, such as stimulated demand for new insurance products and services, and improved performance of our clients along with new industries emerge or technological changes take place. TCFD classifies climate-related opportunities into five categories: Resource Efficiency, Energy Source, Products and Services. Markets, and Resilience.

"Resource Efficiency" is opportunity related to efficient use of energy and resources.

"Energy Source" is that related to the production and utilization of low-emission energy.

"Products and Services" is that related to the development and innovation of new low-emission products and services.

"Markets" is that related to development of new markets.

"Resilience" is that related to climate-related adaptation.

Opportunities according to this classification are as follows.

Classification	Example	Opportunity Example in our Business Activities	
Resource Efficiency	Modal shift Efficient production and distribution Building efficiency improvement. Relocation to high-efficiency buildings Reduction of water usage and consumption Spread of recycling	· Increase in compensation needs due to electrification of mobility, Al of building equipment,	
Energy Source	Conversion to renewable energy and low- emission energy Utilization of policies and incentives to support climate change measures Use of new technology Utilization of the carbon market	etc.	
Products and Services	Development and expansion of low-carbon products and services Adapting to the impacts of evolving climate change Development of new products and services through R & D and innovation Diversification of business activities Changes in consumer preferences	 Increasing new insurance coverage needs due to changes of clients' business Increasing consulting needs for decarbonization and disaster prevention/mitigation Expanding markets for Climate Change (Disclosure of information, Response to regulations, Provision of mitigation and adaptation measures, etc.) 	
Markets	Expansion of new and emerging markets Occurrence of assets requiring new financial services		
Resilience	Improving Capacity to Adapt to Climate Change	· Increasing needs for disaster prevention and mitigation	

(2) Approaches Based on Risks and Opportunities

According to the World Meteorological Organization (WMO), the global average temperature in 2020 was about 1.2°C higher than the pre-industrial (1850 – 1900) average. As global warming progresses, natural catastrophe tends to become more severe. Even in Japan, the number of heavy rain and short time heavy rain which may cause floods and sediment disasters is increasing. The average temperature in 2100 could rise by more than 4 °C compared to the pre-industrial days if global warming progresses keeps at the current rate. In that case, there is a possibility that the insurance payment for natural catastrophe may increase significantly.

Therefore, it is essential to mitigate the further global warming and prepare for natural catastrophe. Our group provides insurance coverages for damages arising out of natural catastrohe while ensuring financial soundness to provide society with peace of mind and safety. We promote climate change adaptation by providing services to eliminate or reduce damage and loss arising from natural catastrophe.

[Climate Change Adaptation]

If natural catastrophe become more severe due to climate change, the amount of insurance claims may increase and in turn may lead to rise in reinsurance premiums. To this end, our group utilizes reinsurance alternative methods such as cat bonds (bonds that incorporate a function to receive funds in the event of a natural catastrophe) and accumulate catastrophe reserve.

In fiscal 2019, MSI and Aioi Nissay Dowa Insurance, our group companies, have secured joint common reinsurance option. This option ensures stability of group profits and losses over the period even when payments for insurance claims due to natural catastrophe reach a large amount throughout the year.

In preparation for a more severe natural disaster, we are also providing disaster and weather data analysis services using AI, and working to enhance disaster prevention, recovery, and adaptation capabilities. In the event of a natural disaster, we establish an efficient payment procedure that uses AI and drones to conduct damage investigations so that our clients can recover promptly by our insurance claims payment. Taking into account the impact of climate change, we will continue to control the retention of risk amount and secure the capital necessary to maintain our financial soundness. We will build a more stable earnings base through expansion of our overseas and life insurance businesses that diversifies risks geographically and operationally.

Case studies (1) Strategic partnership with Hippo, which has data analysis technology using Al

MSI, our group company has agreed to to enter into a strategic partnership with Hippo, a U.S. based insurtech group. Using data analysis technologies, which utilizes AI, (geographical information, aerial photo images and satellite images, weather information, real estate information, etc.) we will provide sub-division of risks, set appropriate rates and advanced services for disaster prevention and mitigation. In particular, we will aim to expand our non-life insurance business by creating business models that can be deployed inside and outside of Japan, including Asia where we have a strong presence as well as by accumulating knowledge and know-how regarding the U.S. insurance market and promoting networking.

Case Studies (2) Using drones and AI to investigate damage caused by floods

MSI and Aioi Nissay Dowa, our group companies, are promoting prompt payment of insurance claims in the event of a disaster. Drones and AI are used to investigate damage and expedite insurance claims. In collaboration with Aerosense, the company is introducing a new drone that can take long shots on a single flight.

[Climate Change Mitigation]

In May 2021, we set a new goal of reducing CO2 emissions from our business activities to "Net Zero by 2050," and declared its commitment to contributing to the transition to a decarbonized society in cooperation with stakeholders.

● Reduction of CO2 Emissions from our business operation

We will promote business style reforms such as the use of remote work and telecommuting, and reduce the use of gasoline and electricity by reducing employee travel and office space. We are also reducing energy consumption and introducing renewable energy by installing state-of-the-art energy-saving (Energy conservation as follows) equipment in our office buildings, installing solar power generation equipment, and replacing company-owned vehicles with fuel-efficient vehicles. In addition, we are working to reduce paper consumption by putting insurance policy applications, insurance claim procedures, and various announcements on the web.

Reduction of CO2 Emissions with our value chain

In order to realize a decarbonized society, various innovations in business and society are essential. We will support the establishment and implementation of innovative technologies for a decarbonized society, like next-generation energy such as renewable energy and hydrogen, CCUS*, carbon recycling, etc., through the provision of insurance products.

* Carbon dioxide Capture, Utilization and Storage

We are working with our insurance agents, who are our group's business partners, to reform their business processes by utilizing digital technology and other means and are prmoting their sales activities through web communications without paper comsumption which saves energy and resources.

As an institutional investor, we are also providing financing for projects and funds for the construction of renewable energy power plants, such as wind and biomass power. We will support companies that are striving to develop innovative technologies that will significantly reduce greenhouse gases and contribute to the transition to a decarbonized society.

Reduction of CO2 Emissions utirising natural capital

We have been promoting the Indonesian Tropical Forest Restoration Project since 2005 and tree-planting activities in Bihoro-cho since 2019. We will continue to work with our stakeholders to reduce CO2 emissions through the use of natural capital.

●Implementation of "Business Activities with Consideration for Sustainability"

In September 2020, we published the "Business Activities with Consideration for Sustainability" which summarizes our actions pertaining to sustainability considerations, and announced that, in principle, we would not underwrite insurance or invest in or finance any new coal-fired power stations. In June 2021, the Company reviewed the plan and decided to restrict insurance underwriting and investment and financing for any future coal-fired power plants.

Business Activities with Consideration for Sustainability

We are building business processes that take ESG factors into account.

As for investments and loans, we are making ESG themed investments based on profitability. As a response to climate change, we use ESG assessments provided by external evaluation organizations as a reference, and conduct screening on the themes of CO2 emissions, etc., and incorporate it into investment decisions. We will also promote the transition to a decarbonized society by investing in and financing renewable energy such as solar and wind power.

In engagement with our investee companies, we support ESG management by focusing on climate change and measures for a decarbonized society. When selecting external asset management companies, ESG initiatives, including climate-related ones, are considered. In insurauce underwriting, we provide products and services that take into account issues and risks that have a negative impact on society and the global environment.

Case studies (3) Service provision and research on climate change risk assessment and analysis

Our group is working to assess and analyze climate change risks. In addition to the physical risks such as floods and droughts caused by climate change, the scope of risks to be identified by companies includes the risk of socio-economic transition to a decarbonized society (transition risk), such as the conversion of energy structures. Based on the assessment and analysis of these risks and in line with the TCFD 's final recommendations, we provide services to support the establishment of a climate governance system, scenario analysis, and strategy formulation.

In July 2020, we partnered with Jupiter Intelligence, a venture company that analyzes climate change risks, to provide a service that quantitatively evaluates the impact of natural disaster risks caused by climate change on a global scale with an accuracy of 90 meters square.

(3) Scenario Analysis

The physical and transition risks of climate change could have a variety of impacts on our group's business in the future. Our group has developed scenario analyses. One is to analyze impact on insurance underwriting arising from physical risk, natural catastrophe and the other is on investment from transition risk, rise of carbon cost.

For the analysis of physical risks, we analyzed changes in insurance loss arising from typhoons of which are impacted by further warming of the planet, and confirmed insurance loss might be increased. For the analysis of transition risks, we analyzed additional costs allocated to our investee companies in the context of responses to rising global temperature. We found the companies developping their measures might lead to reduce additional costs.

In the analyses, wide range assumptions have been set since the impact and likelihood of climate change are volatile. Our physical risk analysis is based on the Intergovernmental Panel on Climate Change (IPCC) scenario, and our transition risk analysis is based on the International Energy Agency (IEA) scenario.

The group keep updating and polishing our scenario analysis in light of climate change mitigation and adaptaion initiatives and from scientific point of view.

[Scenario Analysis of Insurance Underwriting (Physical Risk Analysis)]

Further global warming might increase severity of extreme weather event (e.g., typhoons, cyclones, droughts, floods, and fires). Therefore, as a scenario analysis of physical risk, we analyzed the impact of changes in typhoons on insurance loss.

The forward-looking scenario analysis that look into the effects of climate change on insurance underwriting is a new challenge for the insurance industry, and the United Nations Environment Programme Finance Initiative (UNEP FI) has established a project to consider analytical methods. Over 20 insurance companies that signed to the Principles for Sustainable Insurance (PSI), including our group, participated in the project, and worked on developing scenario analysis methods (analytical evaluation tools) in some groups of climate change impacts.

The group in which our company participated analyzed typhoons and hurricanes that have a significant impact on insurance underwriting studied the impact of future global warming on the risk amount arising from typhoons and hurricanes. Focusing on changes in the "intensity" and "frequency" of typhoons due to climate change, Knutson et al.(2020). Based on the research results, we developed an analysis and evaluation tool for 2050 in the 4° C scenario (RCP 8.5).

Regarding storm surge changes caused by typhoons, this group also developed an analysis and evaluation tool for 2030 and 2050 under the 2 °C (RCP 4.5) and 4 °C (RCP 8.5) scenarios, referring to the World Resources Institute (WRI)'s tool, Aqueduct Flood, for evaluating storm surge damage, etc.

The results of the group's analysis using the two analytical evaluation tools developed are as follows. This analysis covers domestic non-life insurance book (e.g., property, marine, personal accident and auto line) that are expected to be paid out due to typhoons.

Changes in typhoons themselvs

In 2050 under the 4 $^{\circ}$ C scenario (RCP 8.5), insurance loss arising from typhoons could vary from approximately + 5% to approximately + 50% due to changes in "intensity," and from approximately - 30% to approximately + 28% due to changes in "frequency of occurrence.".

Change in storm surge caused by typhoons

In both the 2 $^{\circ}$ C (RCP 4.5) and 4 $^{\circ}$ C (RCP 8.5) scenarios in 2030 and 2050,insurance loss may increase by several percent.

The group analyzes natural catastrophe risks through taking into account various factors (e.g., size, frequency of occurrence and wind speed). We will continue to study methods to assess the impact of climate change such as typhoons and floods, while referring to the analysis methods based on UNEP FI projects.

[Investment Scenario Analysis (Transition Risk Analysis)]

"Carbon pricing," which assesses the costs associated with greenhouse gas emission volumes, is being introduced around the world as a policy for reducing greenhouse gas emissions, and this policy could indicate the risk of increased carbon cost burdens to companies. We focused it and analyzed the impact of the increased carbon cost allocated to investee companies in our group's investment portfolio as a transition risk scenario analysis.

For the analysis, we used analysis tools developed by Trucost, which company researches environmental data such as carbon emissions and climate change risks, we analysed degrees that investee companies presently have the ability to pay the future carbon costs they would need to bear (carbon earnings at risk (EBIT at Risk)*.

* The financial impact on the investment portfolio for each scenario is calculated through dividing the unpriced cost of carbon (UCC) by the earnings before interest and taxes (EBIT).

TCFD recommends taking into consideration different climate-related scenarios, including 2° C or lower scenarios, to analyze the impact on investments. Based on the recommendation, our group used three scenarios: "high scenario" in which administrative measures are implemented that are sufficient to be in line with international targets (Paris Agreement) of keeping temperature increase to less than 2° C by 2100, "medium scenario" in which long-term administrative policies are enacted to keep global temperature increase to 2° C but short-term administrative policy implementation is delayed, and "low scenario" in which each nation voluntarily implements their own targets and global temperature increase reaches around 3° C.

Our analysis covers stocks (covers approximately 99% of domestic listed stocks managed by the company on a market value basis) and bonds (also covers approximately 56% of domestic and foreign bonds managed by the company (including portions with outsourced management) for our group in our investment portfolio as of the end of March 2020. As for the assumption of investee companies' profits, the average value for corporate profits for the last 3 years is used to mitigate fluctuations in financial performance. As for greenhouse gas emission volumes, Scope 1 and Scope 2 are examined.

The results of the analysis are shown in the table below. The carbon cost and transition risk increases in the high and middle scenarios. In our group's investment portfolio as of the end of March 2020, it is estimated that in 2050, carbon earnings at risk may increase by approximately 9% in the low scenario and 35% in the high and medium scenario for stocks, 16% in the low scenario and 57% in the high and medium risk scenario for corporate bonds.

● Carbon Earning at Risk (EBIT at Risk)

< Stocks (as of March 31, 2020) >

	Low Scenario * 1	Medium Scenario * 2	High Scenario * 3
2030	4.66%	9.23%	20.29%
2040	7.54%	14.66%	30.54%
2050	8.81%	34.68%	34.68%

● Carbon Earning at Risk (EBIT at Risk)

< Stocks (as of March 31, 2020) >

	Low Scenario * 1	Medium Scenario * 2	High Scenario * 3
2030	4.66%	9.23%	20.29%
2040	7.54%	14.66%	30.54%
2050	8.81%	34.68%	34.68%

< Corporate bonds (as of March 31, 2020) >

	Low Scenario * 1	Medium Scenario * 2	High Scenario * 3
2030	9.33%	16.89%	34.96%
2040	14.28%	25.28%	51.03%
2050	16.28%	57.44%	57.44%

^{*1} Scenario in which the temperature rise is about 3 °C by 2100

This analysis is based on current level of greenhouse gas emissions of investees. If they promote decarbonization, the carbon cost allocated to them is reduced and then the future carbon earnings at risk will also be reduced. We will continue to mitigate the impact on the investment portfolio through engagement with investee companies.

3. Risk Management

Based on the MS & AD Insurance Group Risk Appetite Statement, we have determined to clarify the amount of risk that can be held under normal conditions and to take risks based on its capital policy in order to realize its management vision. We develop group medium-term management plan that is in line with our Risk Appetite Statement. Also, we aim to ensure soundness and improve capital efficiency and RoR based on the ERM cycle.

As for underwriting risk, we are working to advance growth strategies and assertively take on risks, while also striving to set appropriate insurance conditions, appropriately control natural catastrophe risks, and expand our returns With regard to asset management risk, we strive to implement comprehensive asset and liability management that takes into account the characteristics of liabilities, and the reduction of strategic equity holdings, and to expand our returns while securing the soundness and liquidity of assets.

In terms of risk management at our group, based on the MS & AD Insurance Group Basic Policy on Risk Management, we recognize risks including climate-related risks, quantitatively determine the magnitude and possibility of their occurrence, and optimize their scope and extent. We also process risks by possession, transfer, and avoidance, verify their effects, and improve the processing method based on the results. The status of risks is reported to the Management Committee. In fiscal 2020, climate-related risks were discussed by the Risk Management Committee and reported to the Group Management Committee and the Board of Directors.

The group identifies Group Material Risks to be controlled by management, formulates a Management Action Plan and regularly monitors the status. The Group monitors and controls climate change as one of Group Material Risks. Specifically, since climate change is a risk event that affects wide range of other Group Material Risks, such as the occurrence of a large-scale natural catastrophe, it is associated with other Group Material Risks as shown in the table below. The group establishes and monitors key scenarios arising from climate change, and conducts regular monitoring over the medium to long term.

^{*2} Scenario in which a policy to limit the increase in temperature to 2° C by 2100 is taken in the long term, but policy actions around climate change are delayed in the short term

^{*3} Scenario consistent with the Paris Agreement to limit warming to less than 2 °C by 2100

●ERM cycle

Planning Phase Planning Phase Phase Planning Phase Phase Phase Planning Phase Phase Phase Phase Planning Phase Phase Phase Phase Promulate a strategy based on the Risk Appetite Statement In addition to monitoring climate change in the medium to long term, incorporate impact of climate change, actual risks of climate change, etc. into the Group Material Risks, and formulate a management action plan. Phase Execution Phase

- Monitor occurrence of risks, condition of capital, etc.
- Examine necessary countermeasures, etc. based on monitoring results
- Take risks within the amount of risk that can be held

● Group Material Risks and Key Scenarios for Climate Change

Group Material Risks Related to Climate Change	Key scenarios related to climate change
Occurrence of large-scale natural catastrophe	Changes in probability of occurrence, size, etc., affected by climate change
Sharp fluctuations in financial markets	Decline in the value of our group's assets due to the materialization of transition risks associated with corporate responses to climate change (Strengthen environment-related
Increase in credit risk	policies and regulations, advance decarbonization technologies, increase in lawsuits, etc.)
Occurrence of behavior that is detrimental to the corporate value of our group, loss of social credibility	Deterioration in reputation due to delays in responding to climate change and discrepancies between public announcements and activities
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	Stagnation of operations due to damage to system-related facilities caused by large-scale natural catastrophe
Pandemic of new influenza and other diseases	Spread of affected areas due to global warming and climate change
Changes in insurance market	Significant changes in the market size of specific industries due to technological innovation in response to climate change

(1) Management of Natural Catastrophe Risks

With respect to domestic wind and flood risk levels and US wind and flood risk levels, we are managing natural catastrophe risks by setting the maximum risk levels (risk limits) for the Group and for each company, using the levels of risks that occur once every 200 years as a basis. In addition to natural catastrophe risk measurement and large-scale natural catastrophe stress tests, we are working on incorporating the effects of climate change into stress tests, and advancing considerations of methods to quantify the effects of climate change.

About Stress Testing

We conduct stress tests to confirm the impact of various stress events on capital and risk levels.

In order to complement the limitations of statistical methods for risk measurement, stress testing identifies portfolio vulnerabilities and identifies the need for and urgency of countermeasures by using scenarios that have been selected based on our group's portfolio and risk profile and taking into account significant changes in the external

We conduct tests based on the assumption of more severe stress, such as continuous typhoons and flooding of multiple rivers, and estimate the impact of long-term climate change on domestic typhoons, domestic flood disasters, and hurricanes in North America.

(2) Control of the Retained Amount of Natural Catastrophe

We use statistical methods to quantitatively assess risks by geography and disaster. Based on this assessment, we are working to underwrite insurance appropriately, procuring reinsurance, issuing cat bonds, and accumulating contingency reserves. These measures are designed to improve the financial soundness of the Group as a whole and to reduce the risk of changes in periodic earnings.

We statistically evaluate the level of risk we take on both by geography and by disaster type. Based on this evaluation, we strive to conduct appropriate insurance underwriting, acquire reinsurance and issue catastrophe bonds, and accumulate catastrophe loss reserves. Through these measures, we are working to improve financial soundness and reduce the risk of fluctuations in profit and loss during a given period.

Group-wide Natural Catasrophe Risk Control

We are working to lower the amount of risks associated with wind and flood disasters in the United States and to strengthen our management of profitability of our reinsurence business.

Reducing Risk of Fluctuations in Profit and Loss

For natural disasters in Japan, in addition to reinsurance by MSI and Aioi Nissay Dowa Insurance respectively, we have secured joint reinsurance for both companies that targets their total, annual cumulative damage amounts. This has functioned effectively with respect to domestic natural disaster occurrences in 2019 and 2020, and in 2021 we have secured reinsurance possessing a similar function, and are reducing risks of fluctuations in profit and loss.

(3) Other Risks of Insurance Underwriting Business such as litigation

As for insurance underwriting risks other than natural catastrophe, due to the frequent occurrence of climate-related lawsuits, claims for liability insurance may increase. For example, policyholders in group's insurance book may be sued for causing climate change, failing to take measures to prevent or reduce damage caused by climate change or insufficient disclosure of information on climate change, which may lead such as Directors and Officers liability insurance loss. The group manages these risks through monitoring medium to long term trends in climate change and "environmental disasters (human-induced pollution and accidents that cause enormous damage to the environment)" which is one of Group Emerging Risks.

(4) As Responsible Institutional Investor

The "Japan's Stewardship Code," a set of principles for "responsible institutional investors," published by Financial Services Agency, is a code of conduct for institutional investors who invest in listed shares, etc. in Japan. As an asset owner, our group supports its intent.

In accordance with Japan's Stewardship Code, from the perspective of enhancing the corporate value of the investee and promoting sustainable growth over the medium to long term, our group has a policy of conducting constructive angagements with our portfolio companies, focusing on management issues, shareholder return policy, and other non-financial information such as ESG. Main query among E (environment) cotained in the cofrimation of investees' ESG Policy is their response for climate change and decarbonized society.

In addition, our group has started to adopt WACI (Weighted Average Carbon Intensity) * of our portfolio and will continue monitoring the carbon intensity.

*Carbon intensity, which is the weighted average of the ratio of CO2 emissions to sales of each company with the ownership ratio.

4. Metrics and Targets

(1) Metrics Pertaing to Risks and Opportunities

• Metrics for "Creating Shared Value with Society (CSV initiatives)"

Product development and revisions that contribute to climate change mitigation and adaptation are set as monitoring indicators. The results are reflected in performance-linked compensation for directors.

- Impact of CSV initiatives on society and our company
- Metrics for natural catastrophe risk levels in insurance underwriting

Risk levIs that occur once every 200 years.

(2) Environmental Burden of Our Business Activities

- ●CO2 emissions and energy consumption from our group's business activities
- ISO 26000 Core Subjects (Environment)

(3) Metrics and Targets for Reduction of Our Environmental Burden

●Targets

Our group set medium- to long-term CO2 emission reduction targets in fiscal 2010 and has been working to reduce CO2 emissions from its business activities. We reviewed our medium- and long-term targets having achieved our FY 2020 CO2 emissions reduction target (30% reduction from the FY 2009 level) and set new targets in May 2021 in line with the Paris Agreement.

< CO2 emissions reduction target (Scope 1 + Scope 2 * 1) >

Base Year	Target Year	Reduction
FY 2019	FY 2030	▲50%
	FY 2050	Net zero

< CO2 emissions reduction target (Scope 3 * 2) >

Base Year	Target Year	Reduction	Categories
FY 2019	FY 2030	▲ 50%	1, 3, 5, 7, 13 * 3
	FY 2050	Net zero	All Categories

^{*1:}Scope 1 refers to direct emissions from our group, such as gasoline from company-owned vehicles. Scope 2 refers to indirect emissions from comsumption of purchased electricity, heat or steam.

< Renewable Energy Usage >

Target Year	Usage Rate
FY 2030	60%
FY 2050	100%

Metrics

We are working to reduce the environmental burden of our business activities while monitoring metrics of reduction rate of total energy consumption and CO2 emissions.

^{*2:}Indirect emissions through our group's business activities other than Scope 2.

^{*3:} Category 1 refers to purchased products and services (covered by paper and mail). Category 3 refers to fuel and energy activities other than Scope 1 and Scope 2. Category 5 refers to waste from operations. Category 7 refers to employee commuting. Category 13 refers to leased assets.

(4) Greenhouse Gas (GHG) Emissions in Investment Portfolio

The following table shows the carbon footprints (CO2 equivalent of greenhouse gas emissions from business activities) of investee companies. Scope 1 and Scope 2 GHG emissions are calculated through using Trucost's tool for calculating greenhouse gas (GHG) emissions through a proprietary modeling approach when there is not enough information disclosed by investees or publicly available. Subject of the analysis is stocks(covering approx. 99% of domestic listed stocks managed by the company on a market value basis) and bonds(covering approx. 56% of domestic and foreign bonds managed by the company(including portions with outsourced management) for our Group in our investment portfolio as of the end of March 2020)

< Greenhouse Gas (GHG) Emissions >

(Unit: t-CO2e)

As of the end of March 2020	Stocks	Corporate bonds
Scope 1 + Scope 2	2,717,033	3,518,615

(5) Weighted Average Carbon Intensity (WACI)

Weighted average carbon intensity (WACI) is used as metrics of the carbon intensity of our investment portfolio. Scope 1 and Scope 2 are calculated through Trucost's tool. The subject of the analysis is same as that of "Greenhouse Gas (GHG) Emissions in Investment Portfolio".

< Weighted average carbon intensity (WACI) >

(Unit: t-CO2e/US \$1 million)

As of the end of March 2020	Stocks	Corporate bonds
Scope 1 + Scope 2	121.45	205.06

Our other related disclosure

Strategy

- Impact of natural catastrophe on insurance underwriting profit: MS & AD Integrated Report 2021 (Englished version to be released soon. P139 in Japanese version.)
- Medium-to Long term Targets
- ESG integration and sustainability approach
- Impact of CSV initiatives on Society and our company

risk management

ERM and Risk Management

Metrics and Targets

- Targets(KPI) and Results
- ISO26000 Core Subjets(Environment)

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. A resilient and sustainable society can only come about if its foundations are rooted in a sound global environment, through natural capital, 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 a sustainable relationship between natural capital and business activities.

Identify and inform on risks	Prevent risks from occurring/minimize the impact	Reduce the economic burden
Assessment of risks caused by depletion or	Proposals on risk management measures based on	Provision of risk coverage
degradation of natural capital	assessment and analysis results	
		(Coverage example)
(Analysis examples)	(Proposal example)	
		• Expenses incurred during recall when a
Future risk of water depletion at business facilities	· Consultation on land use that considers local	sustainability certification of the used materials is
that use large volumes of water	ecosystems	revoked and expenses needed for apology
 Assessment of the sustainability of supply chains 		
which primarily depends on natural resources		
, , , , , , , , , , , , , , , , , , , ,		

Providing Natural Capital Products and Solutions

Project businesses undertaken both inside and outside Japan, as well as global supply chains have the potential to cause major losses to natural capital. It is thus important to analyze and assess the impact of business activities on natural capital and to take the steps necessary to establish a sustainable relationship between the two.

The MS&AD Group provides a whole range of services to quantitatively assess the impact on natural capital in domestic and overseas business locations and project development. The Group supports analysis of the reliance on and impact of the entire business on natural capital, and supports risk assessments such as ascertaining the value of natural capital to apply this information to its business decisions, and understanding where and what kind of natural capital is being affected through the company's supply chains.

MS&AD also provides food service businesses with products that help reduce food loss, which is a concerning issue for society.

Provision of Simplified Evaluations of Water-related Risks

InterRisk

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

InterRisk

Establishing a sustainable raw material procurement network is a key business challenge in realizing sustainable business activities. We conduct environmental 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

InterRisk

A growing number of companies which see initiatives 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 surveys and analysis to the formulation of development/action plans based on these surveys and analyses for the use of offices, apartment buildings, and other land with green spaces.

Product Recall Expenses Insurance for Food Service Businesses - Shoku-eco

ADI

MS&AD has partnered with Kuradashi Co., Ltd., which operates a social contribution food sharing platform, and provide recall expense insurance for food service businesses.

When a food company recalls food without any quality issues but mislabeling expiry dates, Kuradashi reduces food loss by purchasing the food. Also this enables disposal cost down and insurance premiums can be offered at a 10% discount.

This insurance paves the way for more effective use of foods that would otherwise be discarded, leading to less wasted food.

Preserving Conserving Biodiversity through Partnerships and Industry-Academia Collaboration

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.

Joined the Natural Capital Finance Alliance

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 is a member of the Natural Capital Finance Alliance (NCFA).





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



MS&AD Holdings is participating in the Ecosystem-based Disaster Risk Reduction (Eco-DRR) project conducted by the 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 wideranging 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.

On December 4th, 2019, as a part of the research activity, we hosted the "Eco-DRR x Finance and Insurance - Study on Advanced Finance Cases for a Naturally Rich and Resilient Society" symposium where we introduced two practices; insurance for coral reefs in Mexico, and bonds for resilient forests in the US. For further details of the symposium, please visit the link below:

Symposium details (in Japanese only)

In November 2019, Mitsui Sumitomo Insurance concluded a partnership agreement with Kumamoto City, and has been working on regional revitalization and disaster prevention projects by utilizing the region's nature, including the creation of the "green resilience potential map," which is a tool to integrate, share, and analyze various regional data such as hazard information obtained through GIS (Geographic Information System).

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

HD

The Japan Business Initiative for Biodiversity (JBIB) brings companies together for joint research projects on biodiversity conservation and the sustainable use of biological resources. MS&AD Holdings has been serving as the chair company of the JBIB since it was founded in April 2008. And in February 2021, we hosted the "The Story of Biology Told by Companies" symposium for the 14th time as an opportunity to provide information on corporate initiatives for biodiversity. These initiatives have been regarded highly with the symposium featuring in the Guidelines for Private Sector Engagement in Biodiversity.

- > Japan Business Initiative for Biodiversity (JBIB) official website □
- 2019 "The Story of Biology Told by Companies" symposium
- 2020 "The Story of Biology Told by Companies" symposium
- 2021 "The Story of Biology Told by Companies" symposium



Biodiversity Conservation Initiatives in Asia

HD

MS&AD is promoting biodiversity conservation activities in Southeast Asia in collaboration with the global non-governmental organization, Conservation International (Asia-Pacific). The Group is working with local partners in six key Asian markets (Hong Kong, Indonesia, Malaysia, Singapore, Thailand, and Vietnam) and two Pacific countries (Fiji and New Caledonia), to help with reforestation, mangrove planting, conservation of rare wildlife, and monitoring protected areas.

Biodiversity conservation initiatives in the Asia-Pacific region (in Japanease only) \square Protecting biodiversity (MSIG-Asia) \square

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(*1), the corporate code of conduct in the United Nations Global Compact(*2), and the principles concerning fundamental rights set out in the International Labor Organization Declaration on Fundamental Principles and Rights at Work(*3).

(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.

- (*1) International Bill of Human Rights consists of the Universal Declaration of Human Rights and the main instruments through which it has been codified: the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights (*2)Ten Principles on human rights, labour, environment and anti-corruption. The principles of Human Rights and Labour include: (1) support and respect for the protection of human rights; (2) non-complicity in human rights abuses, (3) recognition of freedom of association and the right to collective bargaining; (4) elimination of forced labour; (5) effective abolition of child labour; and (6) elimination of discrimination in employment and occupation.
- (*3) Fundamental Principles and Rights at Work in four categories: (1) freedom of association and the effective recognition of the right to collective bargaining,(2) elimination of forced or compulsory labour, (3) the abolition of child labour, and (4) elimination of discrimination in respect of employment and occupation.

President & CEO

of Hata.

Statement on the UK Modern Slavery Act 2015

- 🕑 FY2020 Slavery and Human Trafficking Statement 歸
- FY2019 Slavery and Human Trafficking Statement sing-special-bases
- FY2018 Slavery and Human Trafficking Statement 🕞
- FY2017 Slavery and Human Trafficking Statement 🕞
- 💽 FY2016 Slavery and Human Trafficking Statement 🕞
- FY2015 Slavery and Human Trafficking Statement 🕞

Human Rights Due Diligence

Based on the United Nations Guiding Principles on Business and Human Rights, we have established and continuously implement a human rights due diligence system, which is a management system that respects human rights.

In accordance with the Basic Human Rights Policy established in February 2017, we conduct the following human rights due diligence. As part of its human rights due diligence, our group followed the procedures up to STEP 3 to identify and assess actual and potential human rights risks. 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 review human rights risk identification and assessment every two years to determine priority issues in response to changes in the society and environment surrounding the Group and its value chain.

We use the Fragile States Index to identify countries and regions where human rights risks are high during regular reviews. When we expanded our business to Myanmar, we conducted due diligence and surveys on the investee and decided to invest in our current partners after confirming that there were no human rights issues.

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*1 and [2] probability of occurrence (creation of a risk map*2) *1: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.

Personal information protection	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. 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. Fiscal 2020 inspections and audits > Internal inspections were carried out at the Company and the Group's domestic insurance companies. We inspected and audited around 18,000 agents and outside vendors, and provided instructions including to strengthen security to approximately 230 companies. Information Management The MS&AD Insurance Group Basic Policy for Management of Outside Vendors
Health and productivity management	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. Work Style Reform and Health and Productivity Management The Speak Up System

■Foreign Technical Interns

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.

■Business Activities with Consideration for Sustainability

In September 2020, we formulated the Group Policy "Business Activities with Consideration for Sustainability" and have been conducting business activities that take ESG factors into consideration. Respect for human rights is taken into account in process of making investment and underwriting.

We have established exclusion guideline for cluster munitions manufacturing companies that lead to indiscriminate killing of a wide range of people, and underwriting and investment and financing are conducted in Japan and overseas in accordance with the guideline.

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.

Structure of Education about Human Rights	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. 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. < Major initiatives > 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.
Training on Human Rights	ESG Data / Reference Material (Human Rights)

Consultation Service Desk

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

	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.
	< Main subjects of reports and consultation >
Reporting System from Employees (Speak Up	Any matters related to non-compliance
System)	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 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. ESG Data / Reference Material (Speak Up System)
Harassment Consulting Desk	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.

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.

ESG Data/Reference Material (Labor union membership rate)

HOME / Sustainability / Our Value Creation Approach

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)

Impact of CSV Initiatives on society and our company

Sustainability Contest

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*

One Behind"

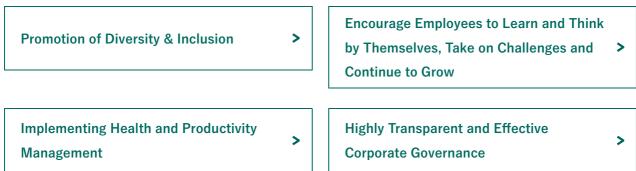
Work toward Realization of "Leaving No

HOME / Sustainability / Our Value Creation Approach

Initiatives Supporting CSV

(%) Our Sustainability Priorities

Management platforms that enable employees to play active roles



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 creating shared values with society, including the discovery and prevention of risks. It is necessary to take integrated approaches to the 17 Sustainable Development Goals (SDGs) as the limited natural environment of the earth and social and economic issues closely related. The MS&AD Insurance Group analyzes our contributions to the sustainability of society and the impacts on our long—term growth from the areas of the Environmental (E), society (S), and corporate governance (G). Based on the seven priority issues we have extracted, we are contributing to the achievement of the SDGs through risk consulting services, insurance and other services for safety and security from a multifaceted perspective centered on sustainability.

Products and services aimed at further contributing to the resolution of social issues reached about 51.7% of premiums written in the non–life insurance business in FY2020.

- 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 the realization of "leavig no one behind"
- Products and services that contribute to achieving Sustainable Development Goals (SDGs) (PDF) 🕞
- (★) links are "in Japanese only"

Deal with new risks

[Major relevant SDGs]

Goal 9: Industry, Innovation and Infrastructure

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster technological innovation



Products and Services	Outline	Contribution to solving social issues	Details
Cybersecurity Insurance	Comprehensive coverage for cyber risks such as cyber attacks (number of cyber insurance policies in FY2020: +9.6% compared to FY2019).	Contributing to the stabilization of corporate management and supporting social development	Details

Comprehensive Telecommuting Coverage Plan	Coverage for various kinds of risks of companies promoting teleworking, which widely covers liability for information leakage due to cyber attacks and liability caused by labor management of employees.	Contributing to the spread of telework, promoting the creation of social value through the realization of a work-life balance and contributing not only to the prevention of the spread of COVID-19 infections but also to the diversification of working styles in post-pandemic.	Details
Comprehensive Coverage Insurance for Mobile Application-based Payment Service Providers	Coverage for damages caused by illegal access through a mobile application-based payment service.	Contributing to the spread of secure and safe cashless payment	MSI/ADI(★) 📷
Coverage plan for sharing economy-based business	Insurance products with order—madeconditions for coverage required for various business situations. This plan was developed to respond to coverage needs for personal liability insurance valid only for the user and only for the period of use, arising from the spread of the sharing economy.	Contributing to the development of sharing economy-based business	MSI(★)
One-day Leisure Insurance	Leisure insurance providing only the required coverage only when needed	Helping to enriching customers' lives	MSI(★) □
Built-in Insurance	Insurance for users of digital businesses linking digital insurance sales platforms with digital businesses.	Providing safety and security to users of e-commerce and sharing services.	MSI(★)
RisTech, a service that solves social and corporate problems through data analysis	Services, using big data and the latest analysis algorithms that visualize and optimize the risks that clients are exposed and to help solve issues. Risk analysis and analytical reports, as well as risk models by data scientists, using various statistical data from the service providers in addition to data related to accidents held by our Group company.	Visualizing and optimizing corporate risks to be solved	Details
Consulting to support corporate security related—information disclosure	A consulting service that supports for appropriate information disclosure regarding the cyber security measures companies implement	Support for corporate information disclosure	InterRisk(★) □

Create mobility society without accidents

[Major relevant SDGs]

Goal 3: Good health and well-being for all

Ensure healthy lives and promote well-being for all at all ages

Goal 11: Sustainable cities and communities

Making cities and human settlements inclusive, safe, resilient and sustainable





Products and Services	Outline	Contribution to solving social issues	Details
One-day Insurance/One- day Supporter	Automobile insurance for rent vehicles that is available in daily increments	Promoting the reduction of accidents caused by uninsured vehicles	MSI(★) □ ADI(★) □
TOUGH Connected Automobile Insurance	Automobile insurance 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	Helping to prevent traffic accidents by providing "safe driving incentives (discounts)" and "safe and secure services", which are applied for Toyota connected cars.	Details
Eco-mark automobile insurance	Automobile insurance with Eco-Mark catification through promotion of Eco-insurancepolicy and web policy clauses, provision of information for safe driving, and initiatives to reduce impact on the environment, such as encouraging the use of recycled automobile parts.	Contributing to environmental conservation and reducing the impact on the environment	MSI(★) □ ADI(★) □
GK Mimamoru (Dash cam-based) Automobile Insurance, TOUGH Connected Automobile Insurance	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 services support customer's safe driving. In the event of an accident, our operator will contact to confirm safety and provide advices such as what steps to be taken.	Helping to prevent traffic accidents and supporting safe driving	Details

TOUGH Mimamoru automobile insurance plus	Automobile insurance that reflects the degree of safe driving in insurance premiums based on driving data obtained from dedicated dash cam—based telematics devices	Helping to take preventative traffic accidents measures by providing incentives for safe driving (discounts) and safe and secure service	Details
Special policy clause on business management (applied to transportation companies)	Discount on insurance premiums applicable to transportation companies that have taken the road safety management certification seminar promoted by the Ministry of Land, Infrastructure, Transport and Tourism, and which take preventative measures to reduce traffic accidents	Helping to prevent traffic accidents and supporting safe driving	MSI(★) कि
Comprehensive autonomous drive testing coverage plan	Comprehensive coverage for risks related to the testing of autonomous vehicles	Facilitating the innovation of autonomous driving technologies to support the realization of a safe, secure, and comfortable automobile society	Details(★) 📴
MaaS insurance Plans for MaaS operators	Providing coverage for businesses and users in response to various risks associated with MaaS, and coverage to support Maas businesses in the construction of services for users	Supporting the realization of a safe, secure and comfortable mobility society by resolving local transportation issues and supporting technological innovation in autonomous driving	Details ADI(1)(★) DE ADI(2)(★) DE
Automobile insurance for car share platforms	Coverage for damage caused by non-return in car sharing	Helping to solving issues unique to car sharing that conventional vehicle insurance cannot afford	Details
Smartphone app: Suma— Ho Driving Ability Diagnosis	Service providing analysis of driving skill characteristics, dash cam, eco drive diagnosis, audio warnings when drivers are approaching locations where accidents frequently occur, extreme weather forecasts, and other services	Helping to prevent traffic accidents and supporting safe driving	MSI(★) □
AD Tele-millage points program for policyholders	Points program for policyholders of the Telematics Automobile Insurance. Points are earned by doing things that lead to safe driving, and rewards can be redeemed with the points	Helping to prevent traffic accidents and supporting safe driving	Details

MS&AD MS&AD Holdings

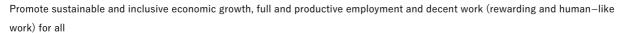
Policy holder app (Mitsui Direct non-lifeinsurance app)	The services of Mitsui Direct General Insurance are put together in one app. Various inquiries and procedures of automobile insurance and special benefits and coupons becomes available. The "Smart Renewal" feature was launched in October 2020 making it easier for policyholders to renew the policy	Contributing to paperless procedure as well as convenience by allowing for inquiries regarding contract details and the checking of progress in the case of an accident, providing new applications and continuing procedures, etc.	Mitsui Direct General (★)
Accident Map	Accident maps created by analyzing and identifying locations where accidents frequently occur based on accident data from external institutions.	Helping to prevent traffic accidents and supporting safe driving	MSI(★) □
"F-Dora" drive recorder telematics service for fleet policy holders	Service of three types of support: "during accidents/emergencies," "accident prevention measures," and "operation management," using our original dedicated dash cams and the industry's first driver-facing camera	Helping to prevent serious accidents by detecting and alerting in the case of dangerous driving behavior (dozing off, not paying attention or talking on the phone) using a driver—facing camea, in addition to supporting safe driving efforts by companies	Details
Sasaeru Navi	Telematics service for fleet policyholders	Supporting corporate customers with their vehicle management and efforts to reduce accidents	ADI(★)
Four Safety – Support service preventing the use of mobile phones while driving	A smartphone application, by plugging a designated terminal into the automobile's cigarette lighter socket, automatically controlling a smartphone (including telephone and apps) once a certain speed (20kph) is exceeded. Administrators can check whether smartphones have been controlled and driving patterns, such as sudden acceleration or deceleration, for each employee through a dedicated website.	This service can be used by companies to ensure safe driving practices. Supporting the creation of corporate value by helping to prevent distracted driving, a social issue	Details
Safety navigational support services for domestic vessels	Support for 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.	Helping to reduce maritime accidents by supporting customers in safe operations and raising awareness of risk management	MSI(★)

Automobile risk management service	Effective programs and solutions to prevent and reduce accidents	Helping to prevent traffic accidents and supporting safe driving	InterRisk(★) □
Transportation safety management seminar	Seminars on accident prevention and reduction for automobile transportation companies certified as an implementing organization by the Ministry of Land, Infrastructure, Transport and Tourism	Helping to prevent traffic accidents and supporting safe driving	InterRisk(★)
Driving skill improvement training	A brain training game for improving concentration, awareness and driving skills. Easy and fun training with smartphone	Helping to prevent traffic accidents and supporting safe driving	Details

Strive for Resilient Community Development

[Major relevant SDGs]

Goal 8: Decent work and economic growth





Goal 11: Sustainable cities and communities

Making cities and human settlements inclusive, safe, resilient and sustainable



Products and Services	Outline	Contribution to solving social issues	Details
Products with coverage against COVID-19	Insurance plans such as personal accident and commercial fire have been expanded to provide coverage in the event of contracting COVID-19. We also offer products to cover damages caused by suspension of operations in order to support business continuity if a business is forced to close due to COVID-19	Contributing to improving the resilience of society toward infectious diseases	MSI(★) poperation of the state
COVID-19 life insurance	Life insurance plans which cover death in the event of a disaster (accidental death riders, etc.) have been expanded to provide coverage for death or severe disability by COVID-19.	Contributing to improving the resilience of society toward infectious diseases	MSI Aioi Life(★)

Remote application procedures for a paperless, contactless service	A completely paperless service from providing information through video, to responding to inquiries and the application process	Helping to prevent the spread of infectious diseases through non—contact, reducing the impact on the environment by going paperless, and improving customer convenience.	MSI Aioi Life(★)
Earthquake insurance	Coverage for losses to buildings and household goods caused by fires, damage, being buried, or being washed away as a result of earthquakes, volcanic eruptions, or tsunami	Helping to rebuild the lives of those affected by earthquake and the early recovery of areas hit by earthquakes	MSI(★) □ ADI(★) □
Comprehensive drone coverage plan	Comprehensive coverage to cover risks associated with the commercial use of drones	Supporting the development of society by contributing to wider drone use in industry and the public domain, such as in luggage distribution, damage surveys, agriculture, forestry and fisheries	_
Automobile Insurance: Special endorsement for additional rental alternative car cost due to lending own electric vehicles based on a disaster support agreement	Coverage for rental car costs incurred when a business operator lends its electric vehicle, etc. to a local government (in line with any disaster support agreement) and needs to arrange a tentative	Supporting the construction of regional cooperation systems in the event of a disaster and supporting the wider use of electric vehicles by encouraging the effective use of electric vehicles (emergency power supply)	MSI(★)
Comprehensive global business coverage plan	Comprehensive coverage to cover risks related to overseas business expansion for small and medium-sized enterprises (SMEs)	Facilitating the smooth operation of business activities overseas to support the stabilization of SMEs' business operations overseas and the development of local communities.	MSI(★) □
Supporting companies in expanding overseas operations	Risk management services for small and medium-sized companies expanding their business overseas	Helping to expand overseas operations of small and medium-sized companies	MSI(★) □

Export food insurance	Coverage for risks that occur when exporting food, such as spoilage and deteriorating quality due to accidents during transportation.	Supporting new exports by SMEs and contributing to the sustainable development of Japan's agriculture, forestry and fisheries and food industries.	MSI(★) pp
Weather information alert service	Email alerts when forecasts of rainfall, wind speed, or snowfall at monitored locations exceed threshold, or when lightning is observed within a threshold distance	Preventing and mitigating damages caused by natural disasters	Details
Smartphone app: Suma- Ho	A smartphone app allowing users to check the details of their insurance policy, contact their agents, and to use their smartphone's GPS to arrange tow truck in case of an accident or breakdown	Enhancing customer convenience	MSI(★) □
Smartphone app: Suma— Ho Disaster Navigator	A smartphone app to identify user's current location using GPS and to display information regarding nearby evacuation shelters and hazards on a map. The camera function displays the direction of user's home or evacuation center on the landscape screen for safer evacuation. Disaster prevention information for the user's current location is also sent out in real-time by push notifications. Available in English, Chinese (traditional and simplified), Korean, Vietnamese, Tagalog, and Portuguese, except for some features	Supporting safe and secure behavior in the event of a large—scale natural disaster	Details
Repair service for damaged equipment	Service to dispatch experts to conduct a survey of contamination on buildings, machineries, and facilities damaged from fire smoke, soot and rust after fire or flooding etc., and conduct decontamination works	Supporting early full—scale recovery of customer's businesses from damages caused by disasters by repairing damaged machineries and equipment, which previously had to be replaced with new ones	MSI(★) 🗖
Supporting the establishment of Business continuity management system (BCMS)	A service to 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).	Helping to ensure continuity and early recovery of core business while minimizing damage to a company's business assets in an emergency	Details InterRisk(★) □

Personnel labor and work style reform support for SMEs	Advice on promoting diverse work styles, improving job satisfaction and productivity, measures to balance childcare and nursing care with work, using IT, health management, wage system reviews, building an assessment system, and legal compliance, etc.	Contributing to the sustainable growth of companies and the realization of decent work by employees through support for personnel labor and work style reforms.	-
Natural disaster hazard information survey	Service to diagnosing the location risks for corporate facilities by collecting and organizing hazard information based on comprehensive surveys on earthquakes, wind and water disasters, volcanic eruptions, lightning strikes, snow accumulation, and more	Supporting corporate risk measures in the event of a natural disaster	Details
Earthquake and tsunami risk management consulting	Support for the enhancement of countermeasures based on calculations of estimated damage amounts taking into account the effects of earthquakes and tsunamis, field surveys, etc.	Helping to ensure continuity and early recovery of core business while minimizing damage to a company's business assets in the event of a disaster such as an earthquake or tsunami	InterRisk(★) □
Flood disaster countermeasure support service	Risk assessments for river flooding, inundation of inland waters, and storm surges, and formulating damage prevention plan, mitigation measures and BCPs against flood disaster	Helping to ensure continuity and early recovery of core business while minimizing damage to a company's business assets in the event of a disaster such as river flooding, inundation of inland waters or storm surges	Details
Flood risk information integrated confirmation system (Sui Search)	Providing a website that enables the acquisition of various types of information related to water disasters at multiple sites either "in summary" or "in real time" and the automatic determination of the timing of various responses and decisions (= alert stage judgments)	Helping to prevent flood disaster, or manage sites in the event of disaster, by listing the flood risk at each of the company's sites in an event of typhoon or heavy rain	Details
Sediment-related disaster risk diagnosis	Simulation risk assessments of sediment-related disasters (debris flows, landslides, etc.) at individual sites based on "largest recorded" and "potential largest" rainfall scenarios	Supporting the prevention of sediment disasters by identifying the risk of slope failures at business and planned sites	Details

ESG investment support packages	Comprehensive consulting service to support decision making on general ESG-related issues, such as enhancement of ESG strategies and efforts, and specific ESG themes	Assisting with ESG integration into corporate management	InterRisk(★) □
Real-time damage forecasting website cmap.dev	As part of a joint research with Aon Group Japan Co., Ltd., and Yokohama National University we have established a system to forecast the number of buildings damaged and damage rate by municipality due to typhoons, heavy rains, and earthquakes. This information is available free-of-charge on the website and in app.	Supporting the early identification of the scale of damage and rapid rescue and support activities in the event of a disaster	Details
Support for rebuilding the lives of disaster victims	Providing training to local governments, etc. on damage investigations necessary for issuing disaster victim certificates	Supporting the rapid reconstruction of the lives of disaster victims	-
BCP development support services for international business	Supporting countermeasures in light of serious risks overseas, such as accidents and natural disasters	Supporting the development of overseas business	InterRisk(★) □
Building damage calculation system using AI	A system whereby photos, simply sent from a smartphone or a PC, can be automatically analyzed using AI to detect damaged areas and instantly assess the amount of coverage	Since quotes for repair do not need to be submitted, insurance claims can be swiftly paid out helping customers to quickly rebuild their lives after a disaster.	MSI/ADI(★)
Sustainable Development Goals (SDGs) promotion support services	Providing training and consulting services to assist companies in developing their strategies and strengthening their efforts toward the SDGs	Supporting regional revitalization and solving social issues through the SDGs	InterRisk(★) □

Support "Good Health and Longevity"

[Major relevant SDGs]

Goal 3: Good health and well-being for all

Ensure healthy lives and promote well—being for all people at all ages



Products and Services	Outline	Contribution to solving social issues	Details
Fire Insurance products responding to aging society	Special fire insurance clause for the landlords covering the additional cost incurred when an elderly person dies alone in rental housing. Additional services (moving furniture, replacing light bulbs) are also provided within the plan to support elderly people's daily lives	Contributing to solving issues specific to an aging society	Details

Coverage for search costs when missing of the elderly	Coverage for search costs if the insured years goes missing can be attached to accident insurance for people over 70 years old	Contributing to solving issues specific to an aging society	MSI/ADI(★)
"KokoKara Diary smartphone app	A smartphone app to measure stress levels, display calories burned from steps automatically measured, record meals, height, weight, sleep duration, check medical information, and more. We also provide a dedicated website for administrators that has features that include viewing employee life log data and sending health advice to the app. It also helps to promote communication among employees by hosting a health-related event using a feature to display a ranking of employees' steps	Supporting health management on employee level and health and productivity management on corporate level	Details
"&LIFE" New Income Guarantee Insurance- Wide	An insurance with monthly pensions for the risk of becoming unable to work or being in need for nursing care due to illness or injury work due to illness or injury	Providing solutions to counter the risk of being unable to work	MSI Aioi Life(★)
"&LIFE" New Medical Insurance-Ace Premia	An insurance with sufficient degree of support for lifestyle- related diseases, cancer, female diseases, and nursing care, in addition to coverage for hospitalization and surgery. Various combination of coverages in line with customers' needs is available	Providing solutions to counter medical risks	MSI Aioi Life(★)
Whole—lifecare and dementia plan	An insurance plan against long-term care risks, such as treatment for dementia. Dementia care, which imposes a particularly significant burden, is additionally covered in the whole life care clause, which clause is in line with the long-term care insurance system of Japan	Helping to cater for an aging society by better preparing for the concerns of care, a serious social issue	Details
Cancer insurance at 7-Eleven	Cancer insurance, which applications is completed through multi-copying machines in 7-Eleven stores	Providing apllication procedure in new lifestyles	Details
Individual defined contribution pension plan (iDeCo)	A system in which an individual receives tax breaks while paying premiums and managing the funds themselves, and receives the funds as a lump sum or pension after the age of 60 in principle. Provided through financial institutions and agent	Supporting a rich second life	Details MSI(★) □ ADI(★) □
"Fulfilling Tomorrow" existence protection oriented-type individual annuity insurance (with variable interest rate, level premium payment)	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 and receive pensions based on the increased fund. Customers can take advantage of dollar cost averaging to reduce foreign exchange risk, and tontines, a system to increase pension funds by suppressing death protection cover then transfer that amount to the pension	Supporting a rich second life	Details

"Joy for tomorrow" "Joy for Tomorrow 2" currency option-type existence protection oriented individual annuity insurance	Individual annuity insurance that uses tontine to support a rich second life with a focus on "100 years of life." "Joy for Tomorrow 2" features four courses that can be chosen according to the customer's funding needs: "Amount receivable oriented course," "Pre-pension benefit/whole life death protection course," "Fulfillment at maturity course" and "Target course."	Supporting a rich second life	Details
Support team for a better life	Telephone consultation service for policy holders, with variety menu such as health, medical and lifestyle consultations to customers who have purchased insurance	Supporting customers' lives with health and peace of mind by helping to solve their problems and providing useful information	MSI Aioi Life(★)
Service to provide information on medical treatment and nursing care	Provision of information using virtual reality images seen on smartphones. Customers can experience simulated visits to medical facilities where proton beam therapy is performed, treatment methods using molecularly targeted drugs, and simulated experiences of the daily life of a person with dementia and his/her family (first-person experience)	Aiming to help customers live better, providing easy- to-understand information on medical care and nursing care and helping customers understand the correct information	MSI Aioi Life(★)
Nursing care health desk	Telephone consultation for customers who have purchased insurance regarding long-term care and dementia. Consultation by counselors with nursing qualifications, etc. regarding nursing care and dementia. Information is available on services tailored to the needs of customers, such as mental counseling for family members for nursing care, provision of information on specialized medical institutions for dementia, and telephone checks of cognitive functions	Supporting nursing care for customers and their families	Details
Consulting on new infectious diseases such as novel influenza countermeasures	Consulting services to support customers in measures against new strains of influenza and other new infectious diseases from a variety of perspectives, including infection prevention, spread prevention, response to business partners, business continuity, and reputational damage	Helping to prevent and limit the spread of infection	Details
Health and productivity management consulting services	Counseling and advice on issues related to the practice of health and productivity management and provision of information on the METI's system for certifying enterprises engaging in excellent health and productivity management	Supporting corporate health and productivity management	Details
"Work and Nursing Care Dual Support Service for Companies"	Advice companies on identifying issues and the directions to be taken, based on the five initiatives described in the "Model for supporting work-life balance to prevent long-term care turnover" by the Ministry of Health, Labour and Welfare	Contributing to stable corporate management and creating a comfortable working society	Details

Contribute to Climate Change Mitigation and Adaptation

[Major relevant SDGs]

Goal 7: Affordable and clean energy

Ensure access to affordable, reliable, sustainable and modern energy for all

Goal 11: Sustainable cities and communities

Make cities and human settlements inclusive, safe, resilient and sustainable

Goal 13: Climate action

Take urgent steps to combat climate change and its impacts







Products and Services	Outline	Contribution to solving social issues	Details
Comprehensive coverage plan for mega-solar farm products	Comprehensive coverage of risks faced by renewable energy producers.	Promoting reduction of CO2 emissions (reducing impact on the environment) with alternative energy	Details
Comprehensive small wind power coverage plan	Comprehensive coverage of risks faced by renewable energy producers	Promoting reduction of CO2 emissions (reducing environmental burdens) with alternative energy	Details
Comprehensive offshore wind power generation system coverage	Comprehensive coverage of risks faced by renewable energy producers	Promoting reduction of CO2 emissions (reducing environmental burdens) with alternative energy	Details
Insurance to support stable supply of green power certificates	When the facilities of a green power company contracted by the issuer are shut down because of a disaster or other such event, the additional costs that issuer owe to procure green energy value from other power companies, etc can be covered.	Helping to create a de- carbonized society.	Details
Carbon Neutral Support Special Clause for corporate fire insurance	Commercial fire insurance endorsement for additional installation costs that will lead to emission reduction in the course of repair of damaged properties	Helping companies to reduce carbon emissions	Details
Decarbonization management support for SMEs	Supporting mid-sized companies and SMEs on the materiality of decarbonization, advice on how to proceed, understanding CO2 emissions, and setting reduction targets, etc	Helping companies to reduce emissions	Details MSI(★) ₽DF

Auto insurance "EV charging equipment damage coverage special clause"	Coverage for damages to electric vehicle charging equipment and alternative charging costs incurred while the damaged equipment cannot be used.	Helping to create a de- carbonized society	MSI(★) pr
Participation in overseas public natural disaster compensation systems	Participation in the Pacific Catastrophe Risk Assessment and Financing Initiative and the Caribbean Catastrophe Risk Insurance Facility, established in cooperation between the government of Japan and the World Bank. Financing recovery from natural disasters in the Pacific Islands and Caribbean countries where insurance market is not matured yet	Promoting the restructuring of the livelihood of disaster victims and the early recovery of areas hit by disasters	Details
Climate change risk analysis services	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 2°C goal, such as energy structure transformation, in response to expectation over companies to identify business risks and opportunities associated with climate change and to disclose relevant information.	Helping companies address climate change	Details
Prediction map showing changes in flood frequency	Developed through 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 corporate needs to understand the impacts from potential flood risks, one of climate change risks if climate change is actualized. Maps that show the degree of change in flood frequency due to climate change globally	Helping companies address climate change	Details
Carbon neutral support	One-stop support for corporate carbon neutral initiatives at all stages, including introduction, strategy, and reduction, in collaboration with external organizations regardless of industry size	Contributing to a decarbonized society	InterRisk(★) □
Weather derivatives	A financial derivative that covers damage caused by extreme 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.	Stabilizing company earnings by avoiding and mitigating losses incurred by abnormal weather and weather instability.	Details

Weather derivatives — Typhoon Watch	A financial derivative that hedges customer losses by approaching or landed typhoons	Stabilize earnings by avoiding and mitigating losses incurred by companies due to meteorological changes such as abnormal weather and weather instability. Contributing to sustainable business activities	_
Weather derivatives for the snow removal industry	A risk solution that reduces decrease in profits due to less snowfall, helping to stabilize business operations for snow removal companies.	Stabilize earnings by avoiding and mitigating losses incurred by companies due to meteorological changes such as abnormal weather and weather instability. Contributing to sustainable business activities	
Renewable energy support service	Consulting services regarding assessment of business risks associated with renewable energy (solar power, wind power, biomass, etc.), as well as energy conservation, improved comfort in the working environment, and reduced energy costs	Supporting stable development of renewable energy businesses	InterRisk(★) □
Eco insurance policies/Web clauses	A system that enables policyholders to view their policy certificates and policy clauses on the websites	Helping to reduce the impact on the environment by going paperless	Details

Strive to Improve Sustainability of Natural Capital

[Major relevant SDGs]

Goal 6: Clean water and sanitation

Ensure access to clean water and sanitation for all and their sustainable management



Goal 14: Life below water

Conserve and sustainably use the oceans, seas and marine resources for sustainable development



Goal 15: Life on land

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss



Products and Services	Outline	Contribution to solving social issues	Details
Smartphone app with Änimal Alert" (wildlife accident alert)	Voice alert when the driver is approaching a black spot for traffic accidents involving wildlife. The service was first launched in Okinawa Prefecture, where the Okinawa rail (an endangered bird) lives, and later rolled out to other regions in Japan	Reducing traffic accidents and maintaining biodiversity	MSI(★)
Products recall expenses insurance for food service businesses –Shoku-eco	When a food company (the insured) recalls food due to mislabeling expiry dates, Kuradashi reduces food loss by purchasing the food (those without any issues other than mislabeling). Because of this, disposal costs (or insurance payouts) are reduced meaning insurance premiums can be offered at a 10% discount	Helping to stop food waste issue	Details
Electronic Policy Procedures	Various procedures such as application or changes through PC or tablet devices	Helping to reduce the impact on the environment by going paperless	Details
Simplified claims documents procedure	Simplified process omitting the submission of claim documents, etc. of car accidents that meet certain conditions	Helping to reduce the impact on the environment by going paperless	-

Electronic policy procedure with the Seiho Kantan Mode	A paperless application procedure called Seiho Kantan Mode	Improving convenience and helping to reduce the impact on the environment by converting various paper forms into electronic formats	Details
Consulting services against environmental risk	Quantitative assessment of impacts on natural capital (lost benefits and recovery costs) and simplified assessment of water risks such as water depletion, drought, flood and decline in water quality (present/future)	Supporting environmentally conscious business activities	Details
Consulting services on biodiversity	Services that support companies' activities to preserve biodiversity and assess biodiversity risks in business activities.	Supporting environmentally conscious business activities	Details
Simplified evaluations of water-related risks	Simple assessment of exposure to water risks such as water depletion, drought, flood and decline in water quality (present/future) on individual production sites (domestic/overseas).	Supporting environmentally conscious business activities	Details

Work toward Realization of "Leaving No One Behind"

[Major relevant SDGs]

Goal 1: No poverty

End poverty in all its forms everywhere

1 Poverty

Goal 2: Zero hunger

End hunger, achieve food security and improved nutrition, and promote sustainable agriculture



Goal 9: Industry, Innovation and Infrastructure

Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation



Products and Services	Outline	Contribution to solving social issues	Details
Insurance for small loans to micro-entrepreneurs (Philippines)	Micro-insurance for loans, under cooperation with BPI Direct BanKo, which provides small loans to micro entrepreneurs. Available from the autumn of 2019	Supporting the operations of micro entrepreneurs through insurance even in the event of an unforeseen occurrence such as an accident or disaster.	Details
Exclusive fire insurance for indigenous people (Malaysia)	Development of a fire insurance specifically designed to cover the homes of indigenous people left behind in economically developing urban areas, through collaborating with EPIC Homes, a social enterprise working to improve the living conditions of indigenous people in Malaysia. By indemnifying indigenous people for housing, this products allows the indigenous people to stay living in peace, and at the same time, a support scheme is created that makes it easier for the sponsors recruited by EPIC Homes to participate, as there is no fear that the value of their donations will be lost in the event of a house fire.	Contributing to the stability of the livelihood of indigenous people, many of whom are in poverty and in need of housing coverage and assistance	Details
Rep and Warranty insurance with labor due diligence service	Representation and warranty insurance for small businesses incorporating a labor due diligence service.	Proposing labor due diligence risks during small-scale M&A.	ADI(★)
Smart offices (India)	Opening small offices equipped with insurance policy issuing machines (smart offices) in small- and medium-sized cities, towns and villages, where insurance penetration has lagged behind than metropolitan areas	Contributing to the spread of insurance in areas where access to insurance has traditionally been inconvenient	Details

Animal insurance for livestock farmers (India)	Insurance for damage caused to livestock by fire, natural disaster, disease, etc	Contributing to the stability of agriculture run by low-income farmers	-
Family Eye (notification system for relatives)	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 in an emergency, such as when we cannot contact the policyholder, or to have the relative share contract information, referring to the registered relative's inquiry after an the identification procedure based on the registered information	Enhancing customer convenience	MSI(★) □ ADI(★) □ MSI Aioi Life(★) □
Using sign language interpretation services	A service in which sign language interpreters take inquiries from customers with hearing or language impairments by video call using sign language or writing, and then interprets by voice to one of the company operators	Improving customer convenience by enabling inquiries and procedures related to policies in real time in sign language and writing	Details MSI(★) □ ADI(★) □ MSI Aioi Life(★) □
Accident response service available in 17 languages	Communication in 17 languages via interpreting operators, allowing customers with difficulties in communication in Japanese who have been involved in an accident, the other party, or customers who wish to receive consultation or have an inquiry regarding insurance to all communicate freely	Improving convenience for customers who have difficulty communicating in Japanese	Details MSI(★) □ ADI(★) □ Mitsui Direct General(★) □
Web site for customers with hearing disabilities	Online road services arrangement through web	Improving convenience for customers with hearing disabilities	-
Social contribution special clause	A special clause under which the beneficiary can be designated as a designated public interest group* *As of the end of July 2020, the following three designated public interest groups have been designated: • Japanese Red Cross Society • Japan Committee for UNICEF • CiRA Foundation	Responding to a diverse range of values related to asset succession such as wanting to contribute to society by donating my assets	Details
Human rights risk management support services	Services to help 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 surveys related to human rights risks	Supporting customers' human rights related activities	InterRisk(★) □

*Goal 17: "Partnerships for the goals" relates to all initiatives.



Topics

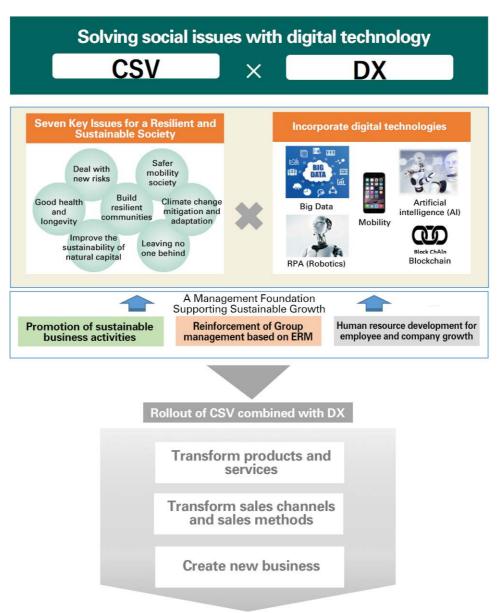
CSV x DX Strategy - Promoting Digitalization

As part of the medium-term management plan "Vision 2021", the Group set forth a "Resilient and Sustainable Society" as the image of society we aspire to by 2030 and we are working toward achieving this aim by creating shared value with society (CSV). Furthermore, in pursuit of the twin goals of becoming a world-leading insurance and financial services group and developing resilient systems able to swiftly respond to changes in the environment, we are implementing three key strategies: leveraging the Group's comprehensive strengths; promoting digitalization; and reforming the business portfolio.

In promoting digitalization, we are developing a CSV x DX* strategy that solves social issues (our seven CSV priority issues) by utilizing digital technology amid the rapid changes in the business environment.

To realize our digital-based growth strategy, we will implement reform in three areas: reform of products and services, reform of sales channels and capabilities, and new business creation. At the same time, we are building a foundation to support the above strategy, including developing digital human resources and building a database that shares knowledge and expertise.

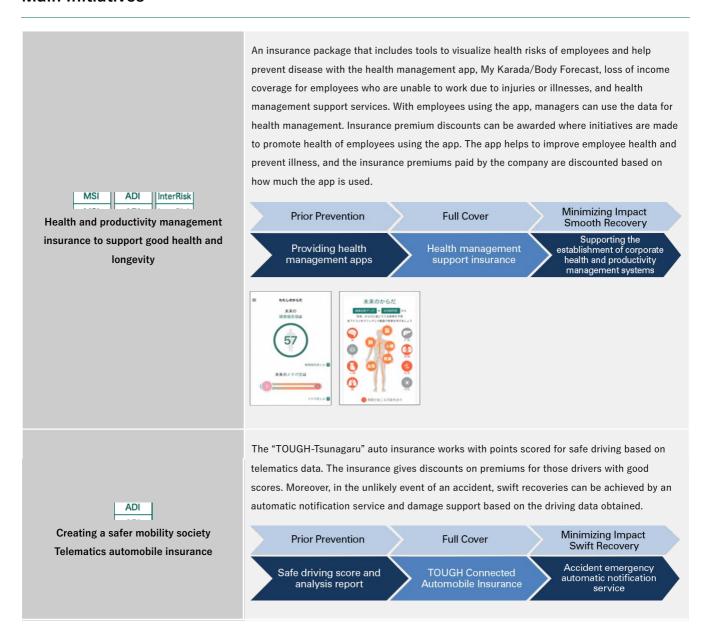
*DX: Digital Transformation



Reform of Products and Services

Insurance is to cover the financial loss when an accident or disaster occurs. Using digital technology, however, we provide seamless services from visualization of risk, preventive measures and minimization of the damage.

Main Initiatives



In collaboration with Desamis Co., Ltd., a leading company in livestock IoT, insurance cover is provided for veterinary expenses using sensors attached to cattle. The sensors help to extend low mortality rates by quickly picking up any abnormalities with the cows and also contributes to stabilizing farmers' businesses by covering the farmer's veterinary expenses. The sensors also helps to solve a wide range of long-standing issues in the livestock industry, such as improving profitability for public agricultural insurance and improving the working environment for farmers and veterinarians.

MSI

Compensation service for cattle veterinary fees (with U-motion)

Prior Prevention

Full Cover

Minimizing Impact Smooth Recovery

Compensation for abnormalities in cows

Compensation for cattle veterinary fees

Lowering cattle mortality rate Stabilizing farmers' businesses



MSI ADI

Preventing car accidents with AI, and a more enhanced accident response service

- Service package that utilizes dedicated dash cams for automobile insurance. The dash cam has alert function to prevent frontal collisions, drifting out of traffic lanes, or reversing on the highway. It also automatically connect to special operator at the accident response desk when impact above a certain level is detected. The dash cam also equips with an accident assessment system called Ai's where artificial intelligence (AI) analyzes the behavior (travel direction, speed, etc.) of vehicles of the insured and other party's from the video footage. The system supports drivers to recover from accidents by speeding up the claims process and limiting the effects of accidents. (MS)
- When the dash cam detects a large impact, the call center is automatically notified. The operator contacts the driver to confirm the driver's safety and dispatches a recovery vehicle to the scene. The Telematics Damage Service is also being provided. The state-of-the-art accident response service utilizes various digital data obtained from devices in the car and the dash cam to analyze such things as the speed of the other vehicle using Al. Even comparative negligence of previous cases can be searched. The Telematics Damage Service enables an even better accident response for customers. (AD)

Prior Prevention

Provision of Peace of Mind

Minimizing Impact
Swift Recovery

Claims support in the
event of an accident

Quick recovery with
Al-based situation
analysis

MSI Aioi Life

24-Hour healthcare advice with Al

Ubie is Al-powered healthcare app launched in July 2021. Answering to questions from Al through web, the service provides free information such as possible diseases, possible clinical departments and or medical institutions in the vicinity from the responded symptoms, This 24 hours a day, 7 days a week service offers easy access even in case of minor symptoms, which may leads to early consultation and prevention from serious illness can be expected. Mitsui Sumitomo Aioi Life Insurance is the first Japanese life insurance company to provide such a healthcare service using Al (as of June 30, 2021, according to a Group survey).

Prior Prevention

Provision of Peace of Mind

Minimizing Impact Smooth Recovery

Confirmation on symptoms using Al

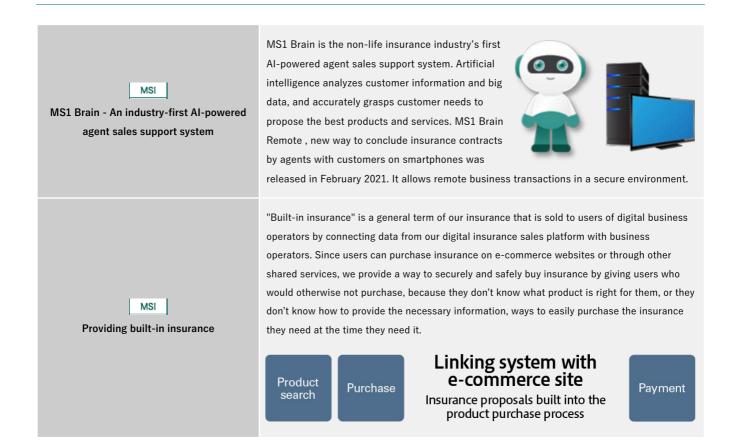
Ubie's Al-powered medical consultation

Prevention of serious diseases

Reform of Sales Channels and Marketing Methods

As well as digitalizing the insurance process end-to-end, from soliciting and proposals to concluding policies and processing accident claims, we are working with digital platformers and integrate insurance product offers into the online sales process on certain e-commerce websites.

Main Initiatives



New Business Creation

With our strategy of CSV x DX, we will expand new business areas that grow with various changes such as huge natural disasters caused by climate change, an ever-aging population, and advances with new car technologies and the so called Fourth Industrial Revolution.







Main Initiatives

MSI

Using Big Data (RisTech)

"RisTech" is a new word coined from "risk" and "technology". It is a service that uses big data and the latest analysis algorithms to visualize and optimize the risks that surround companies, helping them to solve issues. RisTech contributes to the realization of a safe and secure society by solving various social issues, such as support with measures against earthquakes and floods, by combining the Group's expertise on accident and disaster data, etc. with the diverse industry knowledge that Accenture has cultivated through consulting in the global digital technology sphere.

The range of RisTech services were expanded from fiscal 2021 to help solve social issues such as the pandemic and natural disasters.

ADI

Telematics business in the United States (TIMS business model)

In April 2016, Aioi Nissay Dowa Insurance, Toyota Financial Services, and Toyota Motor Corporation established a joint venture known as Toyota Insurance Management Solutions USA, LLC (TIMS). TIMS does big data business that processes Toyota users' vehicle driving data with a unique algorithm, providing the data to affiliated insurance companies so that it can be reflected in services and insurance premium rates.

InterRisk

Quantitative assessment of climate change impacts for TCFD in partnership with Jupiter

First domestic insurance and financial group in Japan that provides a quantitative global climate change impact assessment service through a business alliance with a US startup company, Jupiter Intelligence. Using artificial intelligence, the service quantitatively assesses the risks of natural disasters which are expected to intensify with climate change, such as flooding and storm damage, anywhere in the world to an accuracy of 90 square meters. The service runs highly accurate simulations based on location data from the client's business sites. We also support clients with their information disclosure following the requirements of the TCFD recommendations using output data.

A foundation to promote CSV × DX

To promote digitalization, we are pushing forward with internal recruitment and human resource development with the aim to create new business, acquire expertise on how to solve problems, and improve digital capabilities.

Main Initiatives

The Digital Innovation Challenge Program MS&AD has been running the Digital Innovation
Program since fiscal 2019 among employees at 14 Group
companies to get proposals related to digitalization.
Proposals submitted are rigorously screened by a panel
of internal and external experts. When passed, they are
then worked on to fruition. Over 4,000 ideas have been
submitted in the two years since the program started,



some of which are soon to become reality after testing has finished.

Group-wide

Developing digitally-minded human resources

In promoting digitalization*, such as creating new business and reforming business processes, it is imperative that every employee takes on new challenges and improves their digital capabilities (knowledge and skills). We are running digital human resource development programs unique to the Group in cooperation with educational institutions, such as specialist universities, as opportunities where employees can learn by themselves.

Examples of programs on offer:

- MS&AD Digital Academy
- · MS&AD Digital College from Kyoto
- · System + Design Thinking
- · Research with Shiga University Graduate School
- * Initiatives that not only improve efficiency and usefulness in processes and services by using digital technology, but also lead to transformation in the Group's entire business

HOME / Sustainability / Our Value Creation Approach / Impact of CSV Initiatives on society and our company

Impact of CSV Initiatives on society and our company

	Examples	Impact on Society	Economic Impact on the Group
Deal with new risks	■ Products to address cyber risk Provide support for cybersecurity countermeasures and compensation in preparation for damages resulting from the unlikely event of a cyberattack	Number of companies/organizations protected against cyber risks • FY2018: 9,846 • FY2019: 12,330 • FY2020: 13,516	Net premiums written from cyber risk insurance • FY2018: 4.93 billion yen • FY2019: 6.50 billion yen • FY2020: 7.18 billion yen
Create a mobility society without accidents	■ Telematics-based safe driving support services Provide services that support safe driving utilizing telematics technology * Both Observe and Protect Automobile Insurance (Dashcam Type) and the Toyota "Tsunagaru" (Connected) Car Insurance Plan	Number of vehicles protected by services • FY2018: 99,000 • FY2019: 382,000 • FY2020: 867,000	Operating results of insurance premiums for telematics automobile insurance (for individual customers) FY2018: 8.3 billion yen FY2019: 33.2 billion yen FY2020: 75.5 billion yen
Strive for resilient community development	■ Regional revitalization initiatives in collaboration with local governments Provide products and services that solve regional social issues in cooperation with local governments	Number of agreements with local governments FY2018: 283 FY2019: 374 FY2020: 461	Ripple effect on net premiums written FY2019: approx. 9.5 billion yen FY2020: approx. 14.4 billion yen
Support "good health and longevity"	■Tontine annuities that support future asset formation A foreign-currency-denominated individual annuity insurance that meets the "usage" needs of customers who receive the greater amount of annuity the longer they live	Total amount of tontine annuity received FY2018: 1.9 billion yen FY2019: 3.4 billion yen FY2020: 4.8 billion yen	Number of tontine annuity agreements • FY2018: 13,000 • FY2019: 27,000 • FY2020: 36,000
Contribute to climate change mitigation and adaptation	■Comprehensive Compensation Plan for Mega-Solar Power Generation The provision of combined insurance and derivative compensation products to mega-solar operators * Calculation based on national average power generation results from NEDO solar field test and the default values of emission factors by electric utility.	CO2 emissions from thermal power generation equivalent to the volume of the contractor's mega-solar power generation FY2018: approx. 1,700 thousand t-CO2 FY2019: approx. 3,000 thousand t-CO2 FY2020: approx. 4,000 thousand t-CO2	New premium for the comprehensive compensation plan for megasolar power generation • FY2018: 1.18 billion yen • FY2019: 1.94 billion yen • FY2020: 2.52 billion yen

HOME / Sustainability / Our Value Creation Approach / Impact of CSV Initiatives on society and our company

Strive to improve the sustainability of natural capital	■ Simplified evaluations of water-related risks Assess flooding, drought and other water resource risks at business sites, and support business from the perspective of risk management * Facilities with a water stress value (ratio of water intake accounted by annual water supply volume) above 40%	Ratio of facilities where water shortage risks are high (cumulative) End of FY2018: 42.0% End of FY2019: 40.7% End of FY2020: 39.7%	Number of sites implementing simplified evaluations of water-related risks FY2018: 224 FY2019: 244 FY2020: 264
Work toward the realization of "leaving no one behind"	■ Dedicated fire insurance for indigenous households in Malaysia Dedicated fire insurance for residential building programs aimed at improving the living environment of indigenous people in Malaysia. The insurance is developed to be packaged to support the scheme.	Number of indigenous homes offered our insurance (cumulative) • FY2019: 22 • FY2020: 57	Fire insurance premiums for indigenous households • FY2019: 3,060MYR • FY2020: 6,801MYR

- Integrated Report (Annual Report) ☐
- MS&AD Integrated Report 2021 (extract) CSV Initiatives Promoted by MS&AD 🚠

HOME / Sustainability / Our Value Creation Approach / Sustainability Contest

Sustainability Contest

With "a resilient and sustainable society" as our vision for society by 2030, the Group is promoting various initiatives toward Creating Shared Value (CSV) with society using the SDGs as a guide. In order to solve social issues through our business, it is essential for each Group employee to deepen their understanding of CSV and the SDGs. From 2018, the Sustainability Contest, which aims to raise awareness among employees, are yearly held to recognize outstanding initiative in CSV through proposals and initiatives that lead to solutions on social issues. Third contest in 2020 found 354 submissions from all over the world. Submissions included proposals for initiatives on social issues that have emerged since the pandemic, such as the increasing need for a contactless customer environment and a rise in remote work. Proposals were evaluated from five aspects, namely; social impact, communication, value creation, approach, and prospect. Six winners were announced at the contest with one, selected through an online vote by Group executives, taking the grand prize.

The MS&AD Group Sustainability Contest 2020

This year's grand prize winner - Guided by the SDGs to solve social issues!(in Japanease only)



Online voting

[Grand Prize Winner]

The livestock industry is facing problems with trying to improve productivity and the working environment on the back of a huge increase in the lack of foreign workers because of the pandemic and a critically aging population. Mitsui Sumitomo Insurance, in cooperation with Japan's public agricultural insurance scheme, has developed an insurance product that compensates farmers for livestock veterinary fees not otherwise covered by public insurance. In partnership with Desamis Co., Ltd., a company which works to solve the problems faced by livestock farmers through IoT solutions, Mitsui Sumitomo Insurance has provided a completely new and unprecedented service by integrating an insurance product with farmers' cattle management systems using Desamis' advanced technology. IoT sensors on the cows monitor the cattle's health 24 hours a day so that any appropriate treatment can be administered in good time thereby helping to reduce cattle mortality rates. The insurance also helps to stabilize farmers' businesses and prevents losses by covering excess payments on public agricultural insurance.

Furthermore, the insurance solves long-standing problems in the livestock industry including improving the working environment for veterinarians nationwide by drastically reducing nonessential and nonurgent callouts.

The Sustainability Contest helps employees to develop a 'sustainability' mindset and raises awareness of linking their daily work with CSV. We will continue to tackle social issues by creating new business models and sharing success cases with the entire Group through the Sustainability Contest, for creating a virtuous cycle of commonly practiced sustainable initiatives within the Group.



HOME / Sustainability / Our Value Creation Approach / Deal with New Risks

Deal with New Risks

Risks in modern society, such as with COVID-19 pandemic, are becoming more diversified and more complex.

In the World Economic Forum's Global Risks Report released in January 2021, the high impact risks of the next decade include infectious diseases, climate action failure and other environmental risks, as well as IT infrastructure breakdown.

COVID-19 in particular has kick started a rise in digitalization in people's lives, e-commerce, online education, and remote work. This trend is expected to continue after the pandemic making preparations for a new way of life ever more important.

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 and services that address these concerns as well as products and services that address 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.

< Representative Initiatives >

Joint research and development of cybersecurity diagnostic services	In collaboration with Vdoo, we have started providing cybersecurity diagnostic services for IoT devices with the knowledge that such devices will become indispensable in daily lives and business activities. Joint research and development of cybersecurity diagnostic services in collaboration with Vdoo (in Japanese only)
HD MSI ADI Collaborations with overseas startups	We aim to provide innovative insurance products, services and know-how through research and demonstration experiments on advanced technologies and services by collaborating with world-leading startups in the fields of Insurtech, AI, and cybersecurity. Investment in Israeli automotive cybersecurity business, Upstream Security Ltd. (in Japanese only) Strategic partnership with Hippo Enterprises, a U.S. InsurTech company (in Japanese only) Increased total corporate venture capital investment limit to US\$200 million (in Japanease only) Investment in U.S. Insurtech Company NEXTInsurance Introduction of a building damage calculation system using AI (in Japanease only)
MSI Joint research with universities	We are implementing initiatives and support for the development and practical application of advanced technologies through industrial-academic partnership agreements with universities engaged in cutting-edge surveys and research useful to the next generation.

 ${\tt HOME\ /\ Sustainability\ /\ Our\ Value\ Creation\ Approach\ /\ Deal\ with\ New\ Risks}$



Providing Solutions to Risks

Advances in technology and environmental change, such as the impacts of climate change and the aging population, have diversified the risks we face. To prepare for new risks, it is imperative to assess risks through reliable risk models and control the risks based on the results of the assessments. The Group provides solutions to prepare for risks through consulting done by MS&AD InterRisk Research & Consulting, which is capable of advanced investigation and research as well as practical consulting.

Consulting offered by MS&AD InterRisk Research & Consulting

A list of online and remote risk management services is also available.

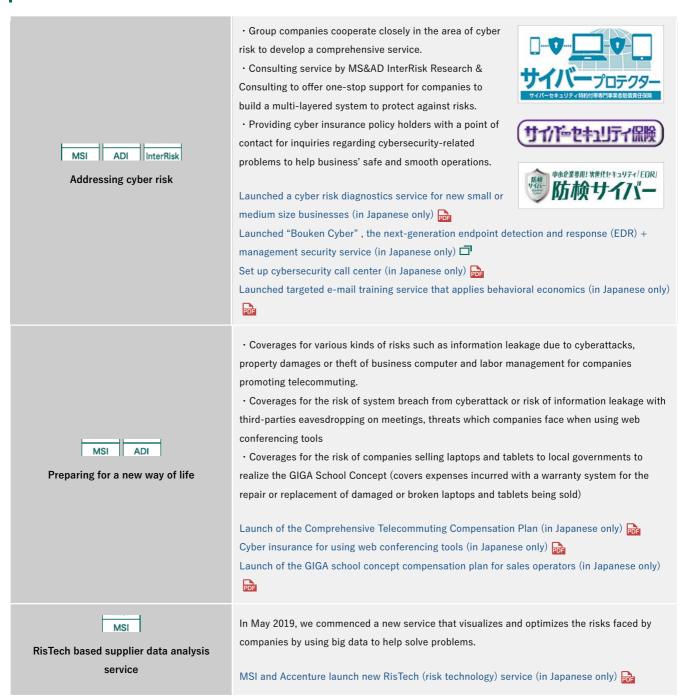
BCP, Business Continuity Planning and BCM, Business Contiuity Management	Transportation risks	Sustainability
Natural catastrophe	Fires, explosions	Theft risk
Compliance, internal control	Product safety, food safety	Risk management and crisis management public relations
ERM, Enterprise Risk Management	D&O risks, legal risks, customer satisfaction and complaints	Cyber risks and information security
Safety culture and occupational health and safety	Personnel and organizational risks	Medical and welfare risks
Measures against new strains of influenza and COVID-19	Due diligence for real estate	Health management and support for work/life balance
Mental health	Next-generation mobility verification (autonomous driving and MaaS / drones and autonomous delivery robots)	Cargo accident consulting on cargo handling sites

HOME / Sustainability / Our Value Creation Approach / Deal with New Risks

Providing Products and Services that Address Various Risks

We offer products and services that address the diversifying risks to meet the needs of our customers.

< Main Products and Services >



HOME / Sustainability / Our Value Creation Approach / Deal with New Risks

Global digital hubs opened

The Group has opened global digital hubs in Tokyo, Singapore, London, Tel Aviv and Silicon Valley as centers for promoting digitalization around the world.

In Singapore we promote digitalization in the Asian retail market and hold partnership with banks and other such platforms. The London hub promotes digitalization in the corporate market and verify solutions to our business problems, mainly in data analysis. Tel Aviv has built up expertise in verification and collection of advanced technologies in Israel, which has its own ecosystem. Silicon Valley is discovering and investing in startups equipped with advanced technologies to explore new business models.

Opened in April 2019, the Tokyo hub was renewed in May 2021 as a center for promoting innovation based on a new way of life with and after COVID-19. As well as effectively encouraging employees to create and realize new ideas by providing opportunities to interact with innovative players and disseminating advanced information, the hub is working to develop employees who are independently making initiatives to promote digitalization and to spread measures for promoting digitalization.



Reopened Tokyo, a global digital hub (in Japanese only) 🕞

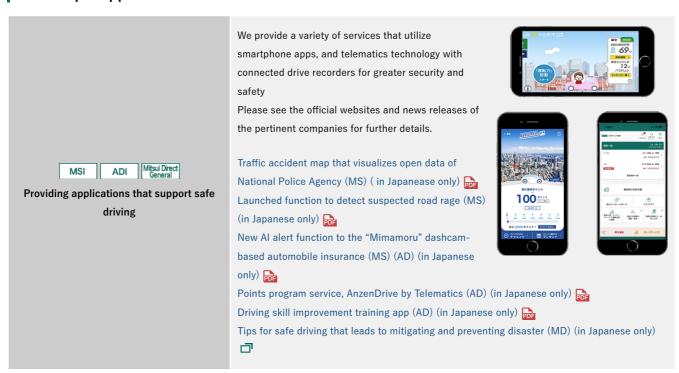
Create Mobility Society without Accidents

It is said that the automobile industry enters a period of major change once every 100 years. While progress is being made in autonomous driving technology and in the development and demonstration of new transportation infrastructure such as MaaS, MS&AD Holdings is participating in research and collaborative initiatives with other industries and government organizations to develop new insurance products and services that respond to this new technology, providing knowledge accumulated as an insurance company. We are also working to reduce traffic accidents and ensure that all people have access to comfortable mobility by providing insurance products and services that support safe driving using telematics technology and smartphones.

Providing Services to Prevent Accidents and Initiatives to Support New Mobility Services

Identifying and then avoiding the risks that lead to accidents is vital for preventing traffic accidents. We are working to visualize the factors that help prevent traffic accidents and provide services that support safe driving, thus seeking to prevent accidents before they occur. In addition, in order to disseminate and promote new mobility services such as MaaS, we are conducting research and demonstration experiments for implementation in cooperation with various organizations.

< Principal approaches >



MSI

Joint development of social infrastructure maintenance support service utilizing AI image analysis technology In partnership with UrbanX Technologies and their AI image analysis technology, we have jointly developed a maintenance support service for social infrastructure using the Group's dash cameras. To improve the sophistication and efficiency of local government maintenance work, we started demonstration tests with 12 municipalities, including Aizu-Wakamatsu City, with plans to rollout more tests nationwide in the future.

Launched demonstration tests for social infrastructure maintenance support using dash cameras (in Japanese only)

A number of local governments and companies are considering new mobility services such as MaaS* to provide more flexible and convenient travel experiences and to address local transportation issues. In order to support the spread and promotion of new mobility services, we are working to provide



products and services in cooperation with local governments and the businesses that operate these services.

(*) MaaS... an abbreviation for "Mobility as a Service." Providing "mobility" as a service in transportation infrastructure

MSI ADI InterRisk

Collaboration and provision of products and services to support R&D for nextgeneration mobility services

Example initiatives:

Autonomous driving \times regional revitalization - a Japan first! Supporting safe autonomous driving mobility services (AD) (InterRisk) (in Japanese only)

Setouchi-cho, Japan Air Commuter, JAL, Mitsui Sumitomo Insurance, and MS&AD InterRisk conclude partnership agreement to solve regional issues using drones (MS) (InterRisk) (in Japanese only)

Autonomous driving demonstration tests on fixed-route buses (AD) (InterRisk) (in Japanese only)

Business alliance with Carro in automobile-related business (MS) (in Japanese only) Established MOTER Technologies insurance software development company in the U.S. (AD) (in Japanese only)

Survey on social acceptability of flying cars (InterRisk) (in Japanese only) \Box Industry first - Launched exclusive MaaS insurance (AD) (in Japanese only)

Providing Insurance Products and Related Services to Realize a Comfortable Mobility Society

More and more cars are employing autonomous driving technologies causing changes to our mobility society. Amid these changes, we are utilizing telematics technology to gather and analyze customers' driving practices, providing insurance products that lead to safer driving and fewer accidents, as well as providing insurance products both in Japan and overseas that address a variety of needs, such as making them more affordable for customers.

< Main Products and Services >

• In January 2019, we launched the "Mimamoru" dashcam-based automobile insurance which encourages customers to drive more safely by utilizing





the latest telematics technology with out original communicable dash cameras. In addition to the video recording function that comes with the dash cams, we provide safe driving assistance warnings that alert drivers to driving conditions, as well as a "guardian service" that shares information, such as driving habits, with family members and others living apart from the driver. Furthermore, when the dash cam detects a large impact in the unlikely event of an accident, the location of the vehicle is relayed to a dedicated call center. The operator can then make contact with the driver to offer assistance such as initial accident response and dispatching a recovery vehicle to the scene. (MS) (AD)

MISI ADI

Telematics-based automobile insurance

Launched the "Mimamoru" premium dashcam-based automobile insurance (MS) (in Japanese only)

GK Mimamoru (MS) (in Japanese only) ☐

TOUGH Mimamoru (AD) (in Japanese only) ☐

- Automobile insurance that provides safe driving incentives (discounts) and services that lead to safety and security based on driving data acquired through telematics technology.
- In the event of an accident, we support customers with the Telematics Damage Service and the "I'm ZIDAN" accident response service available 24 hours a day, 365 days a year.
- Started sales overseas in Europe, the U.S., and Thailand, of telematics insurance that reflects driving habits (Thailand has the country's first full-scale driving habit telematics insurance), promoting the provision of insurance products worldwide using telematics. (AD)

Up to 8% premium discount at 100 yen per month! - Launched telematics automobile insurance, Tough Mimamoru Car Insurance Plus S (AD) (in Japanese only)

Japan first — Developed telematics automobile insurance that reflects the safety of autonomous vehicles in insurance premiums (AD) (in Japanese only)

Automobile insurance for businesses

We have developed and provide a support service to reduce the number of accidents by utilizing telematics technology to provide safety and security to businesses

Introduced F-Dora and FOUR SAFETY for 7-Eleven's company cars (MS) (in Japanese only)

PDF

Save up to 10% on car insurance (fleet contracts) with safe driving initiatives (AD) (in Japanese only)

[External Evaluation]

Toyota Insurance, which is managed by European subsidiary Aioi Nissay Dowa Europe and the German branch of Toyota Insurance Management, ranked 1st for the 8th consecutive year and tenth time in total in the annual dealer satisfaction survey of automobile brand insurance conducted by Germany's largest automobile and sales dealer magazine, Autohaus.

- Ranked 1st for the 8th consecutive year and tenth time in Autohaus' survey on automobile brand insurance (AD) (in Japanese only) 🚠
- A telematics insurance product from European subsidiary receives grand prize at the Italian Insurtech Summit 2020 (AD) (in Japanese only)

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 realizing the safety and security of people's livelihoods.

The "resilient community development," which MS&AD Holdings 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 and reduction, providing products and services that lessen and reduce damage from disasters, and promoting initiatives to support rapid recovery in the event a disaster does

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. As such, we are working with local governments and stakeholders to revitalize local communities to promote resilient community development by implementing industrial promotion measures tailored to local requirements and by supporting risk management that helps create disaster-resilient communities with natural capital.

Disaster Prevention and Reduction

[Research and Results through Industry-Government-Academia Collaboration]

In order to build a sustainable society, we are conducting joint research with government agencies and universities on preventing and mitigating the risk of disaster, providing new services as a result of this research.

ADI

Real-time loss prediction website, cmap.dev

Publicly available cmap.dev website, conceived from industry-academia joint research by Aon Group Japan and Yokohama National University, can predict the potential number of buildings damaged by typhoon, heavy rain, or earthquake. The website can be



accessed from any device, computer or smartphone, 24 hours a day, 365 days a year. It provides forecasts for each municipality of the potential number of buildings damaged and the rate of damage caused prior to typhoon (up to 7 days before landfall), and immediately after heavy rain or earthquake strikes. The website can also display flood and landslide hazard maps as well as information on warning levels (equivalent to 3, 4, 5), evacuation areas and shelters nationwide.

In August 2020, the cmap website function which sends out emergency information in the event of a disaster was released as an app.

And in June 2021, a function was added to display social media information analyzed by AI on cmap.

Real-time loss prediction website, cmap.dev(in Japanese only)

App release and addition of new features on real-time loss prediction website, cmap.dev(in Japanese only)

Aioi Nissay Dowa insurance and JX Press Corporation start co-creation initiative to develop new disaster prevention solutions(in Japanese only)

 $\label{thm:condition} \textbf{Evacuation information added to real-time loss prediction website, cmap.dev (in Japanese only)}$



MSI InterRisk

Natural disaster damage estimation system

Mitsui Sumitomo Insurance, MS&AD InterRisk Research & Consulting, and the National Research Institute for Earth Science and Disaster Resilience have developed a natural disaster damage estimation system (for earthquakes and floods) that accurately estimates damage in the event of a disaster using non-life insurance data and machine learning.

Developed natural disaster damage estimation system using non-life insurance data and machine learning(in Japanese only) \Box

[Weather Information Alert Service]

MSI

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

- · Customers can use an exclusive website to access at any time weather information and 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 predetermined values or when lightning strikes have been observed within a predetermined distance from monitored locations.

[Preparing Against Natural Disasters]

MSI ADI

In response to growing customer interest in flood and earthquake compensation due to the more frequent occurrence of natural disasters in recent years, we are now proposing "preparing" against natural disasters. The aim is to encourage customers to review and prepare for their own risks by explaining the risks of flooding and earthquakes. Additionally, in the event of a disaster, it may not be possible to contact a



customer due to evacuation to a shelter, or collapse of/damage to their home, etc., and so we are also calling for the use of Internet services to secure a means of communication between customers and agents. We are promoting initiatives to remind customers of the importance of "being prepared" not only after, but also before a disaster occurs.



[Useful Smartphone Apps in Times of Disaster]



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

Apps are provided for anyone to use free of charge, with real-time push notifications of disaster prevention information, such as weather information and evacuation instructions, and functions that support prompt information gathering.

- Smartphone Disaster Navigator (MS) (in Japanese only) 🗂
- cmap app (AD) (in Japanese only)

[Providing Services for Assessment and Analysis of Catastrophe Risks]

InterRisk

As natural disasters continue to increase in frequency, it has become an important management issue for companies to prepare for such emergencies. We support resilient business activities by providing services to assess and analyze the risks of various natural disasters.

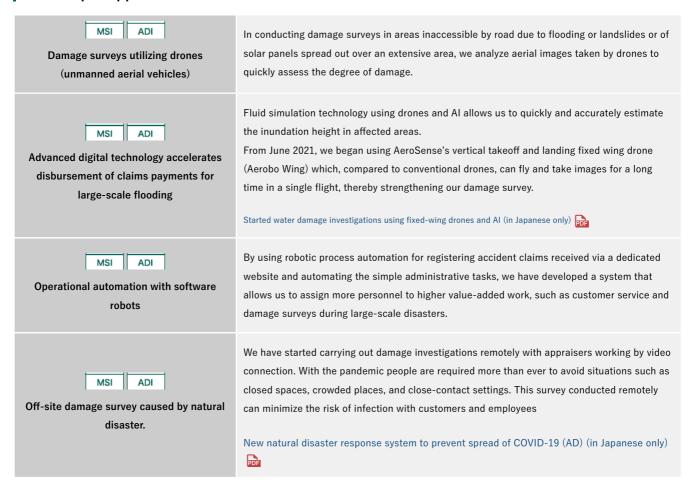
< Principal Approaches >

Natural disaster hazard information survey	We comprehensively collect and organize hazard information on earthquakes, wind and water disasters, volcanic eruptions, lightning strikes, snow accumulation, and more, identifying location risks for companies and other organizations.
Flood disaster countermeasure support service	 Assessing inundation risks by identifying locations with a high risk of inundation based on hazard maps Simulations to evaluate inundation conditions in the vicinity of target sites with a fine mesh Training simulated for before and past wind and water disasters hit. Comprehensive support consisting of advice and training on identifying dangerous areas through on-site checks to make countermeasures
Sediment-related disaster risk diagnosis	Simulations of slope failures at individual sites based on largest recorded and potential largest rainfall scenarios are used for risk assessments
Wind disaster risk diagnosis	Report that is suit for studying measures for building parts and outdoor equipment that should be carried out on a daily basis to reduce damage caused by strong winds with visualized wind load and wind flow on the building during strong winds, taking into consideration the surrounding terrain with 3D model by 3D CAD based on drawings and exterior photographs.
Collective confirmation system for flood disaster risk information	Providing a website that enables automatic judgments on the timing of various responses and decisions (warning stage judgments) by acquiring various types of information related to water disasters at multiple sites collectively and in real time.

Assisting in Swift Post-disaster Recovery

Amid a series of large-scale disasters, the Group is working to support disaster victims by swiftly carrying out damage investigations and paying out insurance claims. The Group is also accelerating digital transformation and striving to pay insurance claims promptly.

< Principal Approaches >



[Donations in Response to Disasters]

Group-wide

In order to rebuild the lives of policyholders affected by a disaster as quickly as possible, we made initiatives to pay insurance claims promptly to customers. We also collect donations from employees of Group companies to support victims of disasters applicable to the Disaster Relief Act in Japan and major disasters overseas.

Utilizing our Disaster Relief Donation Matching Gift Program, in which we make additional donations in response to donations from employees, a total of approximately 750 million yen, including company contributions, has been donated since the system was established in 2004. This system is originally designed for natural disasters, but we utilized it in fiscal 2020 in pandemic and made donations in view of the enormous damage.

< Total Group-wide Disaster Relief Donations >

FY2020	Number of donation drives	Contributors	Total amount (includes matched funds)
F12020	3	13,385	33,381,000 yen

Revitalizing Regions by Finalizing Collaboration Agreements

We are assisting in regional revitalization initiatives through agreements with partners that include prefectural and municipal governments, local commercial/industry groups and financial institutions. The Group has entered into 461 such agreements (MS and AD together), providing support for various risks and consulting services for regional revitalization. The Group is working to create common value with society (CSV) by addressing social issues faced by local communities through our strengths in cooperating with local stakeholders.

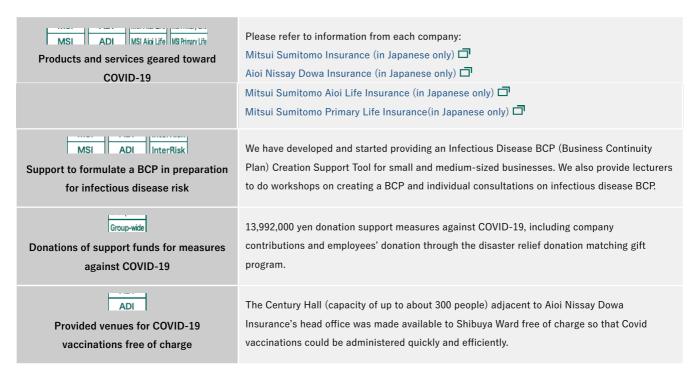
< Principal Approaches>

MSI ADI InterRisk Providing support for SDGs initiatives	We support SDGs initiatives by local governments, commercial/industrial groups, regional financial institutions, and small/medium-size companies. Promoting the Online SDGs Platform initiative(in Japanese only)
MSI ADI InterRisk Providing business continuity plans (BCP)	We hold seminars and other events to help companies formulate BCPs that allow them to quickly restore and continue their businesses even when natural disasters or unexpected accidents occur.
MSI Coverage for cattle veterinary fees	In cooperation with Japan's public agricultural insurance scheme, MS&AD has developed an insurance policy for livestock veterinary fees that public insurance doesn't cover. By providing this insurance in a package with IoT sensors attached to the cows, cattle mortality rates can be reduced which helps to stabilize farmers' business and public agricultural insurance system. It also improves the working environment for veterinarians.
ADI Regional revitalization support site	Website for local governments to support regional revitalization disseminating information of initiatives by municipality and useful information for local governments.
MSI ADI InterRisk Helping to solve problems in remote island areas	We participate in demonstration tests aimed at solving issues in remote island areas such as mobility, logistics, and medical care due to population decline and aging. These tests contribute to the creation of a sustainable environment and the revitalization of remote island areas. Joint promotion of new logistics services in remote island areas using drones(in Japanese only) Participated in the Awashima Smart Island Promotion Council, a demonstration survey project in Mitoyo City, Kagawa Prefecture(in Japanese only) World first! Concluded sponsorship agreement with Kamomeya to setup drone logistics fixed-routes in remote island areas(in Japanese only)

- Mitsui Sumitomo Insurance Contributing to Regional Revitalization(in Japanese only) 🗂
- 💽 Aioi Nissay Dowa Insurance's Regional Revitalization (Regional AD Club) (in Japanese only) 🗂

Response to COVID-19

In addition to reviewing the conventional scope of our insurance coverage, we are providing various products and services responding to the coronavirus in light of various social changes that are likely to arise with a new way of life during and after the pandemic. We are also carrying out social contribution activities and making donations through employee and company contributions. We will contribute to the realization of a sustainable society.



External Evaluation

- Received the 2020 Minister's Commendation for the fourth consecutive year as a "characteristic example of initiatives" for financial institutions contributing to regional revitalization(in Japanese only)
- Received Minister's Commendation as a "characteristic example of initiatives" for financial institutions contributing to regional revitalization(in Japanese only)

Reduction of the Environment Burden

The Group regards environmental issues as a material theme for management. We have established a basic environmental policy to reduce the environmental impact from our business activities while applying the PDCA cycle to our initiatives.

Environmental Management



We are actively promoting environmental initiatives with the MS&AD Insurance Group's Basic Policy on the Environment. We have formulated the MS&AD Our Earth Project which is the Group's own management system.

Basic Policy on the Environment

[MS&AD Our Earth Project]

Since acquiring ISO 14001 certification, the international standard for environmental management systems, in the first half of the 2000s, the MS & AD Group has maintained certification and promoted environmental initiatives in conjunction with its own environmental management system. At the end of March 2021, we completed ISO 14001 certification registration and integrated it into "MS&AD Our Earth Project", a management system based on ISO 14001 requirements.

Scope	All companies in the MS & AD Group
Promotion Structure and Roles	The group is promoted by the Corporate Planning Department, including the executive in charge of the Sustainability Promotion Division. The Sustainability Promotion Division has a promotion secretariat and a promotion secretariat, which plans, sets annual targets, promotes, and manages the progress of environmental initiatives within the Group and throughout the Group. We report the setting of targets, progress, summary, etc. to the director in charge as appropriate, and use the review to improve our efforts.
Monitoring	The promotion secretariat holds quarterly meetings to check progress.
Education	Environmental education is provided annually to all Group employees through e-learning. In addition, study sessions and training for directors and employees are held as appropriate to raise employee awareness.
Compliance with laws and regulations	In order to ensure compliance with environmental laws and regulations related to our business activities, we check the relevant environmental laws and regulations and check the status of compliance with environmental laws and regulations on an annual basis.

Reducing CO2 Emissions

Group-wide

MS&AD has signed the Paris Pledge for Action and contribute to climate change mitigation. In May 2021, we revised our medium- to long-term targets for reducing CO2 emissions to net zero by 2050 in line with the Paris Agreement "Pursuing efforts to keep global temperature increases well below 2 °C and pursue below 1.5 °C from pre-industrial levels." We have also set new targets for our use of renewable energy.

As a global insurance and financial group, the entire Group is actively working to reduce carbon emissions, including through our supply chain.

Medium- to Long-term Targets

Reducing Electricity and Gasoline Consumption



By reducing business commuting and office space through business style reforms, such as remote work and telecommuting, we are reducing our business gasoline and electricity use. We will further reduce by introducing state-of-the-art energy-saving equipment in our own buildings, installing solar panels, and replacing company cars with more fuel-efficient vehicles.

Decreasing Paper Use



- 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.
- By implementing insurance payment procedures online with direct lines of communication with clients, we have become the first major non-life insurance company to achieve paperless in-house processes with insurance payments.

Value Chain Initiatives

Our initiatives to reduce our impact on the environment 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.

Support for Certification under EcoAction 21	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.
MSI Eco-maintenance and Eco-inspection	We are promoting the dissemination of eco-maintenance and eco-vehicle inspections through Advance Club, an agent organization based around the automobile maintenance industry. 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.
MSI ADI Eco-Safety Driving	We prepare and propose support tools to promote Eco-Safety Driving, an eco-friendly approach designed to reduce fuel costs and vehicle accidents.
MSI ADI MSI Aloi Life MSI Primary Life Eco-insurance and Web policies (MSA Life Insurance and MSP Life Insurance offer Web policies only)	We are encouraging the use of paperless insurance policies and policy terms. MSI and ADI make donations to environmental conservation activities based on the number of ecoinsurance policies and Web policies provided Green Power supporter / eco-insurance and Web policy(MSI) (in Japanese only) Paperless insurance and Web policy(ADI) (in Japanease only) Web policy (MSI Aioi Life)(in Japanease only) Web policy(MSI Primary Life)(in Japanease only)



We promote the use of recycled automobile parts to repair vehicles in the event of an accident.

We offer a special endorsement that gives customers a 5% discount on vehicle insurance premiums when they opt at the time of contract to repair their vehicle in the event of an accident using recycled parts. (AD)

Environmental Conservation Initiatives within the Group

We are actively engaged in environmental conservation activities and raising awareness among employees.

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

Group-wide

Over the past 16 years, starting in FY2005, we have been working with the Indonesian government to restore wildlife reserve forests and to recover 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 initiatives with local residents by offering them technical guidance on planting and cultivating trees.

> Indonesia Reforestation Project 🗇



Nursery-trees being received by participants of resident cooperative planting



Environmental education by a professor of Gadjah Mada University

Afforestation activities at the Aioi Nissay Dowa Insurance Forest

ADI

In August 2019, we launched a tree-planting activity called the Aioi Nissay Dowa Insurance Forest in Bihoro Town, Hokkaido, as a way of giving back for the paperless insurance / Web policies.

We are supporting the creation of forests that take biodiversity into consideration by planting broad-leaved trees in place of conifers (mainly Sakhalin firs) which are about 50 years old and ripe for cutting down.

We plan to plant trees on 10 hectares of land over the three years from 2019 to 2021.





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.



Clearing grass from the Yatsu tidal flat (Chiba Prefecture)

Ramsar Supporters activities (in 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, a facility open to the community, where activities such as communication of environmental information and workshops take place.

Surugadai Building Green Space 🗖

Reducing the Use of Plastics

Group-wide

As marine pollution becomes an ever-increasing concern, Mitsui Sumitomo Insurance has stopped using plastic cups and straws in its employee cafeterias since August 2018 in order to reduce the use of plastic and educate employees regarding the problem of plastic waste in our oceans. In July 2019, Aioi Nissay Dowa Insurance installed water stands with direct faucets to promote the use of personal water bottles. Furthermore, in, during work hours, we are focusing on group-wide initiatives to reduce the use of plastic. In July 2020, for example, we provided employees with original eco-bags as an alternative to plastic shopping bags and special stickers to put on bottles to encourage employees to bring in their own water bottles.

Promoting the Use of FSC-Certified Paper



Our Group has been making a switchover to FSC-Certified* paper for pamphlets and other printed material since fiscal 2010. Using paper made with lumber sourced from properly managed forests enables us to contribute to preserve biodiversity through forest protection.

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

Sustainable Seafood



We offer sustainable seafood* in the cafeterias of our buildings, the Surugadai Building from October 2019 and Chiba New Town Center from August 2020. Every month, a Sustainable Seafood Day is scheduled to provide menus using sustainably sourced seafood. Simply by allowing employees to eat sustainable seafood and transforming their own eating habits through such initiatives, we are contributing to the realization of a sustainable society.

*Sustainable seafood refers to seafood that has been certified for sustainable production (fishing and aquaculture), as well as management and traceability in the processing, distribution, and sales processes.



HOME / Sustainability / Our Value Creation Approach / Reduction of the Environment Burden / Basic Policy on the Environment

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, "Through our insurance and financial service businesses, bringing security and safety to people and businesses around the world and making a lasting contribution to the enrichment of society," the MS&AD Insurance Group has made the environment a part of its corporate strategy. The Group has established the following Key Issues and is advancing efforts in these areas in line with the Standards of Conduct listed below.

The Group is committed to ongoing improvement through its environmental management system, and to abiding by environment-related laws 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.

We will work to ensure that all executives and employees of the MS&AD Insurance Group are familiar with this Environmental Basic Policy, which we are also disclosing to the public.

Established April 1, 2010

Revised April 1, 2016

Revised March 1, 2019

HOME / Sustainability / Our Value Creation Approach / Support "Good Health and Longevity"

Support "Good Health and Longevity"

Japan's birthrate is declining, society is aging, and total population is declining. According to the Population Projections for Japan (2017) by the National Institute of Population and Social Security Research, 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 - exceeding 40%. The rising elderly population necessitates an environment in which the elderly can live with 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, urban structures need 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 confidence.

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 and research on promoting good health.

< Principal Approaches >

MSI Aioi Life Assisting in maintaining physical and

mental well-being

We have created the Kokokara Diary, a smartphone app that supports physical and mental well-being. The app can be used by customers to manage their health by measuring stress levels, automatically calculating and displaying calories burned by measuring steps, recording meals, weight, and sleep time, and it can be used to



check medical information. In June 2020 and then in April 2021, the functionality and design were upgraded to further improve usability. For corporations, we support corporate health management with a dedicated "administrator-only website" that provides access to employees' life log data, a "corporate step count ranking function," and a "health point management function"

Renewal of Kokokara Diary, a health management app for smartphones (in Japanese only)



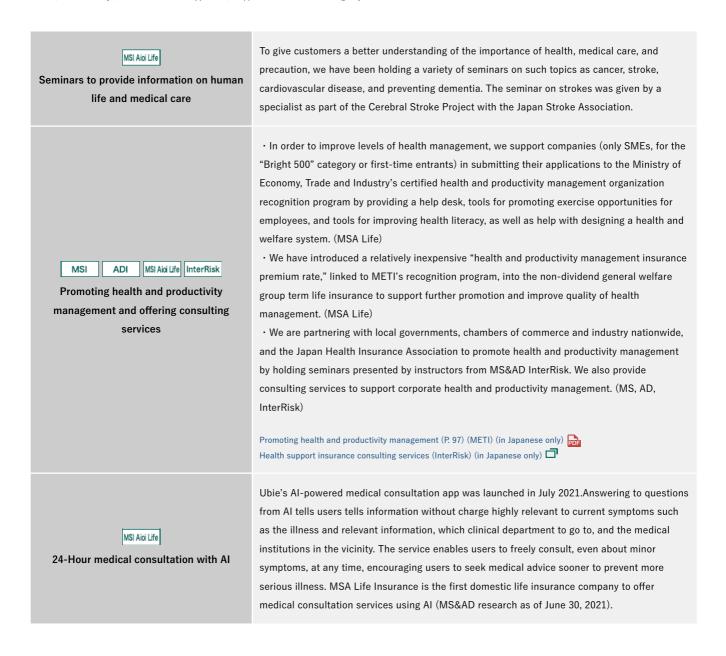
HD ADI MSI Aioi Life

Promoting good health in collaboration with the University of Tokyo's Center Of Innovation

In fiscal 2018, our Group commenced initiatives in collaboration with the University of Tokyo Center of Innovation (COI), a hub for self-managing a healthy society, to realize a "sustainable, healthy and longevity society." Since April 2021, MSI and ADI have been selling insurance products to support health and productivity management that combine consulting services with a health management app based on an Al-driven health risk forecasting model. In September 2019, we initiated joint research on developing services that provide dementia prevention measures and have already begun to detect signs of MCI (Mild Cognitive Impairment, a precursor to dementia) by voice. We are aiming to implement the services by the end of fiscal 2022.

Initiatives to develop measures to detect signs of and prevent dementia and mild cognitive impairment (MCI) by voice (in Japanese only)

HOME / Sustainability / Our Value Creation Approach / Support "Good Health and Longevity"



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 >



We contribute to the stable development of medical institutions by compensating for various risks associated with COVID-19 and online medical care.

Launched the Comprehensive Compensation Plan for Medical Institutions (in Japanese only)



• 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. Products for welfare and nursing care providers Launched the Future Nursing Care Management Head Office as a support service for nursing care providers. (in Japanese only) · Helping to create business continuity plans which are required for long-term care facilities in 2021 (InterRisk) We have formed capital and business tie-ups with startup companies that develop CareTech (coined from Care (nursing care and welfare services) and Technology), aiming to innovate and ADI solve issues in the field of nursing care. Capital and business tie-ups with CareTech companies Capital and business alliance with WELMO, which provides nursing care welfare platforms using Al and ICT (in Japanese only) We provide support for human resources departments to help employees balance work and family (childcare, nursing care, treatment, etc.) and find the right work-InterRisk Support services for work/family balance life balance. for companies An insurance package that includes health management support services, loss of income coverage for employees who are unable to work due to injuries and illnesses, and tools to visualize health risks for employees and help prevent disease with the health management app, My Body Forecast, developed with the University of Tokyo Center of Innovation. With MSI ADI InterRisk employees using the app, managers can use the data for health management. Insurance Supporting companies in promoting health premium discounts can be enjoys where initiatives are made to promote health with with the Health Management Support employees using the app. The app helps to improve employee health and prevent illness, and Insurance the insurance premiums paid by the company are discounted depending on how much the app is used. Launch of Health Management Support Insurance (in Japanese only) We have developed and provide medical receivable compensation insurance (plan for foreign patients only) for members of the Japan Hospital Association in preparation for the risk of ADI unexpected large receivables arising from the recent increase in the number of foreign visitors **Medical Receivable Compensation** to Japan. This not only stabilizes hospital management but also reduces the burden of insurance for members of the Japan collecting receivable insurance payments. **Hospital Association** Launched the Medical Receivable Compensation insurance (plan for foreign patients only) for members of the

Japan Hospital Association (in Japanese only)

My 100-Year Life Training for financial institutions

We have developed and provide the 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 it might be like to live to 100 years old.

Developed the My 100-Year Life Training (in Japanese only)



Training to prevent complaints regarding foreign currency insurance sales

We provide training to financial institution agents to make foreign currency insurance sales more comprehensible for the client. The aim is to reduce the number of complaints related to foreign currencydenominated insurance products. We introduce specific examples and ways of communicating in an



easy-to-understand manner using audio and video. By getting to know various complaints and gaining after-sales follow-up techniques etc., agents can give a customer-oriented service to clients in their industry.

Training to prevent complaints regarding foreign currency insurance sales (MSP) (in 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 >

Coverage for nursing care and dementia

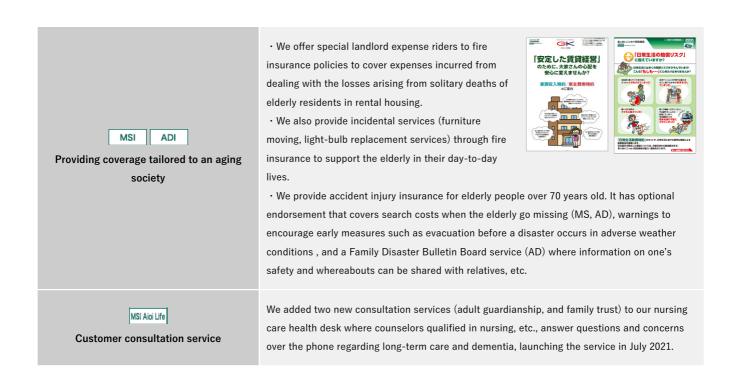


plan offers coverage for persons requiring nursing care for dementia, a particularly expensive type of nursing care, and enables them to prepare

Guarantee against the risk of dementia and nursing care for a lifetime with lump sum and pension! Launched the

more robustly and alleviate anxieties about nursing care.

Whole-life Nursing Care/Dementia Plan (in Japanese only)



External Evaluation

Received the Cancer Control Promotion Partner Award (Medical Examination Category) for corporate action on the fight against cancer (in 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 share the similar proposition with 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" and an essential element for our goal of the "resilient and sustainable society."

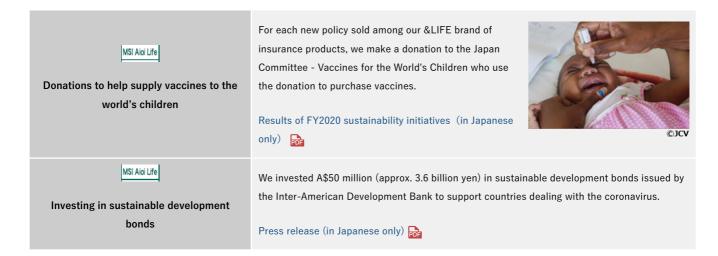
Our Group will partner with various sectors in taking on the challenges of making insurance/financial services more widely available and utilizing insurance to resolve such issues as poverty, social disparity, and discrimination.

Initiatives in Support of "Leaving No One Behind" Overseas

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 >

MSI Provision of insurance for small loans to micro-entrepreneurs in the Philippines	Working together with BPI Direct BanKo, which provides small loans to micro-entrepreneurs, we started offering micro-insurance for loans in the autumn of 2019. We provide insurance to support the operations of micro-entrepreneurs even in the event of an unforeseen occurrence such as an accident or disaster Number of plans sold in FY2020: 87,554 Total premiums: PHP 6,355,110 (Philippine Peso)
MSI Provision of fire insurance for special housing for indigenous peoples in Malaysia	We packaged compensation related to the support scheme undertaken by the social enterprise EPIC Homes to improve the living conditions of indigenous peoples. Housing with compensation provides reassurance to the indigenous people living there and encourages participation in donor support schemes. 57 indigenous people, homes provided with our insurance in FY2020 (cumulative total) Fire insurance premium for indigenous homes MYR 6,801 (Malaysian Ringgit) Press release (MSIG Malaysia)
MSI Greater access to insurance and job creation in India	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. We have also contracted groups that are striving to create jobs in farming communities to issue insurance policies. 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. Cholamandalam MS General Insurance official website



Initiatives 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 >

Group-wide Provision of easily comprehensible information	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. We also provide sign language, interpretation services in 17 languages, and translation services in 12 languages.
ADI Automobile insurance for self-driving cars using electromagnetic induction lanes	MS&AD is the first in the industry to provide low-cost automobile insurance for self-driving cars using electromagnetic induction lanes, which are expected to be a new means of transport in depopulated areas with aging populations. Press release (in Japanese only)
Development of an accident relief system linked to dementia ordinances (dementia "Kobe Model")	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) Prevention of accidents (GPS tracking services by security companies). 39,528 people have received cognitive function screenings as of April 30, 2021 (preliminary figures). (There were 21,446 applications for dementia tests as of the end of March 2020)
MS Primary Life Introduction of the Heartful Line Service	We introduced the Heartful Line Service for customers over 80 years old which, when they phone the call center, connects directly to the operator without going through the voice guidance.

MSI Primary Life Handling of a special clause for social contribution	In response to customers' diverse range of values related to asset inheritance, such as good will of contributing to society by donating their assets, together with Sumitomo Mitsui Banking Corporation, we developed the industry's first "special clause for social contribution," which enables designated public interest groups* to be appointed as the beneficiaries of insurance claims (September 2019). We are expanding the content of this clause based on customer feedback, and in July 2020, we added the Kyoto University's CIRA Foundation as a designated public interest group. * The following three designated public interest groups have been designated as of the end of September 2021: Japanese Red Cross Society Japan Committee for UNICEF · CiRA Foundation
Mitsul Direct General The Mitsui Direct General Insurance Smile Fund, which donates to organizations according to the number of votes cast by policyholders	The Mitsui Direct General Insurance Smile Fund was launched in 2014, allowing policyholders to easily contribute to society with a single click. The total amount donated was 24.5 million yen with the number of policyholders involved at about 250,000 (as of July 2020). The Mitsui Direct General Insurance Smile Fund (in Japanese only)
ADI Affixing of Bell Marks to insurance products	As the only co-sponsor from the non-life insurance sector (as of July 2021), 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. Guide to Bell Marks-designated insurance products (in Japanese only)
Group-wide Fostering Dementia Supporters	We carried out training online in fiscal 2020 in light of the COVID-19 pandemic. In the same year, our Group jointly conducted promotion of the dementia training courses for employees with approximately 10,000 employees taking part as of the end of fiscal 2020. MSA Life has entered into cooperation agreements with local governments to take part in community monitoring activities.
ADI InterRisk Helping to achieve an inclusive society	We are developing initiatives that help to realize a sustainable society where all people, including the elderly and people with disabilities, can live comfortably. Started joint initiatives with WheeLog to promote universal urban design (in Japanese only) Aioi Nissay Dowa Insurance and Sophia University jointly establish Institute of Inclusive Community (in Japanese only) Aioi Nissay Dowa Insurance and MS&AD InterRisk Research & Consulting participate in Maizuru City's Symbiotic MaaS "meemo" (in Japanese only)

External Evaluation (in Japanese only)

- We received the minister's commendation as a "characteristic example of initiatives" for financial institutions contributing to regional revitalization for the third consecutive year (ADI)
- Our automobile insurance claim forms have received User Universal Design certification (MSI) 🕞

🕟 We received the Gold Medal in the Japan Resilience Awards 2019 (Kobe Model) (MSI) 🕞

Our automobile insurance claim forms have received oser offiversal besign certification (wor)

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>

Group-wide Social contribution activities carried out nationwide	Group companies are actively taking part in global environmental conservation/social contribution activities tailored to the needs of individual communities.	
Group-wide MS&AD Unison Smile Club	A social action organization operated by MS&AD Group employees who support the organization by undertaking volunteer activities and making donations in 100-yen units from their monthly salaries. The club makes donations to NPOs and other organizations and undertakes employee volunteer activities. MS&AD Unison Smile Club MS&AD Unison Smile Club activities (in Japanese only)	
Group-wide Disaster volunteer activities	We are continuing our initiatives 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 initiatives in the disaster-hit areas.	

Quality that Earns the Trust of Society

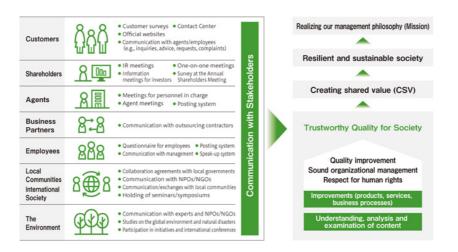
Meeting the Trust of Society with High Quality

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.

Reasons for customer feedback (complaints)

We listen to a wide range of customer feedback and are making company-wide improvements to provide better insurance products and services

Customer feedback is all feedback received from customers, including inquiries, consultations, requests, complaints, disputes, compliments and words of thanks, etc. Of this feedback, complaints are defined as an expression of dissatisfaction from the customer.

	Insurance solicitation and contract	Contract management	Insurance payments	Managing customer information	Other	Total
Number of complaints*	8,785	9,667	22,944	595	2,677	44,668

^{*}Combined number received in fiscal 2020 for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

- Customer feedback (Mitsui Sumitomo Insurance)(in Japanese only)
- Customer Feedback (Aioi Nissay Dowa Insurance)(in Japanese only) 🗖

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. These policies align with the framework for consumer-oriented voluntary declarations advocated by the consumer-oriented management promotion organization composed of the Consumer Affairs Agency and other members.

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

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

- Mitsui Sumitomo Insurance
- Aioi Nissay Dowa Insurance
- Mitsui Direct General Insurance
- Mitsui Sumitomo Aioi Life Insurance
- Mitsui Sumitomo Primary Life Insurance

Specific Initiatives in Customer-Focused 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. These policies align with the framework for consumer-oriented voluntary declarations advocated by the consumer-oriented management promotion organization composed of the Consumer Affairs Agency and other members.

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

< Customer-Focused Business Operations—FY2020 Overview (in Japanese only) >

- Mitsui Sumitomo Insurance
- 🕑 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 >

MSI ADI MSI Aidi Life

Initiatives to enhance customer
convenience in obtaining policies

methods to
Procedu
General)
Procedu

We have been developing and adopting more convenient and comprehensible procedural methods to provide information on insurance and services to a variety of customers

- · Reinforcement of product explanation videos for customers (MSI, ADI)
- Procedures for applying for and obtaining policies available online (MSI, ADI, Mitsui Direct General)
- Procedures for obtaining policies without paper utilizing tablets and other devices. (MSI, ADI, MSI Aioi Life)
- New use of PayPay and credit cards to make payments for insurance premiums on smartphones (MSI, ADI)(in Japanese only)
- · Customers can now change account information online (MSI Aioi Life)

Prompt and courteous customer service during natural disasters

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 established an insurance payment procedure in response to disasters that combines remote surveys done by video call to meet customer needs, streamline investigations, and speed up the whole process.

Strengthening our response to natural disasters during the pandemic (MSI, ADI)(in Japanese only)

Group-wide

Screening of insurance payments

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.

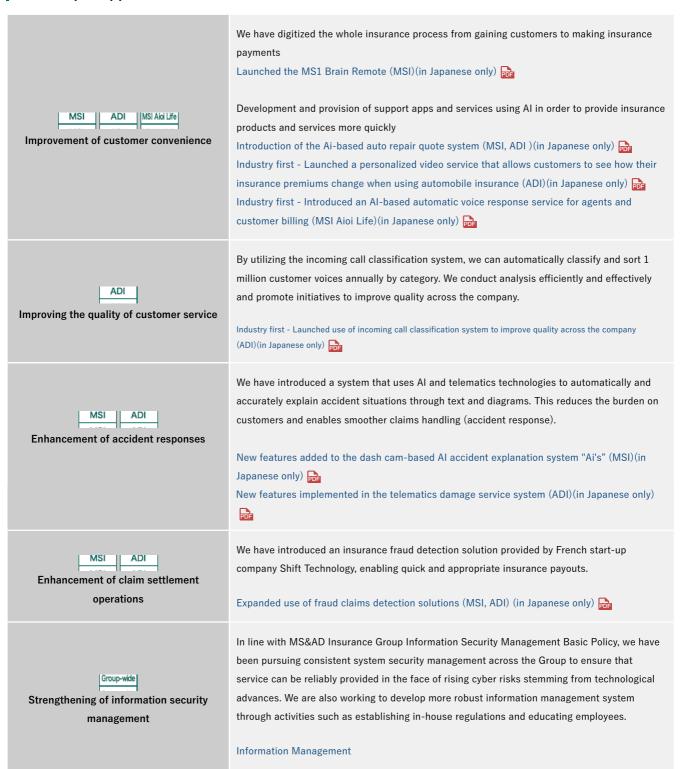
MSI and ADI disclose the number of claims examined and the cases examined on their websites.

Group-wide Operational improvements utilizing customer suggestions	In accordance with MS&AD Insurance Group Basic Policy for Responding to Customer Communications, customers' opinions that are received through consultations, requests and complaints are collected, centrally managed and analyzed, then actively implemented to improve business operations. The details and outcomes of these improvement initiatives are disclosed on the website 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. MS&AD Insurance Group Basic Policy for Responding to Customer Communications
Use of customer satisfaction based on customer questionnaire surveys as a KPI	Among the indicators used for measuring the level the five Group insurance companies in Japan have continued their initiatives in customer-focused 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 Targets and Results: "Customer satisfaction survey about insurance contract procedures" and "Customer satisfaction survey about payment of insurance claim"
Group-wide Integrating customer-focused values among employees and agents	We have been fostering a suitable corporate climate by integrating customer-focused values into our operations through education for employees and agents. For employees: We conduct workplace meetings and arrange training and contests aimed at improving skills in all departments. For agents: We provide agents with various training and online learning opportunities, and we seek to motivate them via an agent quality certification system.

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 >



External Evaluation(in Japanese only)

- 2020 IT Award in three areas (MSI)
- Special Award (IT Utilization Award) in the 2020 Best Customer Support of the Year awards sponsored by the Japan Institute of Information Technology (MSI)
- 💽 Three-star ratings (the highest rating) in the HDI Rating Benchmarks in inquiry desks, and online support categories (MSI) 🕞
- Three-star rating (the highest rating) in the HDI Rating Benchmarks in the quality rating category (telephone handling) (ADI) 🕞
- Strategy Category Award at the 2020 Contact Center Awards (ADI) 📷
- > HDI five-star certification for the third consecutive year, the only company to do so in the online non-life insurance industry ("Mitsui Direct General)

HOME / Sustainability / Our Value Creation Approach / Quality that Earns the Trust of Society / MS&AD Insurance Group Basic Policy for Responding to Customer Communications

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



- · Message from Group CEO
- · D&I Promotion by the MS&AD Group
- · Current Group Figures
- · Target Numbers
- Initiatives and Systems for Promoting Career Development for Women
- · Career Development for Global Human Assets
- Career Development for People with Disabilities, LGBT Support, and Career Development for Seniors
- · Development for Seniors
- Work-life Balance(Systems and Initiatives to Help Employees Keep Working)
- · Establishing Environments for Promoting D&I
- · Message from the Executive Officer
- Targets and Results: 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



Systems and Initiatives to Enable Continued Work

The MS&AD Group has systems that enable employees to balance work and life while feeling fulfillment and growth as they enjoy their work healthy.

In order to prevent employees from giving up their careers or choosing to retire due to life events such as childbirth, childcare, and nursing care, we have enhanced systems that meet the wide needs of each life stage. Our maternity leave, childcare leave, childcare time, sick/injured childcare leave and nursing care leave are all more than legally required.

< Main Initiatives >

Life Stage	Main Systems		Support Measures
Marriage	(Group-wide) • System for		
Pregnancy and childbirth	changing place of employment • System for those wanting to come back to work after retirement	(Group-wide) • Prenatal and postnatal leave	(Group-wide) • Childbirth and childcare handbook
Childcare leave	(Group-wide) • Childcare leave system	m	
Return to work	(Group-wide) • System for working from home • System for changing place of employment • System for those wanting to come back to work after retirement	(Group-wide) • Shorter work hours/flex time system • Exemption from and restrictions on overtime • Sick/injured child care leave	 (MS, AD) Discussion meeting for those returning to work after childcare leave (AD) Company-sponsored nursery school In-house nursery school Seminar for those planning to return to work after childcare leave (MSP Life) Discussion meeting for those planning to return to work after childcare leave
Nursing Care		(Group-wide) • Nursing care leave, or time off • Shorter work hours system	(Group-wide) • Handbook to support balancing work and nursing care • External help desk for nursing care and health

[🕥] Initiative to promote one month childcare leave for male employees (MS) (in Japanese only) 🗂

Goals for Promoting Women's Advancement



To achieve more diversity among decision-makers, along with setting new targets for the ratio of female line managers in the Group, we have set new targets for the ratio of female directors by 2030. We have also raised the target for the ratio of female managers, since we have achieved the former target. Going forward, we will continue to work on diversity and inclusion at new stage in order to achieve the newly set goals.

Target Year	Aimed at	Target Ratio	New or Raised Target
End of fiscal 2030	Directors, auditors, and executives (non-consolidated)	30% or more	New
End of fiscal 2025	Directors and auditors (non-consolidated)	30% or more	
End of fiscal 2030	Female line managers (Group domestic)	15% or more	New
End of fiscal 2030	Female managers (Group domestic)	30% or more	Raised

- New targets regarding the ratio of female executives, etc. (in Japanese only) 🗖
- 🕟 New appointment of female deputy branch managers and deputy managers (MS) (in Japanese only) 🗂

Initiatives to Realize an Inclusive Society through Support for Athletes



We have been striving to realize an inclusive society in which a variety of people can play active parts by supporting Paralympic sports. Initiatives taken thus far include fostering and supporting athletes who are actively engaged in competitions, co-sponsoring Paralympic sports organizations, 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.







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Sports support from Group companies (in Japanese only)

External Evaluation (in Japanese only)

- Nadeshiko" Brand for fiscal 2020 (HD)
- Received Best award in the New Generation Eijyo College 2020 program (MS)
- Received the 2nd Stage of the "Eruboshi" Certification System Based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace (AD)
- 💽 The only inductee in the Hall of Fame in the 2020 Tokyo Sports Promotion System! (AD) 🕞
- Oertified as a 2020 Tokyo Sports Promotion Company for the fourth consecutive year (MS)
- 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."

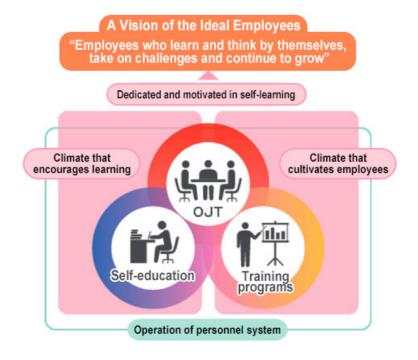
A Vision of the Ideal Employees

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.

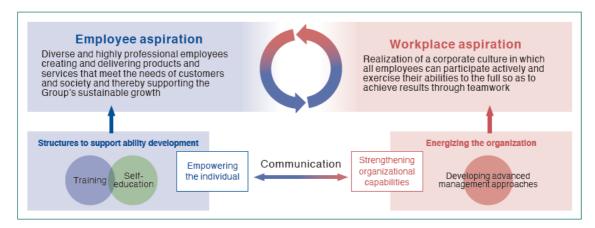
(*) OJT: On-the-Job Training

< Conceptual Image of Human Asset Development System >



Our Vision for Human Assets Development

We are implementing various human asset development programs in Japan and overseas to promote the Group's growth strategy. We also support those employees willing to better themselves so that they can enhance their individual strengths to realize their own career vision. We will strengthen employees' engagement through benefits to organization by their development and giving organization's support back to them.



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.
MSI In-house free agent program	A program whereby employees, with skills, experience and their own blueprints of carrier-building, can appeal to several sections desirable to them.
ADI Corporate University Program (AD University)	A program that visualizes employee skills in all categories and which supports independent, self-directed learning for acquiring the abilities and skills that need to be strengthened for employee growth not bound by work or work roles.

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 necessary knowledge and 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" (in Japanese only)

Development of professional human assets

Positioning professional human resources as intellectual assets, we provide opportunities for acquiring skills and experiencing overseas that are essential to the Group's growth strategy so that employees achieve more value-added performance with professionalism.

Development of global human assets	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 feelings for the wider world and global business skills. <examples and="" of="" programs="" training=""> Overseas training and secondment program (Learning business skills at overseas subsidiaries, overseas insurance companies, etc.) Global trainee system (MSI) System for seconding employees from overseas bases to the Japanese head office (MSI) MS&AD Garage Program* (*)Under this program, employees from Group companies worldwide travel to Silicon Valley where investors and venture companies gather, to pursue opportunities including the pitching of ideas. Having failed in each home country, the goal is to uncover advanced technologies and new services that can help resolve outstanding issues. ESG Data/Reference Material (number of participants in global trainee system, etc.)</examples>
Development of personnel to oversee digitalization*	We have implemented the Group's unique digital human asset development program in collaboration with educational institutions such as universities. Examples of training and programs: MS&AD Digital Academy MS&AD Digital College from Kyoto System x Design Thinking Workshop Research with Shiga University Graduate School (*) Initiatives that will not only improve the efficiency and convenience of processes and services using digital technology, but also transform our Group's overall business Data scientist training support service, Aidemy Business Cloud (ADI) (in Japanese only)
Support for acquiring actuarial qualifications	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. ESG Data/Reference Material (number of actuaries)

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. We also hold internships for university and graduate students who are interested in specialized courses such as actuary data science.

*Owing to the pandemic, Aioi Nissay Dowa Insurance created a workplace experience video and posted it online in fiscal 2020.

Mitsui Sumitomo Insurance internship information (in Japanese only) \square Aioi Nissay Dowa internship information (in Japanese only) \square

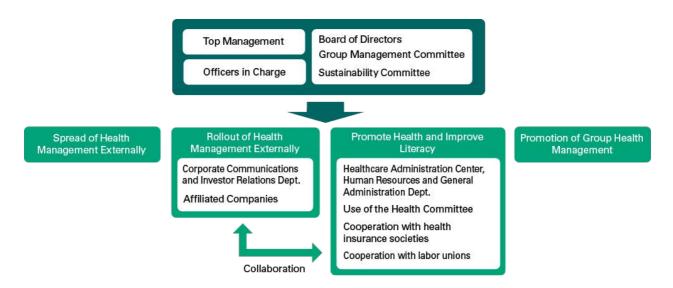
External Evaluation

Received silver prize in the Workforce Transformation category of the Efma-Accenture Innovation in Insurance Awards 2020 (MSI) (in Japanese only) (166KB)

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. Our Group has been promoting work style reform since fiscal 2016. We are working to reduce working hours through measures such as leaving work before 19:00 as a general rule, encouraging employees to take leave and streamlining operations. We are also seeking to improve productivity by improving the level of expertise of each employee and implementing management practices that make use of the employees' diverse abilities. As response to COVID-19 pandemic in fiscal 2020, many employees worked from home and worked shifts that allowed them to change their hours as necessary. Employees also took paid half-day or hourly leave. Going forward, we will continue to promote flexible working styles that make efficient use of time and place.

Diversification of work locations/hours	We are diversifying previously fixed work locations and pursuing more diverse work styles for our employees. Example efforts: Promoting remote work (use of thin client computers, phones and smartphones for business use, and use of web conferencing tools) Implementing work from home programs and utilizing satellite offices Introducing shift work and short-term work systems
Restructuring of roles	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.

Prevention of long-term working hours	We are maintaining the health of individual employees and supporting work-life balance by preventing long working hours. Example efforts: As a rule, employees must leave work before 19:00 Finishing times are shared within workplaces using finish time declaration cards to foster awareness of differences in working hours Industrial physicians provide one-to-one guidance to employees who work on their computers beyond a certain number of hours
Encouraging employees to take paid leave	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 Targets and Results (the number of annual paid holidays taken) ESG Data/Reference Material (rate/days of paid leave taken)

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.

Support to improve health	We conduct campaigns that encourage and support employees to carry out behaviors and lifestyle habits that improve health (self-care). Example efforts: Revamping day-to-day lifestyle habits by encouraging use of the Koko Kara Diary, our proprietary app Planning health promotion and other campaigns, providing support to employees quitting smoking (subsidies to cover teletherapy expenses), etc. Encouraging employees to come to work in sneakers, stair climbing (the 2-Up/3-Down campaign, displaying stickers on staircases showing calories burned), etc. COVID-19 vaccination at workplace. Work for vaccination
Improving health literacy	Creating an environment that promotes lifestyle habits needed to improve health and which prompts employees to acquire greater knowledge and skills on mental health, etc. Example efforts: E-learning, videos featuring top athletes promoting exercise, providing information on lifestyle habits that include physical and mental well-being, diet, exercise, sleep, smoking, and providing health education as part of health consultations and tier-specific training
Mental health care	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 Example efforts: Preventive activities: training, e-learning, stress checks, health consultations at workplaces Support for afflicted persons: consultations during rehabilitation Return-to-work support: preparations for returning to work during recovery periods, etc.

Support systems for balancing medical treatment and recuperation	Establishing a system to support the balance between work and treatment of illness or injury* [Leave system] Paid leave (up to 32 days) is granted every year. Up to 20 unused days can be carried over, and employees can take consecutive leave for medical treatment and recuperation Up to a total of 65 remaining days of carried over leave can be accumulated, and can be taken as consecutive leave for treatment of personal injury or illness [Support system] If an employee faces limitation due to injury or illness, s/he is allowed to work from home, work shorter hours, commute by personal vehicle, etc. (*) The support system and number of days of leave that can be taken or saved varies depending on the group company and employee classification
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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.

Uniform Group-wide medical checkup system	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. ESG Data/Reference Material (Consultation rate of medical checkup)
Establishment of a suitable working environment	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.
Prevention of workplace accidents	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. ESG data and reference material (number of workplace accidents)

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.

Employee satisfaction surveys Employee Satisfaction	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. Targets and results (employee satisfaction)
Mechanisms to make use of employee opinions in improving operations	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.
Dialogue with executives	We periodically arrange opportunities for employees and top-level executives to exchange views so that the employees' views can be incorporated into company management.

External Evaluation (in Japanese only)

- White 500 organization (large enterprise category) for the fourth consecutive year under the 2021 Certified Health & Productivity Management Outstanding Organizations Recognition Program (MSA Life)
- ≥ 2021 Certified Health & Productivity Management Outstanding Organizations Recognition Program (AD, MD, MSP Life, InterRisk) 🗂
- Sports Yell Company by the Japan Sports Agency (MS, InterRisk)
- Sports Yell Company by the Japan Sports Agency for the fourth consecutive year (AD)
- 2021 Sports Yell Company (MSP Life)

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ESG Information

The following is a supplement to the MS & AD Insurance Group's sustainability approach.

Subject period:

FY2019 (April 1, 2019 - March 31, 2020)

ESG Data Click here

Corporate Governance

Supplement to the performance-based remuneration for directors

See "Corporate Governance" for an overview of the system.

1. Share of the CEO's short-term incentive

- Performance-linked remuneration shall be linked with the business performance of the company and determined based on financial(*1) and non-financial(*2) indicators. The standard ratio between financial and non-financial indicators used in the calculation of performance-linked remuneration shall be "50:50."
- The stock-based remuneration components of performance-linked remuneration shall be calculated as follows, based on standard amounts for each position Standard amount per position × business performance coefficient
- The standard ratios of the components of compensation for the President and Director are as follows:

[Fixed remuneration] 50%	[Performance-linked remuneration] Monetary remuneration 25%	[Performance-linked remuneration] Stock-based remuneration
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<Breakdown of 25% of Stock-based remuneration>

The ratio of financial indicators (indicators reflecting single fiscal year performance) is

(financial indicators \times 20% + non-financial indicators \times 80%)

 $25\% \times 20\% = 5\%$.

The ratio of non-financial indicators (indicators to reflect medium- to long-term performance

contributions) is 25% \times 80% = 20%.

(*1)Financial indicators are indicators that are used to reflect business performance in a single fiscal year in officer remuneration.

(*2)Non-financial indicators are indicators that are used to reflect initiatives contributing to medium- to long-term business performance in officer remuneration.

- 2. Performance Period for Variable CEO Compensation
 - Performance-linked remuneration shall be linked with the business performance of the company and determined based on financial and non-financial indicators
 - Financial and non-financial indicators have been selected after taking into consideration the Group's Medium-Term Management Plan, "Vision 2021" which began in fiscal 2018 and will end in fiscal 2021 for a period of 4 years.

3.Claw back Clause

• We have a claw back clause in place. (click here)

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Management Ownership

Ratio of the amount converted into the fair value of shares to the amount of consolidated fixed remuneration of a person whose total amount of consolidated remuneration in fiscal 2020 is 100 million yen or more.

			Shares of the Compa	Multiple of		
Name(s)	Position	Fixed remuneration (million yen)	Number of shares of the Company owned	Fair value(*) (million yen)	base salary	
Yasuyoshi Karasawa	Director	67	35,940	117	4.07	
Yasuzo Kanasugi	Director	64	43,504	141	1.97	
Noriyuki Hara	Director, President&CEO	67	33,740	110	1.64	

^(*) March 31,2021 end-of-day basis

Risk Management

Impact of Significant Risks and Mitigation Measures

■Massive Cyberattack

One of the important risks for the Group is the system risk in which information system shut-downs, malfunctions, unauthorized use, or information leakage occur due to unauthorized access or information system defects caused by cyberattacks. While cyberattacks themselves are risks that can occur at present, we recognize that they are also risks that require more sophisticated responses in the medium to long term due to technological development. The Group routinely strives to develop a control environment for managing information technology risk, but in the event of a cyber attack, there is the possibility of a large-scale information system shutdown, malfunction or unauthorized use, or information leakage. In recent years, there has been an increase in the number of cases in which government involvement is suspected, and we recognize that the risk is increasing rapidly. The Group also underwrites insurance to compensate for cyber risk, and in the event of a cyber- attack, the Group makes claims payments. Therefore, we recognize that this risk is equally important for MS&AD as (1) a listed company and (2) an insurer.

Impact

 $\label{thm:condition} The impact of this risk on our Group can be summarized in accordance with the above two aspects.$

- (1) As a listed company:
- Should this risk materialize, it will not only have the economic impact of an enormous cost input, such as investigation of the cause and impact by a specialized company, customer response, and provision of additional security measures, but it will also have a major impact of a decline in reputation/trust. In addition, the restoration of reputation is expected to take a long time over the medium to long term, and the Group's business performance is expected to be negatively affected by a decline in insurance premiums.
- (2) As an insurer:
- In order to respond to the progress of IT utilization and diffusion in enterprises, the Group sells insurance to compensate for cyber risk as one of its main products. However, in the event of frequent cyber attacks, there is a possibility that many insurance claims will be paid, which could have a large economic impact on the Group. The Group conducts stress tests on the assumption that a large amount of insurance claims will be paid in the event of a cyberattack, in order to confirm the amount of insurance claims paid and the amount of impact on the capital buffer(*1) in the event of stress.
- (*1) Market value net assets minus the integrated risk amount.

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Mitigation

measure

(1) As a listed company:

• In order to respond to cyberattacks, multiple layers of defense are implemented, including "entry measures" to prevent unauthorized intrusion, "exit measures" to prevent information leakage, and "internal measures" such as detecting unauthorized viruses and behavior within the Group. Information on cyberattacks (mass suspicious emails, DDoS attacks, unauthorized access, etc.) on Group companies and other companies is grasped in a timely manner, and the impact on Group companies and the status of responses are confirmed. Technical measures are implemented, such as the introduction of various latest services and products for countermeasures as needed. Personnel and organizational measures are also being implemented, including employee education and training, and drills to prepare for possible attacks. In addition, an organization specializing in security (MS&AD-CSIRT(*2)) has been established to collect information on vulnerabilities in information systems and to coordinate information among Group companies.

(2) As an insurer:

- The Group aims to provide one-stop support for the establishment of a system to prevent cyber risks in multifaceted ways and evaluation of the risks held by companies from the viewpoints of preventing damage, minimizing damage, and quickly recovering from damage, etc., while informing customers on cyber risks. The Group provides menus corresponding to the phases of "development of a management system" such as training on cyber security and establishment of the CSIRT system, "defense and detection" such as system diagnosis and log monitoring, and "response and recovery" in cooperation with cybersecurity specialized companies.
- (*2) Computer Security Incident Response Team: a team specialized in information security in our Group

Contribute to Climate Change Mitigation and Adaptation

TCFD Scenario Analysis

Scenario Analysis will be updated in September 2021 in our TCFD disclosure (link below).

Climate-related Financial Disclosure

■Scenario Analysis excerpt

	Business area	Contents	Result Examples	Scenario used
Physical Risk	Insurance Underwriting	Fluctuation in loss paid by typhoon and storm surge in Japan	Typhoon 2050 Effects of change +5 to +50% Effects of changing frequency of occurrence -30 to +28%	RCP4.5 RCP8.5
Transition Risk	Investment	Impact on investee companies by carbon costs	EBIT at Risk Equity 2030 Low Carbon Price Scenario: 4.66% Medium Carbon Price Scenario: 9.23% High Carbon Price Scenario: 20.29%	Developed by Trucost referring to Nationally determined contributions (NDCs), OECD and IEA.

ESG Data / Reference Material

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

Subject period:

FY2020 (April 1, 2020 - March 31, 2021)

Subject organizations 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	0		0	
Aioi Nissay Dowa Insurance Co., Ltd.	ADI	0		0	
Mitsui Direct General Insurance Co., Ltd.	Mitsui Direct General	0	77.1%	0	
Mitsui Sumitomo Aioi Life Insurance Co., Ltd.	MSI Aioi Life	0	11.170	0	100%
Mitsui Sumitomo Primary Life Insurance Co., Ltd.	MSI Primary Life	0		0	100 /0
MS & AD Holdings	MS&AD Holdings	0		0	
Overseas insurance subsidiaries	Overseas		0		
Other(*)	Other			0	

^(*) 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 for this fiscal year 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 Basic Policies on Corporate Governance
- MS&AD Insurance Group Basic Policy Partaining to System for Internal Controls
- MS&AD Insurance Group Basic Policy for Management of Conflicts of Interest
- MS&AD Insurance Group Basic Policy Concerning Antisocial Forces

Directors (as of 28 June 2021)

Chairperson of the Board	Chairman (except holding concurrent post of President)
Number of Directors	10 (*1)
Number of Outside Directors	4 (*2)
Number of independent Directors	4 (*3)
Number and ratio of women at the Board of Directors	2 / 20.0%

^(*1) Board members average tenure 3.8 years

Corporate Auditors (as of 28 June 2021)

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%

^(*2) Outside directors average tenure 2.8years

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

Nomination and Remuneration

Detailed Information

Number of Meetings of Board of Directors etc.

Function			FY2020
	Board of Directors		
	Governance Committee		4
	Group Management Committee	tee	12
	Task-Specific Committees		
		Sustainability Committee	3
Business Execution, Oversight		Quality Improvement and Compliance Committee	5
		Group Management and Monitoring Committee	18
		Digitalization Committee	4
		Group Systems Committee	18
		Group International Business Committee	3
		Risk Management Committee	9
Auditing, Oversight	Board of Auditors		11(*2)

^(*1) Outside Directors average attendance rate 96.6%. All directors average attendance rate 98.6%

Detailed information of Corporate Governance

^(*2) Outside Corporate Auditors average attendance rate 95.5%

Information Voting Right

Classification	Number of shares (shares)	Number of Voting Rights	Description	
Non-Voting shares	-	-	-	
Shares with Restricted Voting Right (treasury shares, etc)	-	-	-	
Shares with Restricted Voting Right (others)	-	-	-	
Shares with Full Voting Right (treasury shares, etc)	(Treasury Stock) 35,263,100 shares of Common Stock	-	Share Unit Number (100 shares)	
Shares with Full Voting Right (others)	556,602,600 shares of Common Stock	5,566,026	Same as above	
Fractional Shares	Common Stock 1,607,507	-	Fractional Shares (Less than 100 shares)	
Total number of Outstanding Shares	593,473,207	-	-	
Total number of Vote		5,566,026	-	

Political Donations*

Name of Organization	Coverage	Unit	FY2018	FY2019	FY2020
The People's Political Association (Liberal Democratic Party)	Consolidated	thousand JPY	20,600	20,700	21,000

^(*) As a member of society, MS&AD Insurance Group believes that it is necessary to pay an appropriate share, and we make political donations to the extent permitted by law.

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)

Items	Coverage	Units	FY2018	FY2019	FY2020
Number of cases reported	Consolidated	cases	164	164	172 (*)

(*)Of the cases received in FY2020, of incidents of harassment was confirmed in 16 cases (as of April 2021).

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.
- 🔁 Aioi Nissay Dowa Insurance Co., Ltd. 🗖
- Mitsui Direct General Insurance Co., Ltd. 🗖
- Mitsui Sumitomo Aioi Life Insurance Co., Ltd. <a>T
- Mitsui Sumitomo Primary Life Insurance Co., Ltd. 🗖

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. On May, 2021 we have set a goal of Net Zero CO2 emissions by FY 2050. In order to achieve the goal, we also set 2030 interim targets for CO2 emission reduction (Scope 1, 2 and part of 3) and renewable energy use (60% in 2030). For Net Zero 2050 it is essential to reduce CO2 emission in supply chain as in our own business operation. We will promote initiatives together with our customers, agents and other stakeholders.

Items	Coverage	Units	FY2018	FY2019	FY2020	Third-Party Assurance
CO2 emissions (Scope1,2,3)	Consolidated	t-CO2	530,821 (3.4%)	254,635 (▲52.0%)	222,249 (▲12.7%)	
CO2 emissions (Scope 1)	Group Domestic + Other	t-CO2	17,174 (▲6.6%)	16,388 (▲4.6%)	13,862 (▲15.4%)	~
	Consolidated	t-CO2	26,161 (△ 6.4%)	23,922 (A 8.6%)	19,961 (▲16.6%)	V
CO2 emissions (Scope 2)	Group Domestic + Other	t-CO2	62,196 (▲4.6%)	56,930 (▲8.5%)	55,504 (▲2.5%)	V
	Consolidated	t-CO2	71,950 (▲6.2%)	65,455 (▲9.0%)	58,172 (▲11.1%)	V
CO2 emissions	Group Domestic + Other	t-C02	79,370 (▲5.0%)	73,317 (▲7.6%)	69,367 (▲ 5.4%)	V
(Scope 1 and Scope 2 combined)	Consolidated	t-CO2	98,110 (▲6.3%)	89,377 (▲8.9%)	78,133 (▲12.6%)	V
CO2 emissions (Scope 3) (*1)	Consolidated	t-C02	432,711 (5.9%)	165,258 (▲61.8%)	144,116 (▲12.8%)	

^(*) We have revised the figures in FY2019 by improving the accuracy of business activities' data which is the basis of calculation.

^(*1)We have revised the boundary for scope3 from FY2019.

CO2 emissions (Scope 3)

Items	Coverage	Units	FY2018	FY2019	FY2020	Third-Party Assurance
Category 1 Purchased goods and services (*1)	Group Domestic + Other	t-C02	53,599 (6.3%)	52,015 (▲3.0%)	44,307 (▲14.8%)	~
Category 2 Capital goods	Consolidated	t-C02	60,904 (54.0%)	60,720 (▲0.3%)	61,824 (1.8%)	~
Category 3 Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	Consolidated	t-C02	10,278 (▲1.5%)	17,229 (*) (67.6%)	15,990 (▲7.2%)	~
Category 5 Waste generated in operations	Consolidated	t-C02	3,463 (25.9%)	2,034 (*) (▲41.3%)	1,295 (▲36.3%)	√
Category 6 Business trip by airplane	Consolidated	t-C02	4,295 (▲55.9%)	10,903 (153.8%)	1,626 (▲85.1%)	~
Category 7 Employee commuting	Group Domestic + Other	t-C02	7,388 (▲1.3%)	10,078 (36.4%)	9,956 (*2) (▲1.2%)	
Category 13 Downstream leased assets	Consolidated	t-C02	7,550 (▲5.8%)	7,082 (*) (▲6.2%)	6,581 (▲7.1%)	~

^(*)We have revised the figures in FY2019 by improving the accuracy of business activities' data which is the basis of calculation.

^(*1)We have revised the boundary from FY2019.

^(*2) The impact regarding to the telework which was widely introduced in FY2020 due to COVID-19 situation is not considered for the business activity's data of "Employee commuting"

Data on Environmental Burden

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

Items	Coverage	Units	FY2018	FY2019	FY2020	Third-Party Assurance
Electricity	Consolidated	MWh	142,486 (▲1.6%)	139,535 (▲2.1%)	133,148 (▲4.6%)	V
Heat supply	Consolidated	GJ	68,684 (10.0%)	61,806 (▲ 10.0%)	66,133 (7.0%)	V
City gas	Consolidated	thousand m3	2,731 (29.3%)	2,689 (▲ 1.5%)	2,707 (0.6%)	V
Liquefied Petroleum Gas	Consolidated	t	151 (▲17.3%)	134 (▲11.2%)	82 (▲38.9%)	v
Heavy oil	Consolidated	k ℓ	51 (▲12.3%)	55 (8.0%)	40 (▲26.9%)	√
Kerosene	Consolidated	k ℓ	50 (▲37.3%)	51 (2.5%)	57 (11.3%)	V
Diesel oil	Consolidated	k ℓ	7.4 (14.6%)	7.5 (1.7%)	5.0 (▲33.2%)	V
Gasoline	Consolidated	k ℓ	8,334 (▲13.4%)	7,425 (▲10.9%)	5,800 (▲21.9%)	v
Total energy	Consolidated	MWh	277,782 (▲ 1.8%)	263,495 (Δ 5.1%)	242,038 (A 8.1%)	v
consumption (*1)	Consolidated	GJ	1,000,014 (Δ 1.8%)	948,583 (▲5.1%)	871,338 (▲8.1%)	V

^(*) We have revised the figures in FY2019 by improving the accuracy of business activities' data which is the basis of calculation.

^(*1) 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	FY2018	FY2019	FY2020	Third-Party Assurance
Paper		Group Domestic + Other	t	10,545 (▲4.9%)	13,041 (23.7%)	10,035 (▲23.1%)	
Proportion of paper with forest certification		MSI, ADI, MSI Aioi Life	%	12.8 (▲6.1%)	23.7 (85.6%)	28.5 (19.9%)	
Total water use		Consolidated	thousand m3	991 (3.1%)	995 (0.5%)	766 (▲ 23.1%)	~
Disposed waste (*)	Total		t	10,157 (▲7.3%)	9,947 (▲2.1%)	7,818 (▲ 21.4%)	~
	Recycled	Consolidated	t	4,523 (▲5.8%)	4,782 (5.7%)	4,643 (▲2.9%)	~
	Final disposal amount		t	5,634 (▲8.5%)	5,165 (▲8.3%)	3,175 (▲38.5%)	~
Business trip (Aircraft use only)		Consolidated	thousand passenger -km	47,127 (0.8%)	94,896 (101.4%)	13,031 (▲86.3%)	~

^(*) We have revised the figures in FY2019 by improving the accuracy of aggregation.

Renewable Energy Generation

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

Items	Coverage	Units	FY2018	FY2019	FY2020	Third-Party Assurance
Energy Generation	4 Buildings (*1)	kWh	57,275 (0.3%)	50,953 (▲11.0%)	54,441 (6.8%)	~
Energy Comsumption (*2)	Consolidated	kWh	57,275 (0.3%)	6,499,953 (—)	13,226,441 (103.5%)	v
Renewable energy introduction rate	Consolidated	%	0.0	4.7	9.9	

^(*1) MSI Surugadai Main & New bldgs, MSI Osaka Yodoyabashi bldg, ADI Tokyo Customer Center bldg.

 $^{(*2) \} Renewable\ energy\ generation\ and\ included\ usage\ of\ 13,172,000kWh\ by\ renewable\ energy\ certificate\ in\ FY2020$

Cost Effect

Items	Coverage	Units	FY2018	FY2019	FY2020
Electricity *1	Consolidated	thousand JPY	▲65,503	▲2,135	▲402,743
Gasoline *2	Consolidated	thousand JPY	▲138,144	▲155,917	▲310,564
Copy Paper	Group Domestic + Other	thousand JPY	▲15,463	14,163	▲64,680

- (*) We have revised the figures in FY2019 by improving the accuracy of business activities' data which is the basis of calculation.
- (*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	FY2018	FY2019	FY2020
Selection rate of web policy clauses *	MSI, ADI	%	76.4	77.1	77.2
Number of Agents and companies with certification under Eco Action 21	MSI, ADI	companies	121	82	63
Number of maintenance shops implementing Eco-inspection, Eco-maintenance	MSI	companies	379	377	335

(*) 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	FY2018	FY2019	FY2020
Number of acquirer of Volunteer leave		MSI, ADI, MSI Aioi Life	people	23	6	21
Number of acquirer of Volunteer suspension		MSI, ADI, MSI Aioi Life	people	0	1	1
Number of employees engaged in social contribution activities		Group Domestic	people	23,601	27,673	26,519
MS & AD Unison Smile Club Number of members		Group Domestic	people	15,414	14,967	14,626
Disaster Relief	Donated amount *1	Consolidated	thousand yen	50,230	37,673	33,381
Donation Matching Gift Program	Number of participants *2	Consolidated	people	21,129	14,782	13,385
corporate philanthropic contribution	s			1,519,660	1,622,130	1,211,100
	Charitable Donations			821,730	46,070	42,020
(Breakdown) Purpose	Community Investments			303,330	1,150,530	820,170
	Commercial Initiatives	Carrie Danasti	Ale constant of the second of	394,600	425,530	348,910
	Cash contributions	Group Domestic	thousand yen	1,413,220	1,491,450	1,088,020
(Decolidation) Management	Employee volunteering during paid working hours			750	7,690	7,760
(Breakdown) Money conversion	In-kind donation, facility opening etc			14,600	16,180	15,330
	Management overheads			91,090	106,810	99,990

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

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

^(*2) Total participants

Breakdown of employees

Items		Coverage		Units	FY2018	FY2019	FY2020	Third-Party Assurance
Number of	Consolidated	male- female			41,467	41,582	41,501	
Group employees		combined total			(9,142)	(9,051)	(8,615)	
*1			male		19,914	19,697	19,379	
Temporary employees are	ployees		female		21,553	21,885	22,122	
superscripted as the average	Group domestic	male- female			32,182	32,091	32,002	
number of annual temporary hires in the bracket.	combined total			(8,612)	(8,362)	(7,988)		
		male	people	15,598	15,288	14,960		
		female		16,584	16,803	17,042		
		MSI		14,577	14,371	14,168		
			ADI		13,657	13,775	13,933	
		companies	MD		545	552	559	
			MSA		2,604	2,588	2,529	
			MSP		400	396	390	
		holding company	HD		399	409	423	
		Domestic employees (including group companies) /Consolidated employees			77.6	77.2	77.1	
	Overseas	male- female			8,958	9,236	9,230	~
		combined total		people	(507)	(679)	(619)	
			male	people	4,073	4,214	4,209	
			female		4,885	5,022	5,021	
		Overseas employees/ Consolidated employees			21.6	22.2	22.2	√
	Others *2	others *2 male- female combined total			327	255	269	
			male	people	243	195	210	
			female		84	60	59	
		Other employee/ Consolidated employees		%	0.8	0.6	0.6	

- (*1) The number of employees represents the number of persons in employment, and does not include executive officers and employees on leave.
- (*2) Risk-related service businesses operated by the Group Companies other than those in the domestic insurance industry. From 2019, Leadenhall Capital Partners LLPUK will be included in Overseas.

Number of Employees by Age

Items		Coverage		Units	FY2018	FY2019	FY2020
	Under 30	male-female			6,919	7,019	7,020
		combined total	male		2,235	2,320	2,322
			female		4,684	4,699	4,698
	30~39	male-female combined total			7,121	7,036	7,019
			male		3,101	3,057	2,984
			female		4,020	3,979	4,035
Number of Employees		male-female		people	8,694	8,256	7,856
by Age (Group Domestic)			male		4,137	3,727	3,433
			female		4,557	4,529	4,423
	50~59	male-female			7,620	7,847	7,988
		combined total	male		4,602	4,657	4,652
			female		3,018	3,190	3,336
	60+	male-female			1,828	1,914	2,100
		combined total	male		1,523	1,516	1,554
			female		305	398	546
	Others *				-	19	19

(*)No further classification due to privacy

Employment

Items		Coverage	Units	FY2018	FY2019	FY2020
Average age *1	Group domestic	male-female combined total		41.5	41.6	41.9
		male	age	44.6	44.5	44.7
		female		38.7	39.0	39.4
Average length of service				12.8	13.1	13.4
		male	year	13.8	14.0	14.4
		female		11.9	12.3	12.6
New-graduate recruits *2	Group domestic	male-female combined total		972	861	596
		male	people	311	291	208
		female		661	570	388
Number of mid-career hires *3	Group domestic	male-female combined total		475	407	350
		male	people	255	182	120
		female		220	225	230
Total turnover rate	Group domestic	male-female combined total	%	3.7	3.5	3.3
Turnover Rate (Voluntary) *4	Group domestic	male-female combined total	%	2.8	2.8	2.6
Average employee salary and CEO compensation ratio *5	HD	male-female combined total	times	12.4	12.3	12.3

^(*1) The end of March of each year

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

^(*3) Number of new employees in fiscal year

^(*4) Exclude retirees and are calculated based on voluntary resignees.

^(*5) The total CEO Compensation / Average employee salary.

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 female in managerial positions has reached the 15% target for FY2020. We have set a new target, aiming for 30% in FY2030.

Items	С	overage	Units	FY2018	FY2019	FY2020	Third-Party Assurance
Employment rate and number of employees with disabilities	Group domestic		%	2.37	2.43	2.49	~
			people	711	727	730	√
Rehiring Program after retirement Number of users *1	Group domestic		people	1,173	1,295	1,492	
Percentage and number of females among board members and corporate		Directors	%	16.7	16.7	20.0	
auditors*2	HD Corporate Auditor		people	2	2	2	
		%	50.0	50.0	50.0		
			people	2	2	2	
Percentage and number of	Consolidated	Total solidated managerial positions	%	18.1	20.0	21.3	~
females in managerial positions*3			people	1,514	1,704	1,791	~
		General Managers	%	4.1	4.3	5.0	
			people	47	53	63	
		Managers	%	14.3	17.3	18.8	
	Group domestic		people	735	891	954	
	domestic	Total	%	12.4	14.8	16.1	~
		managerial positions	people	782	944	1,017	~
		Division that contributes to sales:	%	10.1	11.9	14.7	
		managerial positions ※4	人	391	465	539	

^(*1) Number of people newly or consecutively re-employed

 $[\]ensuremath{\mbox{(*2)}}\ \mbox{Approved at shareholders meeting held each next fiscal year.}$

^(*3) As of April 1st next fiscal year for Group Domestic. As of December 31st for Overseas insuarance subsidiaries

^(*4) Number of sales and insurance payers

Human Rights

In February 2017, the Group established 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	FY2018	FY2019	FY2020
Trainings of Human rights*	Group domestic	%	100.0	100.0	100.0

(*)Rate of departments that conducted human rights trainings that required all employees to participate (Rate of employees that completed e-learning for ADI in FY2017 and FY2018)

Items	Coverage	Units	FY2018	FY2019	FY2020
Labor union membership rate	Group domestic	%	93.9	93.5	93.6

Human Asset Development

Items	Co	overage	Units	FY2018	FY2019	FY2020
Total training hours	Group domesti	C	hours	-	-	317,103
Average training hours per person	Group domesti	c	hours	-	-	9.9
Total training cost	Consolidated		thousand JPY	-	-	1,605,219
Average training cost per person	Consolidated		JPY	-	-	39,351
Number of participants of the Trainee System*1	Group domestic		people	794	983	633
		Total	people	112	131	122
Number of participants of the Global Trainee System*2	Consolidated	Domestic employee		51	85	48
		Local employee		61	46	74
Number of participants of the overseas career training program*3	Group domesti	Group domestic		52	48	18
Number of participants of the Temporary Transfer System to Headquarters from Overseas Branches*4	Consolidated	Consolidated		11	15	0 (*5)
		male-female combined total	people	103	111	123
Number of actuaries*6	Group domestic	male	people	-	-	119
		female	people	-	-	4

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- (*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 subsidaries, as well as local employees at overseas subsidaries 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 subsidaries 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.
- (*5) Impact of immigration restrictions due to the spread of new coronavirus infection
- (*6) Number of professional actuaries employed by the MS&AD Group with specialized skills for making full use of probability, statistical and other mathematical techniques used in product development, risk management and other processes (as of April 1 of the subsequent fiscal year).

Employee satisfaction *1

Items	Coverage	Units	FY2018	FY2019	FY2020
Employee satisfaction (questionnaire results), "Pride, Job satisfaction"*2	Consum do mantin	point	4.4	4.4	4.4
Employee satisfaction (questionnaire results), "Working Vigorously"*3	Group domestic	point	4.3	4.5	4.5

- (*1) The results of the opinion poll asking all Group employees (all-employee average on a 6-point scale, Scope: 46,527 all domestic employees including temporary employees at the time of survey, Response rate: 95.5%).
- (*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	Co	verage*	1	Units	FY2018	FY2019	FY2020
Temporary leave before / after childbirth Number of acquirers	Group domestic			people	788	809	737
Number of employees taking childcare paid leave			female ned total	people	1,026	1,052	937
	Group domestic		male	people	289	286	265
			female	people	737	766	672
Acquisition rate of childcare paid leave	Group domestic	male-female combined total Group domestic		%	85.2	86.3	85.9
			male	%	63.9	64.6	69.0
			female	%	98.0	98.7	95.0
Flexible working hours for childcare		shorte	r hours	people	1,126	1,308	1,437
Number of acquirers	Group domestic	flextim	ne	people	70	122	132
			e of Starting hing time	people	65	76	94
Temporary retirement for nursing Number of acquirers			female ned total	people	17	18	14
Number of acquirers	Group domestic		male	people	1	1	1
			female	people	16	17	13
Flexible working hours for nursing Number of acquirers	Group domestic	numbe		people	22	20	15
Paid leave	Group domestic	ratio o	of days taken*2	%	66.2	67.5	68.1
	domestic	days t	aken	days	15.6	15.7	15.0

^(*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	C	overage	Units	FY2018	FY2019	FY2020	Third-Party Assurance
		Total	cases	162	162	156	
Number of		Work- related accident	cases	66	74	83	
claims for work related injuries	Group domestic	Accident during commute	cases	96	88	73	
		Fatality accident	cases	0	0	0	
Consultation rate of Medical Checkup*1		Group omestic	%	100.0	100.0	100.0	
Absentee rate*2		Group omestic	%	0.448	0.511	0.433	V

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

 $^{(\}ensuremath{^{*}}\xspace2)$ Total days lost due to absenteeism / Total days scheduled to be worked

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Governance

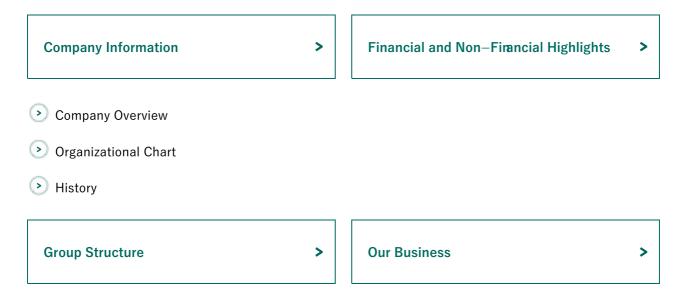
The MS&AD Insurance Group have established "Our Mission, Our Vision and Our Values" as aspirations that all Group officers and employees should prioritize in all aspects of their work, and we are working to disseminate these aspirations to all of the officers and employees of the Company and Group companies. 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.



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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.



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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-leading 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	Noriyuki Hara, Representative Director, President & CEO
Paid-in Capital	100,276 million yen
Number of Employees	423 (As of March 31, 2021)
Business Description	Our activities as an insurance holding company are: 1. Management of non-life and life insurance companies and companies qualified to become subsidiaries under insurance business law. 2. Any business associated with previous body.
Stock Listing	Tokyo Stock Exchange (First Section) Nagoya Stock Exchange (First Section)

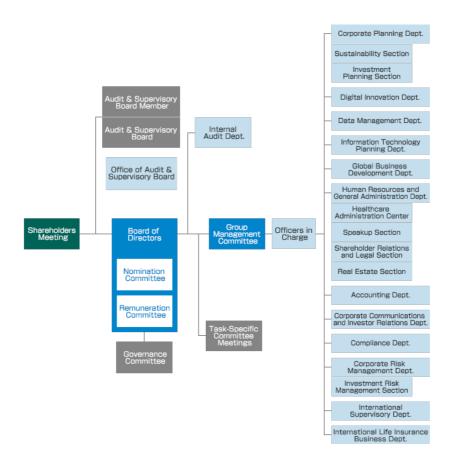
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Group Structure

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Organizational Chart



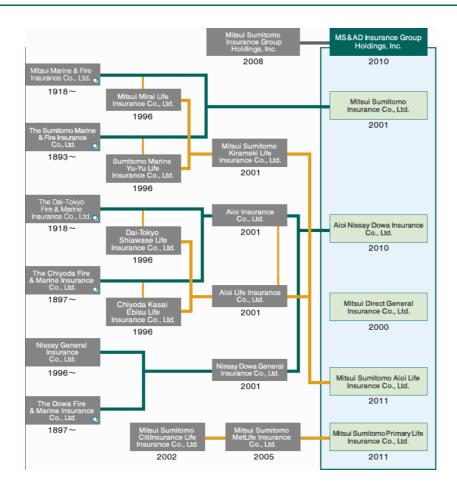
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History





Background of Group Integration



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History of Holdings

	Mitsui Sumitomo Insurance Group Holdings, Inc. is incorporated.
April 2008	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."

Nistory of Mitsui Sumitomo Insurance (link to website) 🗖

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Five Business Domains

Harnessing the distinguishing features of each Group company, every effort is being made to provide a wide range of products and services to address diversifying risks and meet customer needs.

Domestic Non-Life Insurance Business

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

MS&AD Mitsui Sumitomo Insurance

[Features] Comprehensive capabilities and global business development

[Products] Product development that creates social value in response to customer needs

MS&AD Aioi Nissay Dowa Insurance

[Features] With a focus on innovation, diversity, close relationships with local communities; striving to become a unique company with its own distinctive character

[Products] Innovative product development as a pioneer in the field of telematics insurance

MS&AD Mitsui Direct General Insurance

[Features] Professional claims handling (accident response) based on smartphones

[Products] Easy-to-understand products and services and reasonable premiums

Domestic Life Insurance Business

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

MS&AD Mitsui Sumitomo Aioi Life Insurance

[Products] Protection-type products

As Japan increasingly becomes a super-aged society, there is a growing need for medical/nursing care products as well as death benefit and other protection-type products

[Sales channels]

The Group has developed diverse sales channels centered on cross-selling through the agents of the Group's two core non-life insurance companies, financial institutions, professional life insurance agents and direct sales personnel

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MS&AD Mitsui Sumitomo Primary Life Insurance

[Products] Asset-building and asset-inheritance products

Suitable to the diversification of customer needs as Japan increasingly becomes a super-aged society, asset-inheritance products that can be used for inheritances or living donations and asset-building

type insurance products

[Sales channels]

Over-the-counter sales by financial institutions (e.g., banks, securities companies)

International Business

An overseas network covering 49 countries and regions * No. 1 in terms of non-Ife gross premiums written in the ASEAN region







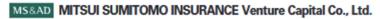




^{*} Excluding the Cayman Islands, where SLI Cayman Limited (financial services business) is located. (As of April 1, 2020)

Financial Services Business

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











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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.

MS&AD GRAND ASSISTANCE Company, Limited 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 Systems Co., Ltd. MS&AD MS&AD ABILITYWORKS Company, Limited

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

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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 nine 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., MS&AD GRAND ASSISTANCE Co., Ltd., MS&AD ABILITYWORKS Co., Ltd., and MS&AD VENTURES INC.

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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

Outline

customers via the Internet and phone calls.

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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. □ MS&AD 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, and China, 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 MS&AD Holdings

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 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
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

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MS&AD GRAND ASSISTANCE Co., Ltd. Itd. As a top-quality call center specializing in assistance services, MS&AD GRAND ASSISTANCE provides such support services as roadside assistance, home assistance and overseas medical 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

Corporate Governance

•	Basic Policies on Corporate Governance Corporate Governance Stance Supervision System (Board of Directors)
•	Support Systems for Outside Directors and Outside Audit & Supervisory Board Members
•	Remuneration Committee Criteria for the Selection and Independence of Outside Directors and Outside Audit & Supervisory Board Members
•	Appointment of Outside Directors and Outside Audit & Supervisory Board Members and Related Matters
(>)	Basic Policies on Corporate Governance
	Responses to the Corporate Governance Code
(>)	Internal Control
(>)	Internal Control Systems
(>)	Corporate Governance Report (last update : November 19, 2021) [1,793KB)

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 an Audit & Supervisory Board, the Company will endeavor to improve governance by ensuring that independently appointed Audit & Supervisory Board Members appropriately act in their auditing functions, in addition to ensuring that the Board of Directors appropriately acts in its oversight functions, while strengthening the functions of each and actively disclosing information.
- The Company has formed the Governance Committee (made up of all outside directors, the Chairman of the Board, the Vice Chairman of the Board and the President) in addition to the Nomination Committee and Remuneration Committee (a majority of the members and a chairperson each have been appointed from among the Outside Directors) as internal committees of the Board of Directors, thus building a highly effective and transparent corporate governance system.
- The Company has introduced an executive officer system and is proceeding to delegate authority over business execution to these executive officers to ensure swift execution.
- Management Structure of MS&AD Insurance Group Holdings, Inc.

Supervision System (Board of Directors)

Role of the Board of Directors

- In addition to matters specified by law and the Articles of Incorporation, the Board of Directors discusses and decides upon important matters involving Group management strategy and corporate management, including the Group's management policies, management strategies and capital policy, in addition to overseeing the duties of directors and executive officers.
- The Board of Directors allocates management resources according to risk appetite controlled with a balance of risk, return and capital, and aims to increase enterprise value in the medium-to-long term by achieving sustainable growth and improvement in earnings and capital efficiency with a foundation of soundness.
- In addition to appointing executive officers, the Board of Directors aims to separate management decision making and oversight by the Board of Directors from business execution by executive officers by clarifying their respective roles.
- Executive officers are responsible for executing business in the respective areas of business entrusted to them by the Board of Directors, and report on the status of business execution to the Board of Directors.

Composition of the Board of Directors

Composition of the Board of Directors

More than one-third of the Board of Directors which has ten members (eight 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. As shown below, we are striving to ensure diversity including gender, race, and nationality, while considering the balance of knowledge, experience and abilities of the Board of Directors as a whole. 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.

Evaluation of Board of Directors Effectiveness and the Analysis Process

Analysis and evaluation process

Implementing and tabulating self-evaluation questionnaires from each Director

- A questionnaire consisting of 11 items (questions on the roles, responsibilities, and operation of the Board of Directors) was distributed in advance and the secretariat conducted interviews.
- Answers were given, focusing mainly on whether action to improve the Board of Directors effectiveness was being taken, following the improvement measures decided at the FY2019 Board evaluation, which will follow in FY2020 to improve functionality.

Opinion exchange in Outside Board of Directors' meeting

 In an Outside Board of Directors' meeting (composed of all Outside Directors), opinion exchange for analysis and evaluation was conducted based on the questionnaire results.



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Based on the results, function improvement measures are implemented.

Summary of analysis and evaluation, incorporating suggestions for improving Board functionality from the Governance Committee

 Analysis and evaluation were conducted in the Governance Committee (composed of all Outside Directors, the Chairman of the Board, the Vice Chairman of the Board, and the President & CEO), and issues to be further enhanced in FY2021 were outlined as function improvement measures.

Analysis and assessment of the Board of Directors' effectiveness

· Concerning management strategy, opportunities and time for discussion are sufficiently secured, and constructive discussions are being held to improve corporate value over the medium to long term. • Employee awareness survey results are periodically reported to the Board of Directors, and the status of the permeation of the Group's Mission, Vision, and Values is being appropriately supervised. • In contests that award superior initiatives undertaken by employees aimed at resolving sustainability issues, the range of employee Evaluation results applications is broadening and the number of applicants is also increasing, showing that we are effectively increasing sustainability awareness among employees. • The Board of Directors' meetings are operated in such a way as to ensure that discussions at the meetings are conducted efficiently and effectively by distributing materials prior to the meetings, going paperless, and providing explanations in advance. • Opportunities for training among Outside Directors are fully provided, and understanding among them is deepening. • In preparation for drafting the next medium-term management plan, strategic discussions will be held using opportunities other than Board of Directors' meetings Points requiring further · We will communicate the specific details and results of initiatives to address sustainability issues in an easy-to-understand manner, both internally and externally, with a focus on the top priority issue of climate change risk. · We will continue to work on improving the sophistication of agenda management, with efforts such as simplifying and compacting materials to clarify the issues on the agenda

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)

	FY2019		FY2020	
Scope	Compensation for audit services	Compensation for non–audit sevices	Compensation for audit services	Compensation for non-audit services
The Company	71	22	92	0
Consolidated subsidiaries	442	28	588	3
Total	513	50	680	3

^{*} Non-audit operations at our company are compliance support operations. Non-audit operations of consolidated subsidiaries include the preparation of comfort letters.

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 2020, the Nomination Committee met four times, and held a discussion on the candidates for outside directors 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 2020, the Remuneration Committee met four times.

Policies for determining the content of individual remuneration for Directors, etc.

The Board of Directors of the Company passed the following resolution on policies for determining the content of individual remuneration for Directors, etc. at its meetings held on February 14, 2019, May 20, 2019 and May 20, 2021 after deliberation by the Remuneration Committee of which a majority of the members are Outside Directors.

a. Basic policy

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

b. Decision process

- (a) Remuneration for Directors
 - To ensure transparency, it shall be decided by resolution of the Board of Directors after deliberation by the Remuneration Committee, of which a majority of the members are Outside Directors, within a range determined by resolution of the Shareholders Meeting.
 - The Remuneration Committee provides advice to the Board of Directors on the amount of remuneration for Directors and policies regarding decisions on the determination of officer remuneration.
 - The Board of Directors respects the advice of the Remuneration Committee to the maximum possible extent. And the amount of remuneration is determined after confirmation that it is in line with the remuneration system established by resolution of the Board of Directors.

Furthermore, the Board of Directors has confirmed that, in regard to the individual remuneration of Directors for the relevant fiscal year, the advice of the Remuneration Committee has been respected to the maximum possible extent and it is in line with the remuneration system established by resolution of the Board of Directors. The Board of Directors has therefore judged that it is in line with this basic policy for determining the remuneration of Directors.

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

c. Overview of remuneration

(a) Composition of remuneration

	Fixed remuneration	Performance-linked remuneration	
		Monetary remuneration	Stock-based remuneration
Directors (excluding Outside Directors)	0	0	0
Outside Directors	0	_	_
Audit & Supervisory Board Members	0	_	_

- Composed of fixed remuneration and performance-linked remuneration. Outside Directors and Audit & Supervisory Board Members shall be provided only fixed remuneration.
- Fixed remuneration is determined in accordance with officers' position.
- Performance-linked remuneration is determined based on business performance.
- Performance-linked remuneration is composed of monetary remuneration and stock-based remuneration.
- Fixed remuneration is paid on a monthly basis, and performance-linked remuneration is paid after the end of each fiscal year.
- The standard proportions of the components of officer remuneration differ depending on the officer's position, as shown below. (This excludes Outside Directors and Audit & Supervisory Board Members.)

<Pre><Pre>cont & Director>

The proportion of performance-linked remuneration is higher than for other positions.

(Standard ratios)

[Fixed remuneration]	[Performance-linked remuneration]	[Performance-linked remuneration]
50%	Monetary remuneration	Stock-based remuneration
	25%	25%

<Other positions>

The composition is such that the proportions of fixed remuneration and performance-linked remuneration differ depending on the officer's position

(Standard ratios)

[Fixed remuneration]	[Performance-linked remuneration]	[Performance-linked remuneration]
Approx. 60% - approx. 70%	Monetary remuneration	Stock-based remuneration
	Approx. 20%	Approx. 10% -
		approx. 20%

(b) Contents of stock-based remuneration

- Restricted stock shall be provided as stock-based remuneration and in principle, the Transfer Restrictions shall be released upon retirement of the related Director.
- If it is found that a Director was involved in a fraudulent act while in office, the Company acquires the restricted stock for free during the Transfer Restriction Period or the Director is made to return it after the transfer restriction is released. (Malus Clawback Clause)

Overview of restricted stock remuneration plan			
Eligible Directors	Directors excluding Outside Directors		
Amount of monetary remuneration to be provided (maximum)	200 million yen per year		
Type of shares to be allotted	Common shares (with transfer restrictions under a restricted stock allotment agreement)		
Number of shares to be allotted (maximum)	130,000 shares per year		
Transfer restricted period	Period from the allotment date to the date on which the related Eligible Director resigns or retires as the Company's Director or f rom another position which the Board of Directors has determined.		

d. Key performance indicators pertaining to performance-Inked remuneration

- Performance-linked remuneration shall be linked with the business performance of the Company and determined based on financial and non-financial indicators.
- Financial and non-financial indicators have been selected after taking into consideration the Group's Medium-Term Management Plan, "Vision 2021," and the details of indicators and reasons for their selection are as follows.

(a) Financial indicators

• Financial indicators are indicators that are used to reflect business performance in a single fiscal year in officer remuneration.

Indicator	Reasons for selection
Group Adjusted Profit(*1)	These indicators have been selected based on the fact that Group Adjusted Profit and Group Adjusted
Consolidated Net Income	ROE are given as numerical targets in the Group Medium-Term Management Plan, "Vision 2021," as w ell as the fact that Consolidated Net Income is a key indicator of business performance for the Group.
Group Adjusted ROE (*2)	

*1: Group Adjusted Profit

Consolidated net income + provision for catastrophe loss reserve and others - other incidental factors (amortization of goodwill and other intangible fixed assets, and others) + equity in earnings of the non-consolidated group companies

*2: Group Adjusted ROE

Group Adjusted Profit ÷ average of beginning and ending amounts on BS of adjusted net assets (consolidated net assets + catastrophe reserves, and others – goodwill and other intangible fixed assets)

(b) Non-financial indicators

Non-financial indicators are indicators that are used to reflect initiatives contributing to medium- to long-term business performance in
officer remuneration.

	Evaluation item	Reasons for selection
Sustainability	 Key sustainability issues Deal with new risks Create comfortable mobility society without accidents Strive for resilient community development Support "good health and longevity" Contribute to climate change mitigation and adaptation Strive to improve sustainability of natural capital Work toward realization of "leaving no one behind" Quality that earns the trust of society Management platforms that enable employees to play active roles 	These indicators have been selected as non-financial evaluation ite ms in order to ensure that, under the "key sustainability issues" rai sed in "Vision 2021," officers contribute to the creation of "quality t hat earns the trust of society" and "management platforms that en able employees to play active roles," as well as to create shared value with society.
Key Strategies	Pursue the Group's comprehensive strengthsPromote digitalizationReform portfolio	The three items on the left have been selected as non-financial ev aluation items because they are "Key Strategies" under "Vision 202 1."

(c) Application methods for financial and non-financial indicators

- The standard ratio between financial and non-financial indicators used in the calculation of performance-linked remuneration shall be "50:50."
- The application coefficients for financial and non-financial indicators shall vary within ranges of 0 to 3.0 and 0.5 to 1.5, respectively, with 1.0 as the standard.
- The monetary remuneration and stock-based remuneration components of performance-linked remuneration shall each be calculated as follows, based on standard amounts for each position.

Monetary remuneration: Standard amount per position \times business performance coefficient (financial indicators \times 80% + non-financial indicators \times 20%)

Stock-based remuneration: Standard amount per position \times business performance coefficient (financial indicators \times 20% + non-financial indicators \times 80%)

- Monetary remuneration is structured such that it more strongly reflects business performance in a single fiscal year, by having a higher ratio for financial indicators than non-financial indicators.
- Stock-based remuneration is structured such that it more strongly reflects an evaluation of initiatives contributing to the enhancement of corporate value over the medium- to long-term, by having a higher ratio for non-financial indicators than financial indicators.

(d) Actual financial and non-financial indicators in the fiscal year under review

<Financial indicators>

	Actual	Target	Vs. target
Group Adjusted Profit	¥214.6 billion	¥204.4 billion	104.9%
Consolidated Net Income	¥144.3 billion	¥136.1 billion	106.0%
Group Adjusted ROE	6.7%	6.8%	-0.1 point

<Non-financial Indicators>

Evaluation item	Results of evaluation
Sustainability	As a result of evaluation based mainly on the following points, performance is evaluated to be at a standard level: Development and provision of products and services that correspond to new risks and businesses Development and provision of products and services that contribute to safe driving and the prevention of accidents Customer satisfaction, etc.
Key Strategies	As a result of evaluation based mainly on the following points, performance is evaluated to be at a standard level: Promotion of synergy initiatives (products, claim services, etc.) that capitalize on the knowhow of group companies Progress in digitalization initiatives Portfolio transformation, etc.

e. Resolutions related to officer remuneration at the Shareholders Meeting

<Remuneration of Directors>

Shareholders Meeting held on June 25, 2018 [10th Annual Shareholders Meeting] Resolved that the maximum amount of remuneration of Directors in total (exclusive of wages as an employee payable to a Director also serving as an employee) shall be 500 million yen per year (of which remuneration for Outside Directors shall be no more than 100 million yen per year). The number of Directors was twelve (12) (including five (5) Outside Directors) as at the close of the Annual Shareholders Meeting.

Shareholders Meeting held on June 24, 2019 [11th Annual Shareholders Meeting] Resolved to introduce a new restricted stock remuneration plan with delayed delivery and th at the total amount of monetary remuneration receivables to be paid for the allotment of restricted stock to Directors other than Outside Directors shall be up to 200 million ye n per year. The number of Directors other than Outside Directors was seven (7) as at the close of the Annual Shareholders Meeting.

< Remuneration of Audit & Supervisory Board Members>

Shareholders Meeting held on June 25, 2009 [1st Annual Shareholders Meeting] Resolved that remuneration shall be up to 110 million yen per year. The number of Audit & Su pervisory Board Members was four (4) as at the close of the Annual Shareholders Meeting.

Performance-Based Remuneration

- 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.

Total Amount of Remuneration by Directors/Audit & Supervisory Board Members Category, and the Number of Recipients (fiscal 2020)

Category	Number	Total Remuneration (¥ million)
Directors (excluding Outside Directors)	10	237
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	2	56
Outside Directors/Audit & Supervisory Board Members	8	94

Persons with consolidated Remuneration (including remuneration for corporate officer posts at main subsidiaries, etc.) of ¥100 Million or More (fiscal 2020)

Name	Corporate Officer Posts	Company	Total consolidated remuneration, etc. (¥ million)
Yasuyoshi Karasawa	Director	The Company	132
	Director	MSI	
Yasuzo Kanasugi	Director	The Company	126
	Director	ADI	
Noriyuki Hara	Director	The Company	132
	Director	MSI	

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

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

- Four of the ten Directors (eight 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 an 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*
Mariko Bando	June 2017	Ms. Mariko Bando has gained a wealth of insight from previously serving as Director General of Gender Equality Bureau of the Cabinet Office, Consul General of Japan in Brisbane, Australia, President of Showa Women's University, etc. We expect to continue to draw that insight and experience and have her supervise the execution of duties of Directors and provide advice from her expert perspective, particularly in regard to promoting diversity.	12 of 12 meetings
Akira Arima	June 2018	Mr. Akira Arima has a wealth of insight and experience as a management executive gained from previously serving as Director of Nippon Telegraph and Telephone Corporation, President, Chief Executive Officer of NTT Communications Corporation, etc. We expect to continue to draw that insight and experience and have him supervise the execution of duties of Directors and provide advice from his expert perspective, particularly in regard to promoting digitalization and global management.	12 of 12 meetings
Junichi Tobimatsu	June 2018	Mr. Junichi Tobimatsu has a wealth of insight concerning overall corporate legal affairs including those of overseas companies as an attorney-at-law. We expect to continue to draw that insight and have him supervise the execution of duties of Directors and provide advice from his expert perspective, particularly in regard to securing soundness of the management of the Group.	12 of 12 meetings
Rochelle Kopp	June 2020	Ms. Rochelle Kopp has a wealth of insight into cross-cultural communication and experience in both Japan and the U.S. as a management consultant. We expect to continue to draw that insight and experience and have her supervise the execution of duties of Directors and provide advice from her expert perspective, particularly in regard to the Group's global expansion.	10 of 10 meetings

 $[\]ensuremath{^{*}}$ The number of Board of Directors' meetings attended during fiscal 2020.

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. He has been stating opinions at meetings of the Company's Board of Directors and on other occasions based on his knowledge and experience. We appointed him as Outside Audit & Supervisory Board Member to reflect his wealth of knowledge and experience in the management of the Company.	Board of Directors meetings: 12 of 11 Audit & Supervisory Board meetings: 11 of 10
Kyoko Uemura	June 2017	As a legal professional, Ms. Kyoko Uemura has held a number of posts, including a judge and attorney-at-law. 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 propose to reappoint her as Outside Audit & Supervisory Board Member in order to draw on her 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 2020.

Skills Matrix of Directors, Audit & Supervisory Board Members, and Executive Officers

In order to promote debate from diverse viewpoints in our efforts to reach the goal of achieving growth strategy for the MS&AD Group, the Group deliberated regarding skills necessary to assure the effectiveness of the Board of Directors (knowledge, experience, and capability), and from the standpoint of supervising the decisions made and execution of duties on matters required for management strategy, we set forth the following.

(1) Base skills that are generally required

"Corporate management," "human resources and human asset development," "legal affairs and compliance," "risk management," and "finance and accounting"

- (2) Skills complementing the fact that the core business of the MS&AD Group is insurance, and that we engage in business globally "Insurance business" and "internationality"
- (3) Skills that take into account our current business environment and that are necessary to address business reform and issues considered important by the market

[&]quot;IT and digital" and "sustainability"

Furthermore, regarding Audit & Supervisory Board Members, we also consider "finance and accounting" to be important skills.

	Skill									
Corporate Officer	Corporate Management	Internationality	IT and Digital	Sustainability	Human Resources and Human Asset Development	Legal Affairs and Compliance	Risk Management	Finance and Accounting	Insurance Business	
Director Karasawa	•	•		•	•	•	•	•	•	
Director Kanasugi	•	•		•	•	•			•	
Director Hara	•	•		•	•		•		•	
Director Higuchi	•	•	•	•	•	•	•	•	•	
Director Fukuda					•	•			•	
Director Endo	•		•	•	•	•	•	•	•	
Outside Director Bando	•	•		•	•	•				
Outside Director Arima	•	•	•	•	•					
Outside Director Tobimatsu		•				•				
Outside Director Kopp	•	•		•	•					
Auditor Jinno						•	•	•	•	
Auditor Suto							•	•	•	
Outside Auditor Chiyoda		•						•		
Outside Auditor Uemura						•				

Additionally, we have installed an executive officer system. The skills for Executive Officers who are not Directors are as follows.

Executive Officer Ohkawabata	•				•	•	•	•	•
Executive Officer Funabiki	•	•	•	•	•				•
Executive Officer Motojima	•			•	•				•
Executive Officer Goto		•				•	•	•	•
Executive Officer Ippongi	•		•	•					•
Executive Officer Niiro		•		•	•				•
Executive Officer Hitotsuyanagi					•	•			•
Executive Officer Kawate	•	•					•		•
Executive Officer Shimazu		•	•	•	•	•	•		•

Related Information

Board Members

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 Taining

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.

We have also established a global contact point for officers and employees working overseas. It is available in 13 languages and can be reported directly to our Group Head Office in Japan via a dedicated website or e-mail.

Anti-Money Laundering and Countering the Financing of Errorism

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").

As for the international operation of MS&AD Insurance Group, "counter measures of Anti-Bribery" are stipulated in the "Compliance Manuals for International Operations" and the establishment of adequate rules and training has been implemented properly.

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 both throughout the Group and to the outside.

■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, we are working to ensure thorough tax compliance in accordance with the "MS&AD Insurance Group Tax Policy" adopted by the Board of Directors in April 2018.

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.

Besides, based on the "MS&AD Insurance Group Basic Policy Pertaining to System for Internal Controls", we annually inspects whether a system has been created in accordance with the "MS&AD Insurance Group Tax Policy" and appropriately operated and report to the Board of Directors.

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

Our Group is working to strengthen its tax governance framework on a global level by creating a system in which the Group's tax department monitors the status of tax compliance and tax risks at major Group companies on a regular basis and checks tax treatment prior to the execution of important transactions.

• 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).

· Relationship with tax authorities

We endeavor to reduce unexpected tax risks by developing sound relationships with the tax authorities in each country through sincere behavior, such as providing appropriate information in response to requests from the tax authorities in each country.

Current income tax by country (FY2020)

(Unit: 100 million yen)

	Number of			Current inco	Current income tax	
Country	employees (persons)	Main revenue	Income before tax	Ī	Share	
Japan	32,271	26,602	2,306	808	86.7%	
U.S.A.	562	311	70	27	2.9%	
Singapore	796	308	137	21	2.3%	
Malaysia	1,074	286	104	20	2.2%	
Belgium	574	830	30	13	1.5%	
u.K.	1,669	1,689	▲ 331	9	1.1%	
Switzerland	162	1,494	▲ 15	0	0.0%	
Other	4,393	1,462	170	30	3.3%	
Consolidation adjustments			▲ 455	-	-	
Total/Amount on the consolidated financial statements	41,501	32,986	2,017	932	100%	

^{*}Country by country data is aggregated by country where headquarters of group companies are located.

(Unit: 100 million yen)

Country	Income tax paid
Japan	669
U.S.A.	25
Singapore	13
Malaysia	13
Other	29
Total	752

^{*&}quot;Main revenue" represents the total of net premiums written and life insurance premiums.

^{*}Income tax paid for major countries (FY2019)

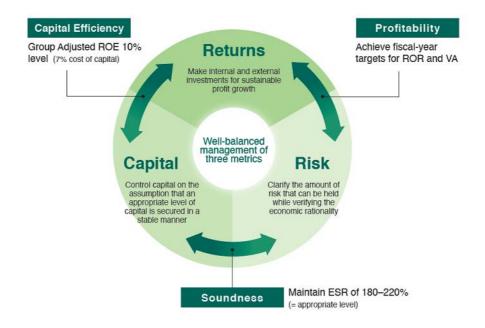
ERM and Risk Management

ERM—based Group Management

The MS&AD Group endeavors to increase its earnings power and capital efficiency while maintaining financial soundness. Toward this end, it practices Group management based on an enterprise risk management (ERM) cycle. It allocates capital to its businesses in accord with its Group Risk Appetite Statement. Its businesses take risks with the allocated capital. The Group exercises appropriate risk control, through monitoring of return on risk (ROR) and other metrics. In FY2021, the Group will upgrade its business, product assessment and management processes and further revamp its portfolios to better balance capital, risk and returns. This program will be spearheaded by the ERM Committee.

Integrated Management of Risk, Returns and Capital

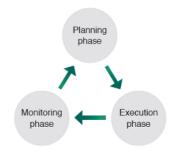
To realize its management vision, the Group formulates medium-term management plans in accord with its Group Risk Appetite Statement and holistically manages risk (integrated risk amount), returns (Group Adjusted Profit) and capital (NAV) in the aim of maintaining financial soundness and boosting capital efficiency and risk/return.





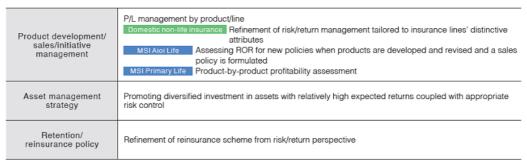
ERM Cycle

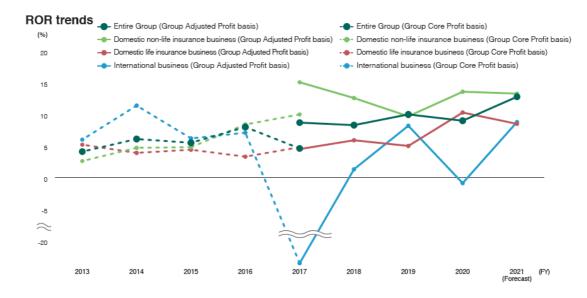
Planning phase	(1) Formulate strategies based on the Group Risk Appetite Statement and establish capital allocation amounts after confirming the amount of risk that can be taken.
Execution phase	(2) Take risks within the risk limits based on the capital allocation amounts and others.
Monitoring phase	(3) Conduct regular monitoring of financial soundness, profitability, capital efficiency, etc. (4) Based on the outcome of monitoring, examine and implement any necessary measures.



Initiatives to Boost Profitability

To boost capital efficiency while maintaining financial soundness, the MS&AD Insurance Group seeks to earn adequate risk/return through the following initiatives in each of its business domains.





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, we promote risk management by identifying the principal types of risk with an impact on the Group's business portfolio and evaluating risk factors quantitatively and qualitatively.

Audit & Supervisory Board (members) Group Management Committee Audits ERM Committee Monitoring, discussion, and coordination Corporate Risk Management Dept. Presentation of Group Risk Management Basic Policy Group risk management Setting of risk management policy Group domestic insurance companies

- 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 MS&AD Insurance Group identifies important risk items to be addressed by management as Group material risks, formulates a relevant management action plan, and periodically monitors each risk.

			À	В	C	D			
			Rapid development of digitalization	Climate change	Advance of the aging society with low birthrate	Prolonged impact of COVID-19			
				0					
	Occurrence of large-scale natural disasters	Main assumed soenarios	 Change in the probability, 		floods in the United States atural disasters with climate chang propriately due to large-scale natu				
	Chara fluctuations in			0		0			
	Sharp fluctuations in financial markets	Main assumed scenarios	med Seal of acceptable inflated by large code manager, coning in various countries						
				0		0			
	Substantial increase in credit risk	Main assumed soenarios	 Mass debt default due to t Declines in value of Group climate change (tightening 	assets due to emergence o of environment-related police	edit market //ID-19 and deterioration of the rea of "transition risk" accompanying of cies and regulations, advance in come in lawsuits, diminished reputation	orporate response to lecarbonization technolog			
ı			0	0	0	0			
	causing marked damage to the Group's corporate value or loss of social credibility	Main assumed soenarios	and actual activities, etc.	acts above marked with*	to climate change, discrepancy b	etween announced conte			
	Occurrence of cyberattacks that		0			0			
	cause large-scale and serious impediments to operations, information leaks, and the payment of insurance claims	Main assumed soenarios	 Increase in claims paymer 	nt due to cyberattacks	ormation leaks due to cyberattacks				
	Frequent occurrence of IT		0	0		0			
	system failures, the occurrence of critical IT system failures and large-scale IT system development delays, shortfalls, budget overruns and expected effects being unrealized	Main assumed soenarios	 Delay in system developm 	ent and overruns of develop	effects of the growth of working from ment budget ystem-related facilities by major na				
				0	0	0			
	Pandemic of diseases such as a new strain of influenza	Main assumed scenarios	 Increase in claims and ber Expansion of areas vulners spread of new infectious d 	able to infection due to globs liseases	ead of infection al warming and climate change, er propriately due to pandemic infect				
			0	0	0	0			
8									

Listed below are items with potential for medium- to long-term impact on Group operations and items whose impact and timing are difficult to measure at present but that we need to maintain awareness of. These items are subject to periodic monitoring a Group emerging risks.

FY2021 Group Emerging Risks

1	Emergence and rise in popularity of new frameworks and innovative technologies that bring significant changes and reforms in the economy, consumer behavior, or business models	4	Introduction, amendment, or abolition in Japan or overseas of laws, regulations, or systems that may significantly affect the Group
2	Resource depletion	5	Major changes in domestic labor supply-demand
3	Environmental disasters (pollution or accident of human causation that causes material damage to the environment)	6	Turmoil, dysfunction, or collapse of national governance and politics, interstate conflict, and security crisis of Japan

Management of Natural Catastrophe Risk



Control of the Retained Amount of Natural Catastrophe Risk



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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".



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.

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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)

HOME / Sustainability / Governance / Transaction Responsibilities

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

HOME / Sustainability / Governance / Transaction Responsibilities

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

We have signed the Paris Pledge of Action. To achieve net zero in 2050, we have established a policy that consideration for sustainability in all business activities.

In order to achieve net zero emissions in 2050, it is important to reduce emissions not only in our company but also throughout the supply chain. We will therefore work with our customers, agents, and other stakeholders to promote initiatives that contribute to the transition to a decarbonized society and the reduction of CO2 emissions in society.

As the chairman of the Japan Biodiversity Initiative (JBIB), we are demonstrating leadership in conserving biodiversity and improving the sustainability of natural capital.

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.

We are encouraging agencies and clients to obtain Eco Action 21 certification (MSI only), a simplified environmental ISO certification, as well as spreading Eco-maintenance* and promoting the use of recycled automobile parts.

- 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.

HOME / Sustainability / Governance / Transaction Responsibilities / Group Basic Policy for Management of Outside Vendors

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.

HOME / Sustainability / Governance / Information Disclosure

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

HOME / Sustainability / Governance / Information Disclosure / Disclosure of Information and Investor Relations (IR)

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

HOME / Sustainability / Governance / Information Disclosure / Disclosure of Information and Investor Relations (IR)

Information Disclosure Framework

To ensure timely and adequate disclosure and evaluate the effectiveness of information disclosure controls, our Group has established a "Risk Management Committee" and built a timely disclosure system.

Risk Management Committee

The Risk Management Committee was established by a resolution of the Board of Directors, and it is the institution at the core of the timely disclosure system.

The Committee is composed of directors and general managers responsible for the planning, accounting, and other departments involved in information disclosure.

It convenes to deliberate on information disclosure and verify the appropriateness of disclosed information.

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

Orporate Governance Report (last update:September 30, 2020) 🕞 (1,179KB)

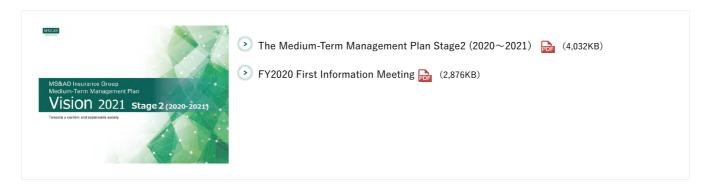
Communication with Shareholders and Investors

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

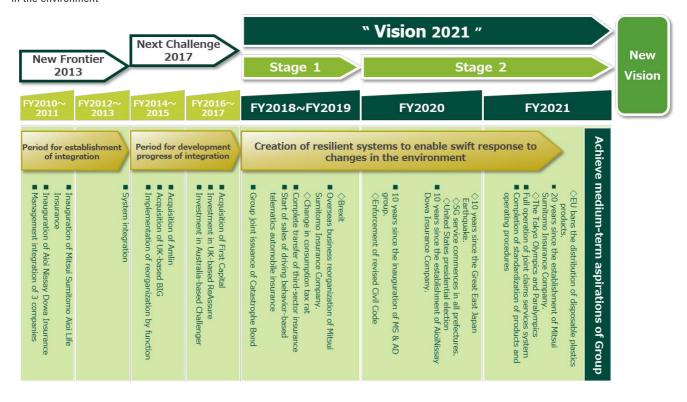
The Medium-Term Management Plan





Positioning of Vision 2021

Positioned as the "period to achieve medium-term aspirations of the Group" and "create resilient systems that can respond swiftly to changes in the environment"



Aspirations during the Period of the Medium-Term Plan

We will achieve business of a substantial scale and quality to be recognized as a world-leading insurance and financial services group by stakeholders.

Scale

Quality

■Within top 10 non-life insurance groups of the world

■Capital efficiency (Group Adjusted ROE of 10%) and soundness (ESR of 180%~220%)

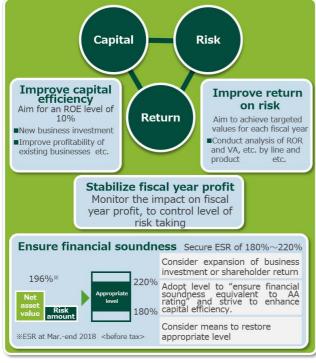
Become a worldleading insurance and financial services group

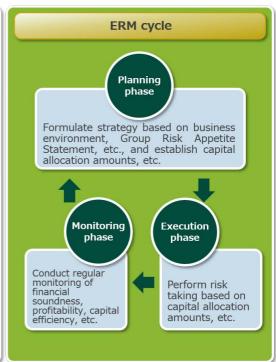
We will create systems that can rapidly respond to such changes by taking into account the changes in social structures such as acceleration of digitization, the advent of next-generation mobility society, expression of new risk and efforts for sustainability issues.

Create resilient systems that can swiftly respond to changes in environment

ERM Cycle

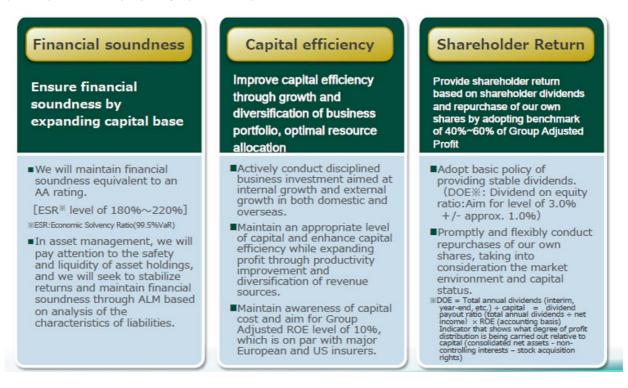
Based on the ERM cycle, we aim to ensure soundness, improve return on risk and capital efficiency.





Capital Management Policy

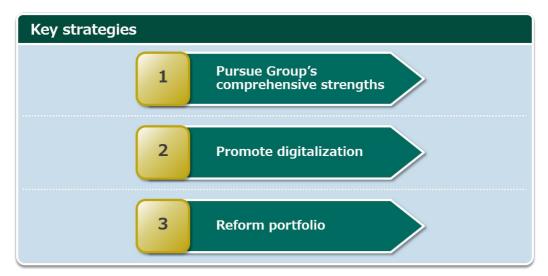
On the assumption of ensuring financial soundness, we will realize an improvement in shareholder value through investment aimed at sustainable growth and a continued, stable shareholder return. We will increase corporate value by raising profitability while maintaining an appropriate capital level and by improving capital efficiency.



Vision 2021 Basic Strategy

Vision 2021 Basic strategy

- ■By employing the Group's resources to the maximum, we will realize sustainable growth and enhance corporate value.
- ■We will pursue the Group's comprehensive strengths, one of which is diversity, and meet the expectations of customers and other stakeholders.
- ■We will respond flexibly to changes in the environment and further improve quality and productivity.



(Key Strategy 1) Pursue Group's comprehensive strengths

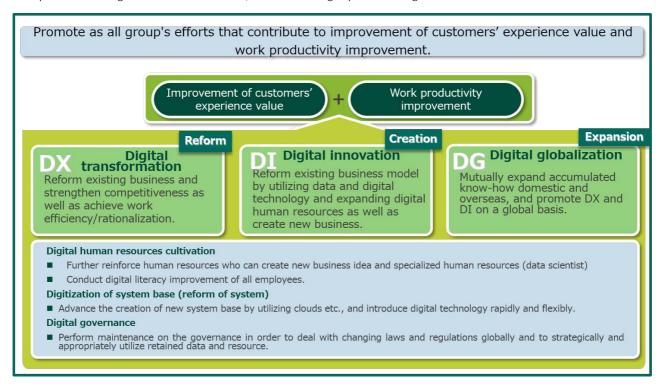
- Make maximum use of Group's strengths (diversity, capital, human assets, customer base, etc.)
- Review division of roles by each Group company and strengthen cooperation
- Promote standardization and sharing (standardization of products and operating procedures, joint claims services system, health and medical products and services, etc.)





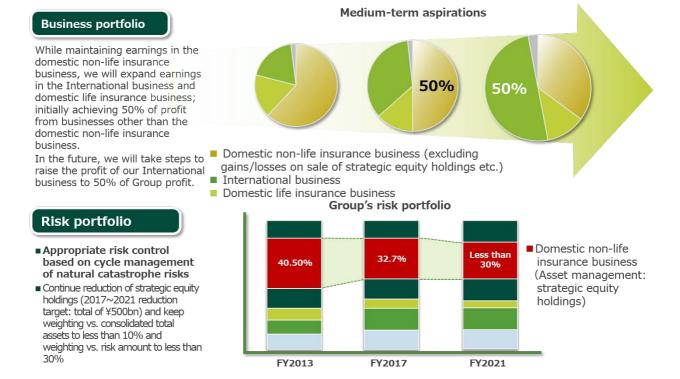
[Key Strategy 2] Promote digitalization

- ■Promote 3 efforts (DX, DI, DG) for digitalization by entire group employees.
- ■Correspond to the change of business environment, and achieve the group's sustained growth.



[Key Strategy 3] Reform Portfolio

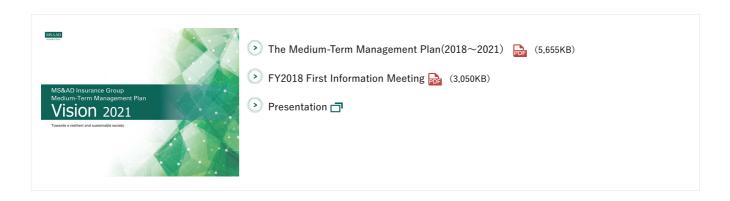
We will reform the Group's business portfolio and risk portfolio, etc., to create a stable earnings base.



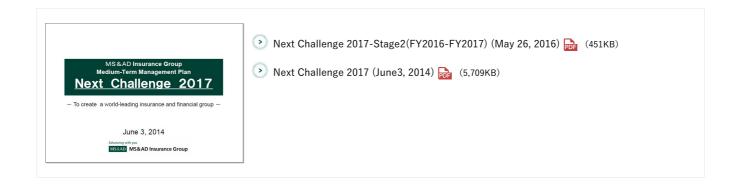
Group Numerical Management Targets (Quantitative Targets)

Numerical Targets		FY2019		FY2021 Target
Group Adjusted Profit ^{* 1} (Excluded gains/bases on sale of strategic equity holdings)		¥ 2 3 3 b n (¥182bn)		¥ 3 0 0 b n (¥273bn)
Domestic non-life insurance business (Excluded gains/losses on sale of strategic equity holdings)		¥ 1 2 0 b n (¥98bn)		¥ 1 7 7 b n (¥142bn)
Domestic life insurance business		¥ 3 0 b n		¥ 4 1 b n
International business		¥ 4 9 b n		¥ 7 5 b n
Financial services business Risk-related services business	•	¥ 5 b n	•	¥ 7 b n
Group Adjusted ROE*2		8.0%		10.0%
Net premiums written		¥3,574bn		¥3,580bn
Life insurance premiums (Gross premiums written)		¥1,393bn		¥1,000bn
MSA Life EEV		¥ 8 9 0 b n		¥ 9 6 2 b n
ESR (Economic Solvency Ratio)		186%		180%~220%

%1 Group Adjusted Profit = Consolidated net income + provision for catastrophe loss reserve and others - other incidental factors
 (amortization of goodwill and other intangible fixed assets, etc.) + equity in earnings of the non-consolidated group companies
 %2 Group Adjusted ROE = Group Adjusted Profit ÷ average of beginning and ending amounts on BS of adjusted net assets (consolidated net assets + balance of catastrophe reserves, etc. - balance of goodwill and other intangible fixed assets)



Previous Medium-Term Management Plan (FY2014-FY2017)



FINANCIAL TIMES (October 9, 2018)

- Visions of a Sustainable Future
- ▶ PDF 🔐 (1,180KB)



HOME / Sustainability / Third-Party Assurance

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 for this fiscal year is indicated with \checkmark .



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, 2020 to March 31, 2021 included in its MS&AD Sustainability Report 2021 (the "Report") for the fiscal year ended March 31, 2021.

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 Mitsui Sumitomo Insurance Chiba Newtown Center 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.

Tokyo, Japan

December 6, 2021

Scope and Method of Calculating Environmental Data

Item		culating amounts of energy used, amounts of	CO ₂ emission factor
		e, and passenger-kilometers traveled	
Amount of	Japan	Emission factor by	
electric power, gas, cold and hot water, heavy oil, and kerosene used	Overseas	Actual measured energy usage Actual measured energy usage or calculated from energy purchase costs and unit price by country as published by JETRO (*1).	energy source based on the Act on Promotion of Global Warming Countermeasures
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.	as published by Japan's Ministry of the Environment and emission factor by electric power utility.
	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.	For overseas electric power, emission factor by country published by IEA (*2).
Total amount of waste	Japan	The percentage of the actual measured amount of general waste disposed from Company-owned buildings is 78.8%. 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 81.0%. 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	Japan	Calculated from domestic and international air travel	
travel (by plane)	Overseas	expenses estimated from domestic and international business travel expenses (assuming that 10% or 20% of	

domestic business travel expenses and 50% of
international business travel expenses are air travel
expenses), emissions unit values per amount of
transportation costs incurred as published by Japan's
Ministry of the Environment, and emissions unit value
per thousand passenger-kilometers traveled by type of
transportation.

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
Purchased	Major	○Cost of paper materials	The Ministry of the Environment's
Goods and	Domestic	Cost $ imes$ emission source unit	database*3 [5] Input-output table
Services	consolidated	○Postal charges	base emission source units (paper)
	subsidiaries	Postal charges $ imes$ emission source unit	(post)
Capital goods	Consolidated	Facility investment amount x emission	The Ministry of the Environment's
		source unit per price of capital goods	database*3 [6] emission source units
			per price of capital goods
			(financial/insurance)
Fuel- and	Consolidated	Usage amount of fuel and energy	①The Ministry of the Environment's
energy-		Usage amount x emission source unit	database*3
related			[7] emission source units per usage of
activities (not			electricity and heat
included in			②IDEA DB *4
scope 1 or scope 2)			emission source units per amount of fuel
Waste	Consolidated	Amount of recycled industrial waste,	The Ministry of the Environment's
generated in	Conconduca	incineration processing, and direct landfill	database*3 [8] emission source units
operation		processing x waster type/emission	by waste type / processing method
		source unit by processing method	(including waste transportation), [9]
		, i	emission source units by waste type
			(including waste transportation)
Business	Consolidated	○Cost of air flight	The Ministry of the Environment's
travel (by		Cost of air flight×Emission source unit	database*3 [11] Emission source unit
airplane)		per transportation expenses	per transportation expenses
Lease	Consolidated	○Electricity and gas used in the lease	Emission factor by energy source
property		property	based on the Act on Promotion of
			Global Warming Countermeasures
		 energy and gas consumption amount 	as
		× Emission source unit per	published by Japan's Ministry of the
		consumption amount for electricity and	Environment
		gas	

^{*3 :} The Ministry of the Environment's emission source unit database (ver. 3.1) for calculating greenhouse gas emissions through the supply chain (March 2021)

^{*4 :} IDEA Database (for calculating greenhouse gas emissions through the supply chain) ver.2.3 (27, Dec, 2019)

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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 2020 (April 2020 through March 2021) * Also includes some activities in and after April 2021. 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.) · 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"

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Timing of Publication

This issue
November 2021
Previous issue
November 2020
Next issue
Scheduled for October 2022

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 (in Japanese only) 🗂

Contact

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