

MS & AD

INTEGRATED REPORT 2024



On the Issuance of the MS&AD Integrated Report 2024

Thank you for reading the MS&AD Integrated Report 2024.

In the last fiscal year, various problems occurred because of business practices in the non-life insurance industry, including price-fixing and fraudulent insurance claims by agents. In response to these problems, the MS&AD Insurance Group has returned to our “Mission,” “Vision,” and “Values” (“MVV”) and we are working to transform into companies committed to serving the “best interests of our customers.”

In the MS&AD Integrated Report 2024, we have emphasized the declarations of intent for medium- and long-term growth by Shinichiro Funabiki, the newly appointed CEO, and each CxO. We have also introduced employees who are working on “major reforms of business style transformation,” with the aim of enhancing our inherent value as an insurance company and becoming the insurance company of choice for customers.

We hope that this integrated report will help readers understand the Group’s commitment to sustainable growth and the enhancement of corporate value along with social progress.

Editorial Policy

The MS&AD Group publishes an Integrated Report to provide customers, shareholders, investors, and all other stakeholders with an understanding of our initiatives aimed at solving social issues and increasing corporate value throughout our business. In the 2024 edition, we have focused on the following two points.

(1) Dynamic communication of the direction of management

Through this Integrated Report, we aim to clearly communicate our management direction. We have focused on portraying the Group’s growth story beyond the time frame of the Medium-Term Management Plan, particularly in the message from CEO Shinichiro Funabiki and other CxO messages.

(2) Strengthening “Findability,” “Connectivity,” and “Reality”

While maintaining the comprehensiveness of the report with an awareness of statutory and regulatory disclosures, we have structured this report in a way that maintains its readability and accessibility, and making it easy for readers to find the necessary information. We are also conscious of the connection between the organization of information to convey “Connectivity (consistency of financial and nonfinancial information)” and strategies and measures to ensure they have “Reality (concreteness).”

To prepare this report, we refer to the “International Integrated Reporting Framework” recommended by the IFRS Foundation and the “Guidance for Collaborative Value Creation” provided by the Ministry of Economy, Trade and Industry, and explain our Group’s business model-based story of value creation and our creation of shared value with society (CSV initiatives) in an easy-to-understand manner.

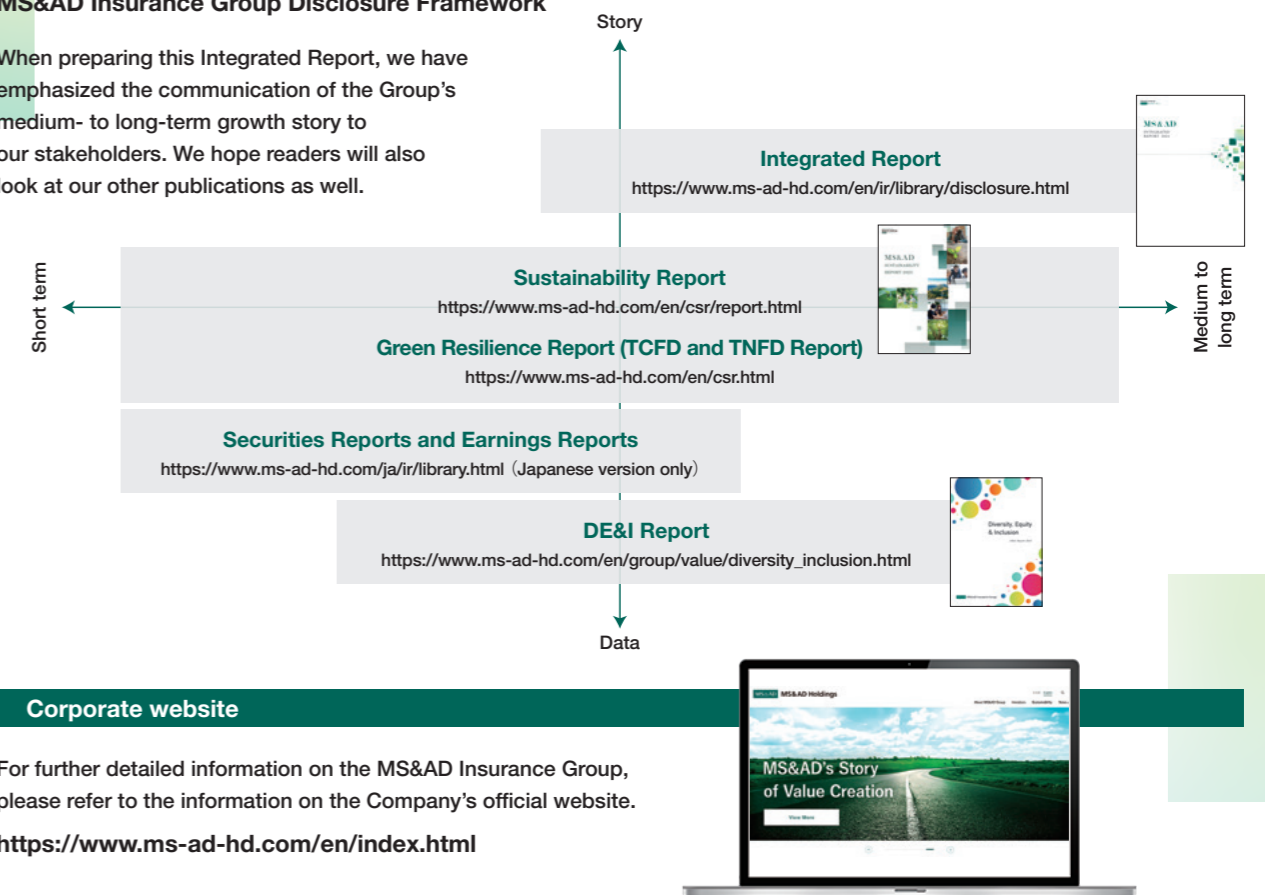
Explanation of cover

With the color “white” symbolizing a new start, the cover shows our determination to reform ourselves into a “company that pursues the best interests of customers.”



MS&AD Insurance Group Disclosure Framework

When preparing this Integrated Report, we have emphasized the communication of the Group’s medium- to long-term growth story to our stakeholders. We hope readers will also look at our other publications as well.



About MS&AD

WHO WE ARE

<https://www.ms-ad-hd.com/en/group/about.html>

- ▶ Our Purpose
- ▶ Company Information
- ▶ Our Strengths



WHAT WE DO

<https://www.ms-ad-hd.com/en/group/what.html>

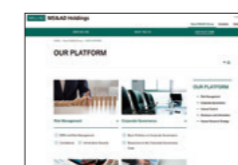
- ▶ Our Businesses
- ▶ Management Plans and Policies
- ▶ MS&AD’s Story of Value Creation



OUR PLATFORM

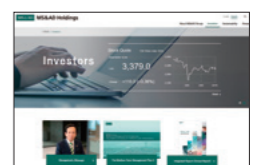
<https://www.ms-ad-hd.com/en/group/value.html>

- ▶ Risk Management
- ▶ Corporate Governance
- ▶ Internal Control
- ▶ Disclosure and Information
- ▶ Human Resource Strategy



Investors

<https://www.ms-ad-hd.com/en/ir.html>



Sustainability

<https://www.ms-ad-hd.com/en/csr.html>



Corporate Video

<https://www.ms-ad-hd.com/en/ir.html>



MS&AD’s aspirations (video)

<https://www.ms-ad-hd.com/ja/ir/library/disclosure.html>



Contents

When structuring this Integrated Report, we have referred to the “four pillars (governance, strategy, risk management, and metrics and targets)” of disclosure items recommended in the TCFD, IFRS Sustainability Disclosure Standards, etc.

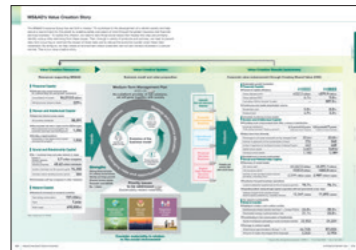
Introduction

Basic approach of the MS&AD Insurance Group

- 001 Editorial Policy
- 002 Disclosure Framework
- 003 Contents
- 005 Our Mission



- 007 At a Glance
- 009 MS&AD's Value Creation Story



- 011 Business Model and Capital Utilization
- 013 Value Co-Creation with Stakeholders



- 015 Materiality Analysis

Governance

Management and governance to enhance long-term corporate value



019 CEO Message

We will achieve sustainable growth by resolutely implementing major reforms of business style based on the premise of “fair competition”

026 Response to administrative action and efforts to prevent recurrence



027 CFO Message

Seizing the opportunity of a major turning point, we are taking on the challenge of a capital management policy to achieve dramatic growth

031 Enhancing Capital Efficiency and Achieving Sustainable Profit Growth



033 CSuO Message

Using the challenge of solving social issues to provide insurance value



035 Roundtable Discussion with Outside Directors

Evolution of Group governance and efforts to practice sustainability management

039 Content of Discussions of Meetings of the Board of Directors

- 040 Group Governance
- 041 Our Management Team

Strategy and risk management

Strategies to enhance corporate value

- 043 Review of the Medium-Term Management Plan and Aspiration for 2030
- 045 Medium-Term Management Plan (2022–2025)

049 Special Feature

Taking on the challenge of major reforms of business style as a platform provider of risk solutions



- 054 Quality
- 055 DX Strategy
- 057 ERM
- 059 Risk Management
- 061 Information Security Management
- 062 Promotion of Compliance
- 063 Investment (asset management)
- 067 Human Resource Strategy
- 071 Special Feature
- Green Resilience Report (TCFD and TNFD Report)
- 077 Sustainability

Metrics and targets (performance)

Status of strategy implementation

- 079 Progress of the Medium-Term Management Plan (2022–2025)
- 081 Financial and Nonfinancial Highlights
- 083 11-Year Performance
- 085 Reports by Segment
- Domestic Non-Life Insurance Business
- Domestic Life Insurance Business
- International Business
- Financial Services Business
- Digital/Risk-Related Services Business

Data section

Governance initiatives and Group status report

- 095 Corporate Governance System and Initiatives
- 103 Engagement with Shareholders and Investors
- 105 Corporate Profile
- 116 Basic Knowledge about the Insurance Industry
- Glossary of Insurance Terminology
- 122 Performance Record
- 190 ESG Evaluation/Participation in Initiatives
- 191 Third-Party Assurance
- 192 On the Issuance of the MS&AD Integrated Report 2024



Our Mission

Our Mission

The Group's Raison d'être

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

The Group's aspirations for the medium term

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

Our Values

The credo for all employees aimed at realizing the Group's mission

CUSTOMER FOCUS

Striving to provide security and satisfaction to our customers

INTEGRITY

Being sincere, kind, and fair in our dealings with people

TEAMWORK

Growing together as a team by respecting one another's individuality and opinions and sharing knowledge and ideas

INNOVATION

Always improving the way we work while responding to stakeholders' interests

PROFESSIONALISM

Providing high-quality services by constantly enhancing our skills and proficiency

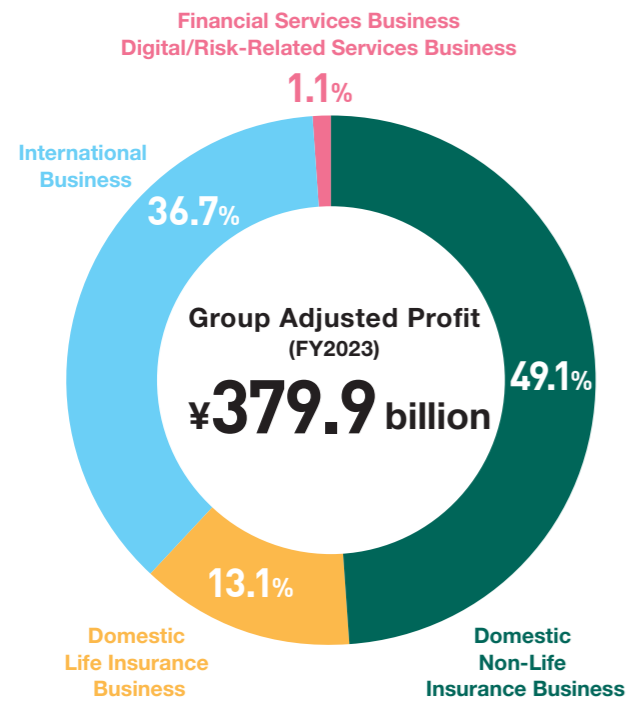
Contribute to the development of a vibrant society and help secure a sound future for the planet



At a Glance

The MS&AD Insurance Group is an insurance and financial group with two core companies, Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance. We operate non-life and life insurance businesses in Japan and overseas, offering various products and services to address the diverse risks of our customers. We aim to become a “world-leading insurance and financial services group” by leveraging the strengths of each Group company to meet the needs of our customers.

Five Business Domains Comprising the Group



Domestic Non-Life Insurance Business	MS&AD Mitsui Sumitomo Insurance
	MS&AD Aioi Nissay Dowa Insurance
	MS&AD Mitsui Direct General Insurance
Domestic Life Insurance Business	MS&AD Mitsui Sumitomo Aioi Life Insurance
	MS&AD Mitsui Sumitomo Primary Life Insurance
International Business	MSIG
	MS Reinsurance
	MS FirstCapital
	MS Transverse
Financial Services Business	MS&AD MITSUI SUMITOMO INSURANCE Venture Capital Co., Ltd.
	MS&AD MS&AD VENTURES
	MSI GuaranteedWeather
Digital/Risk-Related Services Business	MS&AD MS&AD InterRisk Research & Consulting, Inc.

Numeric data representing the current status of the Group*

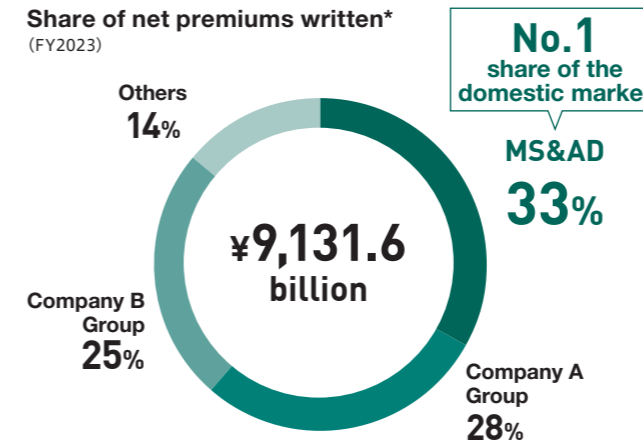
*Data as of the end of FY2023, except where noted

Financial base	Consolidated total assets	¥26,960.2 billion	Market capitalization	¥5,749.3 billion (as of June 30, 2024)
				*Source: Bloomberg
Profitability	Consolidated net premiums written	¥4,261.7 billion	Rate of growth in earnings per share (EPS)*	17%
				*Average growth rate from FY2013 to FY2023
Soundness	Group Adjusted Profit	¥379.9 billion	Group Adjusted ROE	9.0%
	ESR (Economic Solvency Ratio)*	229%	Consolidated solvency margin ratio	771.8%
Rating information*			Standard & Poor's	A+
			Moody's	A1
Rating and Investment Information, Inc. (R&I)				AA
				*Credit ratings for domestic insurance companies
Growth foundation	Consolidated number of employees	38,391 persons	Ratio of global employees	24.9%
ESG evaluation			MSCI ESG Rating	AA
			CDP	A-
			Selected for inclusion in the Dow Jones Sustainability Asia Pacific Index	

Position in domestic business and overseas expansion

Domestic Non-Life Insurance Business

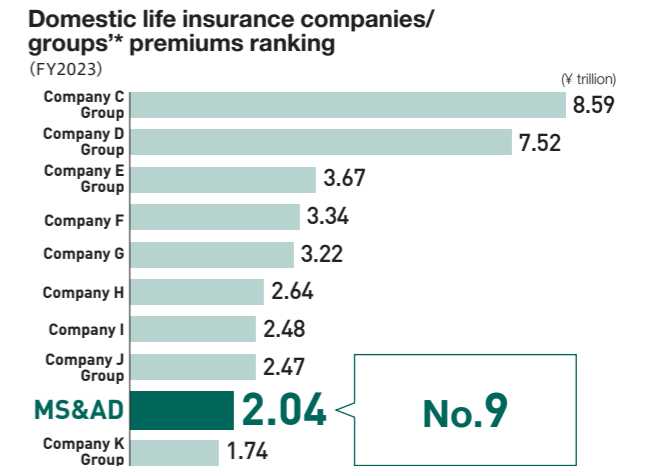
The non-life insurance group most chosen by customers in Japan



Source: Prepared by MS&AD based on publicly announced information from each insurance company and data from the General Insurance Association of Japan
*The figures for MS&AD are the simple sum of the non-consolidated figures for Mitsui Sumitomo Insurance, Aioi Nissay Dowa Insurance, and Mitsui Direct General Insurance.

Domestic Life Insurance Business

No. 9 in premiums income among domestic life insurance companies/groups

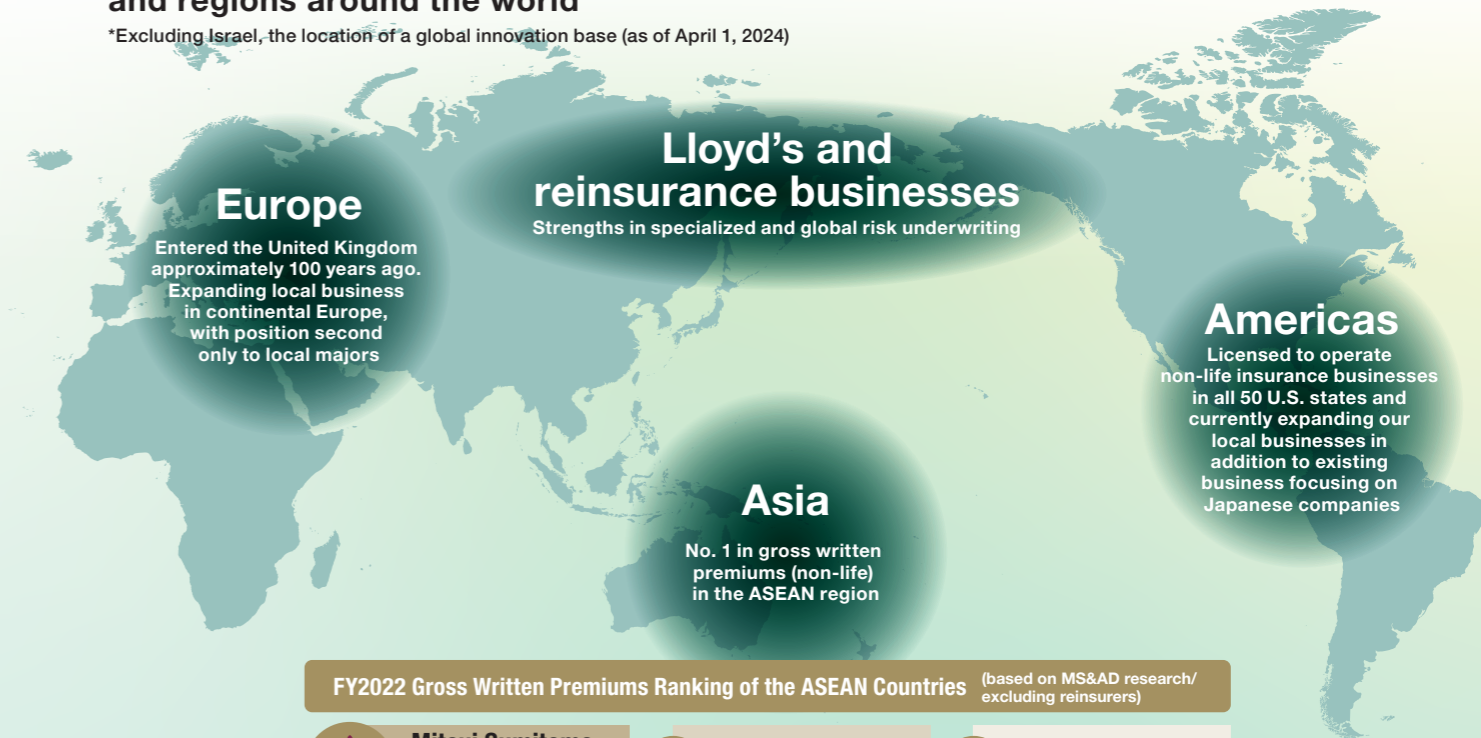


Source: Prepared by MS&AD based on publicly announced information from each insurance company

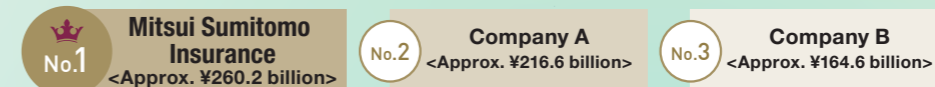
International Business

Overseas network in 48 countries* and regions around the world

*Excluding Israel, the location of a global innovation base (as of April 1, 2024)



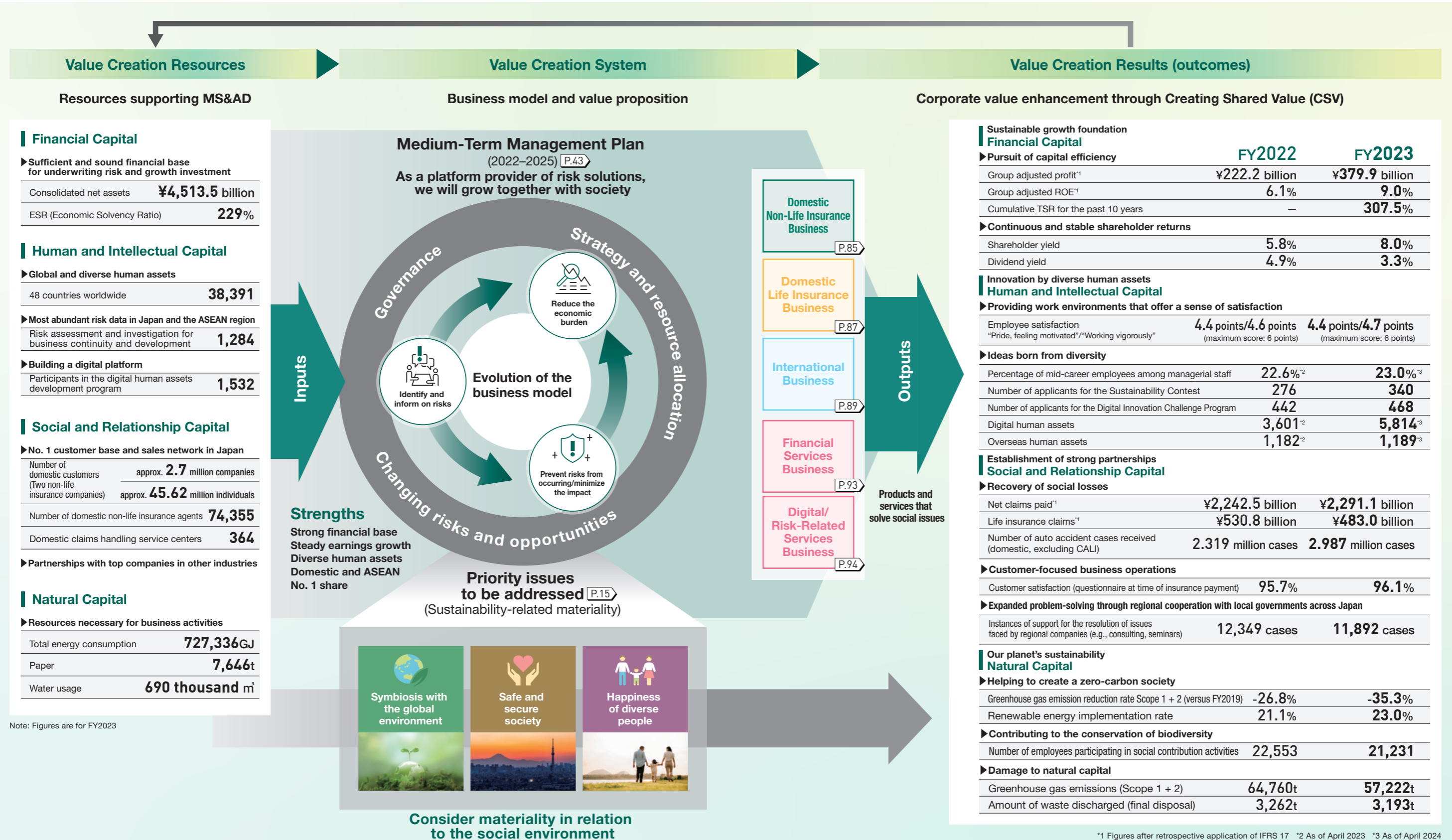
FY2022 Gross Written Premiums Ranking of the ASEAN Countries (based on MS&AD research/excluding reinsurers)



Figures in <> are GWP totals for the following countries: Singapore, Malaysia, Thailand, Indonesia, Philippines, and Vietnam

MS&AD's Value Creation Story

The MS&AD Insurance Group has set forth a 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". To realize this mission, we need to face those social issues that impede this idea and promptly identify various risks stemming from these issues. Then, through a variety of products and services, we need to prevent risks from occurring or minimize the impact of those risks and to reduce the economic burden when those risks materialize. By doing so, we help create an environment where customers can live and conduct business in a secure manner. That is our value creation story.



Note: Figures are for FY2023

¹ Figures after retrospective application of IFRS 17 ² As of April 2023 ³ As of April 2024

Business Model and Capital Utilization

The business model of the MS&AD Insurance Group is to provide solutions to social issues. We will further evolve from a conventional insurance business compensating for economic losses to become a “platform provider of risk solutions.” We will combine the Group’s diverse knowledge, experience, and technologies with advanced technologies such as AI, telematics, and digital data to help discover and prevent risks in advance, prepare to reduce damage, and recover quickly. In this way, we will provide safety and security to our customers, while at the same time contributing to the growth of the Group.

[Activities as a platform provider of risk solutions]

Business model of the MS&AD Insurance Group

Identify and inform on risks

The issues that society faces are becoming increasingly complex and diverse, such as global warming, the biodiversity crisis, the declining birth rate and aging population, and cyberattacks. In such a society, the Group’s professionals, who possess specialized knowledge and expertise, use a wealth of accumulated data and the latest analytical technology to quickly visualize previously undetected risks and support the “preparedness” of our customers.

Reduce the economic burden

We provide economic compensation after an accident, disaster, illness, or other incident occurs. Compensation not only supports the restoration of people’s livelihoods and business activity but also provides emotional support. While leveraging the strengths of each Group company, we provide products and services suited to increasingly diversified risks based on customer feedback and thus meet all the needs of our customers.

Prevent risks from occurring / minimize the impact

In addition to risk prevention and avoidance measures, we provide services to support customers’ recovery from the onset of risk. For example, we reduce the risk of accidents by analyzing vehicle driving characteristics and providing safe driving scores and advice. In the event of an accident, we also provide services to facilitate quick and accurate assessments of the situation. In addition, as a new form of value in the life insurance field, we provide services to prevent illnesses from becoming serious or their recurrence, as well as early detection and early treatment, and we are focusing on security and safety after incidents.

Advance prevention

Full compensation

Minimization of damage and rapid recovery

Major capital utilized

Human and Intellectual Capital

MS&AD InterRisk Research & Consulting

We conduct advanced research on risk management and provide various risk solutions, including using AI to evaluate and visualize the risk of traffic accidents and analyzing the risk of flooding due to climate change.

Data scientists and other digital human resources

The Group has digital human resources consisting of approximately 5,800 persons, of which 65* are skilled data scientists.

*As of April 1, 2024

Financial Capital

Sufficient financial base for underwriting risk

Our strong financial base enables us to take on a wide variety of risks. It also increases our ability to withstand economic fluctuations, unexpected large-scale disasters, etc., thereby ensuring long-term business stability.

Human and Intellectual Capital

Development of new insurance products

We are developing and offering new insurance products adapted to the digital age, such as safe driving assistance using telematics technology and variable annuity insurance that allows all procedures to be completed via a smartphone.

Human and Intellectual Capital

Provision of healthcare services

In the life insurance field, we offer “MSA Care,” a range of various healthcare services, including early detection of illness to prevent illnesses from becoming serious or their recurrence.

Social and Relationship Capital

Domestic claims handling service centers

We have a network of 364 claims handling service centers in Japan, and we work to minimize the impact of accidents when they occur.

Results of value co-creation with stakeholders and CSV initiatives

Customers
Provision of safety and peace of mind

Shareholders
Long-term improvement in corporate value

Agents
Mutual growth as a partner

Business Partners
Value creation throughout the supply chain

Employees
Human assets as a source of competitiveness

Local Communities/International Society
Cooperation and collaboration for solving issues

Environment
Improvement of our planet’s sustainability

Flood Risk Finder

MS&AD InterRisk Research & Consulting

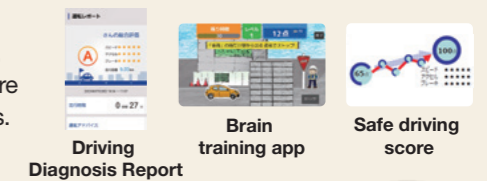
The increased frequency and severity of flooding in recent years has resulted in growing demand among companies to ascertain the impact of flood risk with an eye to the future. Our “Flood Risk Finder,” which we developed through industry-academia collaboration, enables quantitative impact assessments across the globe and assists in quantifying the physical risks of climate change.



Telematics auto insurance

Aioi Nissay Dowa Insurance

In addition to compensation in the event of an accident, “telematics auto insurance” provides services that help prevent accidents from occurring, such as premium rates according to safe driving scores and safe driving advice, based on driving data obtained using communication technology. It also contributes to the promotion of eco-driving by providing information on CO₂ emission reductions attributable to safe driving. As of June 2024, we had contracts for more than 1.85 million vehicles.



Specialist insurance for frozen ova

Mitsui Sumitomo Insurance

Demand for infertility treatment is increasing as more women are entering the workforce and marrying later in life. In this context, egg freezing is an effective option, but there is low awareness of it, the fees are high, and there is no compensation when frozen ova perish. Therefore, to ensure that more women have options and can use such services with peace of mind, we have developed an insurance policy specifically for frozen ova. This insurance compensates for accidental damage, thus contributing to the promotion of egg banks, the promotion of women’s participation in society, and the solution to the problem of declining birth rates.



In co-creation with diverse stakeholders, the MS&AD Group will drive sustainable growth and corporate value enhancement by addressing a wide range of social issues while promoting environmental and social sustainability.



Customers Quality improvement and provision of products and services utilizing customer feedback

All employees implement the "Customer Focus" attitude expressed in the code of conduct (Our Values), listen to customer feedback broadly, and provide high-quality products and services to solve social issues and achieve the "security and satisfaction of our customers."

Communication channel

- Customer surveys
- Annual report on the status of "Customer-Focused Management Policy" initiatives
- Contact center
- Official website
- Communication with agents and employees (e.g., inquiries, consultations, requests, complaints)
- Disaster prevention and reduction information is made available to the public, and alerts are notified via an app.

Examples of initiatives

We release social media posts related to the number of damaged buildings and disasters on cmap, a real-time damage forecasting website. We also made a hail and torrential rain alert service available via the app from 2024.



Business Partners Value creation across the entire supply chain

We, together with our supply chain, meet the expectations of society with stronger compliance, respect for human rights, and consideration of the environment.

Communication channel

- Communication with outside vendors
- Periodic inspections of outside vendors
- Human rights risk management support, etc.

Examples of initiatives

We provided information on the MS&AD Insurance Group Basic Human Rights Policy to all vendors and encouraged them to prevent or mitigate any negative impact on human rights in their business activities. In addition, a common Group relief counter was established to redress human rights violations by employees of vendors.



Employees Improvement of employees' satisfaction and motivation, which are a driver of the MS&AD Group's growth

We create a working environment where employees can work with a sense of feeling motivated and job satisfaction and provide opportunities for everyone to play an active role. We foster a corporate culture that respects a diverse sense of values, thereby generating innovation.

Communication channel

- Conducting an employee awareness survey
- Speak-up system for whistleblowing and consulting on breaches of laws, company rules, and inappropriate behavior
- Based on improvement proposals, each head office department submits the results of feedback to the departments

Examples of initiatives

We conducted awareness surveys of employees in Japan and overseas and implemented training for national staff to further disseminate and implement MS&AD's mission, vision, and values.



Shareholders Our Group's sustainable growth and medium- to long-term improvement in shareholder value

We make highly transparent information disclosure, actively engage in constructive dialogue with shareholders, and reflect outcomes of these activities in managing our Group, thereby striving to create more value and improve corporate value.

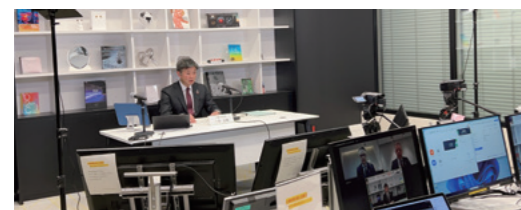
Communication channel

FY2023 dialogue results

- Strategy briefings for institutional investors and analysts: 2 sessions
- Results briefing conference calls: 4 sessions
- ESG briefings: 1 session
- Thematic meetings: 1 session
- Briefings for individual investors: 4 sessions
- Japanese and overseas analyst/investor interviews: 223 sessions

Examples of initiatives

Held theme meetings for institutional investors and analysts in December 2023. Provided an opportunity for an exchange of views with the CEOs of two subsidiaries concerning the performance and strategy of the Lloyd's and reinsurance businesses, etc.



Agents Mutual growth as business partners

By communicating smoothly, and thinking and acting together with our agents, we will provide high-quality services and optimal insurance products to customers and mutually pursue the growth of agents and our Group.

Communication channel

- Agent meetings
- Agent study sessions
- Provision of "CO₂ emission calculation service" for motor channel agents

Examples of initiatives

We enhanced the "MS1 Brain," an AI-powered agent sales support system, and combined agent knowledge and AI-based data analysis to provide optimal proposals that meet the needs of each individual customer, including pre- and post-compensation solutions.



Local Communities/International Society Solving social issues through collaboration with diverse partners

We work together with diverse partners such as cooperating with domestic and overseas industrial organizations and local governments and collaborating among industries, academia, and government, thereby protecting the Earth's environment and social sustainability and contributing to developing a vibrant society.

Communication channel

- Collaboration agreements with local governments
- Collaborative research with universities and other organizations on disaster prevention and mitigation and the local environment
- Dialogue with NPOs and NGOs
- Communication/exchanges with local communities
- Holding of seminars/symposiums

Examples of initiatives

In collaboration with universities, local NPOs, and municipal governments, the MS&AD Green Earth Project has launched initiatives for disaster prevention and reduction, decarbonization, and regional co-creation through conservation and restoration of the natural environment in the Kuma River basin (Kumamoto Prefecture), Minamisanriku Town (Miyagi Prefecture), and the Inba marshlands (Chiba Prefecture).



Environment Improving the sustainability of the Earth

To live in harmony with the global environment, we consider sustainability in all of our business activities and are working to address climate change and improve the sustainability of natural capital.

Communication channel

- Dialogue with experts and NPOs/NGOs
- Collaborative research with universities on climate change and natural capital
- Participation in initiatives and international conferences
- Employee participation in environmental and social contribution activities
- Holding of seminars/symposiums

Examples of initiatives

We held a launch event attended by the Taskforce on Nature-related Financial Disclosures' (TNFD) Co-Chair David Craig, Executive Director Tony Goldner, and other key TNFD members as convener of the TNFD Japan Council, following the release of the TNFD Disclosure Framework in September 2023.



Materiality Analysis

Step 1

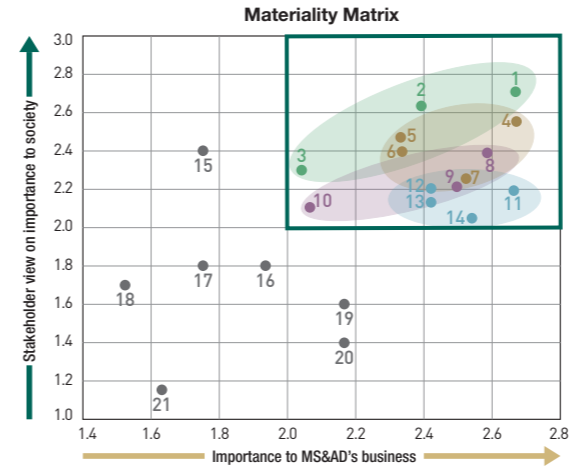
Twenty-one social issues to be resolved were selected from among the social issues listed in national and international government reports, ISO 26000, GRI Standard, SASB, and other guidelines

1 Acceleration of global warming	8 Aging population and declining birthrate	15 Price instability
2 Damage to natural capital (ecosystem degradation and crisis)	9 Human rights violations and exclusion of diversity	16 Hunger and food crises
3 Environmental pollution and noncircular economy	10 Increasing poverty and inequality	17 Debt crises
4 Emergence of new risks	11 Customer responsibility	18 Frequent and spreading regional conflicts and terrorism
5 Spread of infections	12 Compliance	19 Disillusionment among young people
6 Large-scale earthquakes	13 Corporate governance	20 Commodity shock
7 Decline of local industry	14 Human resources	21 Immigration problems

Step 2

Evaluate the selected social issues using the materiality matrix

The materiality matrix is analyzed from two perspectives: the impact of us on society (importance to stakeholders) and the impact of society on us (importance to us).



Step 3

Identify social issues (materiality) of high importance to stakeholders and the Company, and establish three priority sustainability issues from among these issues

Symbiosis with the global environment
Planetary Health

Safe and secure society
Resilience

Happiness of diverse people
Well-being

Foundation to support our basic strategy

Quality
P.54

Human Resources
P.67

ERM
P.57


[Three Key Sustainability Issues]

Social issues	Risks and opportunities	Time axis			Examples of major measures and initiatives	Response to risks ★ Response to opportunities	KPI	FY2023 Results	
		Short	Medium	Long					
1 Acceleration of global warming 2 Damage to natural capital (ecosystem degradation and crisis) 3 Environmental pollution and noncircular economy	Risk	Reduction of earnings due to the inability to achieve a rapid transition to a net zero society	●	●	◎ ★ Promotion of information disclosure and strategy in line with the TCFD recommendations ◎ Implementation of business activities with sustainability in mind ◎ Introduction of renewable energy ◎ Diversification of the business portfolio ◎ Possession control of natural disasters in the United States	◎ ★ Provision of products and services to support companies in decarbonization and disclosing climate-related information ● Provision of greenhouse gas emission calculation and visualization services ★ Provision of products and services for natural disaster preparedness ● Weather derivatives ● Related services to assess the impact of climate change	Greenhouse gas emission reduction rate Scope 1 + 2 (versus FY2019) Greenhouse gas emission reduction rate Scope 3 (versus FY2019)	[2030] -50% [2050] Net zero [2030] -50%* [2050] Net zero	
	Opportunity	Provision of products and services that contribute to reducing greenhouse gas emissions	●	●					
	Opportunity	Provision of products and services that support corporate decarbonization and climate-related information disclosure	●	●					
	Risk	Deterioration of earnings due to business partners' stagnation of economic activities caused by the depletion of natural resources			●	◎ Promotion of initiatives on the themes of preservation of the natural environment and reduction of environmental impact (also corresponding to ①) ● MS&AD Green Earth Project ◎ Efforts for preservation of biodiversity in Asia and Japan ◎ ★ Efforts to develop and disseminate the TNFD disclosure framework	★ Provision of products and services that support natural capital, preservation of biodiversity, and sustainable use ★ Provision of products and services that contribute to the circular economy ★ Launching of a financial alliance to promote nature positivity	Renewable energy consumption rate Premium growth rate for products that contribute to the decarbonization of society and a circular economy	[2030] 60% [2050] 100% FY2025 Annual average 18%
	Opportunity	Increased need for risk assessment of natural capital and preservation of biodiversity and its sustainable use	●	●					
	Opportunity	Business opportunities to address the decline in earnings due to an inability to capture the transition to a circular economy		●					
4 Emergence of new risks 5 Spread of infections 6 Large-scale earthquakes 7 Decline of local industry	Risk	Impact of an increase in large-scale cyberattacks on the Group	●	●	◎ Building an information security management system	★ Provision of products and services for new risks manifested by changes in society ● Products and services that address cyber risks ● Voluntary automobile insurance and accident reduction services using telematics technology	Growth rate of the number of subscriptions for products that contribute to improving social resilience	FY2025 Annual average 20%	
	Opportunity	Emergence of new risks due to the spread of IoT and in the post-digital era	●	●					
	Risk	Creation of new markets due to the emergence of new risks such as cyberattacks	●	●		◎ Ensuring effectiveness through periodic review of risk management manuals and business continuity plans (also corresponding to ⑤)	★ Infectious disease control and provision of products and services to healthcare providers	P.80	
	Opportunity	Building of new business models through Creating Shared Value and digital transformation (CSV×DX) and social digitalization	●	●					
	Risk	Impact of a new pandemic on operations	●	●	●	◎ Ensuring effectiveness through periodic review of risk management manuals and business continuity plans (also corresponding to ⑤)	★ Provision of products and services to prepare for massive earthquakes ★ Provision of services that meet the needs of companies for BCP measures	P.80	
	Opportunity	Business opportunities related to infectious disease control and healthcare providers	●	●					
Risk	Increase in disaster risks due to the increased probability of huge earthquakes, particularly those concentrated in urban areas	●	●	●	◎ Ensuring effectiveness through periodic review of risk management manuals and business continuity plans (also corresponding to ⑤)	★ Provision of products and services to prepare for massive earthquakes ★ Provision of services that meet the needs of companies for BCP measures	P.80		
Opportunity	Increased need for earthquake countermeasures	●	●						
Risk	Declining regional vitality due to depopulation, lack of access to mobility and financial services, and aging social infrastructure	●	●		★ Provision of insurance and services in response to local revitalization and regional issues (also corresponding to ③) ● Seminars to help local companies solve problems	Instances of support for the resolution of issues faced by regional companies	FY2025 10,000 cases		
Opportunity	Increased demand for regional and customer resilience, including expansion of regional economic cycles and support for next-generation mobility services such as CASE and MaaS	●	●						

* Scope 3 target categories 1, 3, 5, 6, 7, and 13 Indirect emissions from the Group's business activities other than Scope 2. Category 1 is purchased products and services (covered: paper and mailing), Category 3 is fuel- and energy-related activities other than Scope 1 and 2, Category 5 is waste generated in operations, Category 6 is business travel, Category 7 is employee commuting, and Category 13 is downstream leased assets.

We have set an interim GHG emission reduction rate target of 37% by FY2030 compared with FY2019 for our major domestic clients (approximately 3,300 companies), selected based on premiums, in relation to our underwriters and investees (financed emissions).




[Three Key Sustainability Issues]

Social issues	Risks and opportunities	Time axis			Examples of major measures and initiatives	Response to risks ★ Response to opportunities	KPI	FY2023 Results
		Short	Medium	Long				
 <p>Happiness of diverse people Well-being</p>	<p>8 Aging population and declining birthrate</p>	Risk	Decrease in earnings caused by a decline in the total population (labor force) and medium- to long-term contraction of the domestic market due to the ongoing depopulation of local areas	●	●	<p>◎ Prediction of risk development due to market changes through monitoring</p>	<p>Number of policies in force for asset-building products to support longevity</p>	<p>FY2025 100,000 cases</p>
		Risk	Crisis of sustainability in social security systems and financial systems	●	●			
		Risk	Loss of earnings due to inability to address needs in an aging society	●	●			
	Opportunity	Increased interest in local revitalization initiatives that can revive local economies and solve labor shortages	●	●	<p>★ Provision of products and services in line with the needs of an aging society</p> <ul style="list-style-type: none"> ● Products for pensions, nursing care, dementia, etc. ● Financial gerontology training <p>★ Provision of products and services that help solve health-related social issues</p> <ul style="list-style-type: none"> ● Health management support insurance and services ● Breast, uterine, and colorectal cancer seminars 	<p>Number of policies in force for products that help solve health-related social issues</p>	<p>FY2025 2.6 million cases</p>	
	Opportunity	Increased need for security systems in cooperation with local governments	●	●				
	Opportunity	Services related to nursing care and dementia, increasing the need for asset formation and asset inheritance measures in the super-aged society	●	●				
<p>9 Human rights violations and exclusion of diversity</p>	Risk	Decrease in reputation due to actual or possible human rights violations	●	●	<p>◎ Provision of human rights training to employees and agents</p> <p>◎ Speak-up system (internal reporting system) and establishment of a consultation service</p> <p>◎ Implementation of business activities with sustainability in mind</p>	<p>Number of companies supporting human rights-related measures</p>	<p>FY2025 1,000 cases</p>	
	Opportunity	Increased awareness of respect for human rights and the increased need for corporate responses	●	●				<p>★ Provision of products and services that contribute to respecting human rights and promoting DE&I</p> <ul style="list-style-type: none"> ● Human rights risk management support consulting services
<p>10 Increasing poverty and inequality</p>	Risk	Widening and entrenchment of the gap between the rich and poor due to the escalation of inter-state conflicts, etc., and destabilization of the economic environment from an increase in refugees	●	●	<p>◎★ Activities and active disclosure of information related to social contribution and collaborative value</p>			
	Opportunity	Grasping of new markets through financial inclusion	●	●				<p>★ Provision of microinsurance</p>

[Impact of CSV Initiatives]

We promote our CSV initiatives based on risks and opportunities in accordance with the three priority issues we have set, thus creating a positive impact in terms of both increasing corporate value and solving social issues. Through the Group's products and services, we will solve social issues and support a resilient and sustainable society.

Note: Figures are estimates for FY2023

 <p>Symbiosis with the global environment Planetary Health</p>	 <p>Safe and secure society Resilience</p>	 <p>Happiness of diverse people Well-being</p>
<p>Quantitative assessment service on the climate change impact of the TCFD recommendations</p> <p>13,111 bases</p> <p><small>(Cumulative number of bases to which we provided quantitative assessment services for physical risks from climate change impacts*)</small></p> <p>Work with Jupiter, a climate analysis company, to provide quantitative risk assessments of climate change impacts</p> <p><small>*Cumulative total from FY2020</small></p>	<p>Products to cover cyber risks</p> <p>21,148 companies</p> <p><small>(Number of corporations and organizations protected from cyber risks)</small></p> <p>Support cybersecurity countermeasures and provide coverage to hedge damage resulting from the unlikely event of a cyberattack</p>	<p>Tontine pension plans</p> <p>50,000 cases</p> <p><small>(Number of tontine annuity contracts)</small></p> <p>A foreign currency-denominated individual pension insurance that meets the usage needs of customers who receive a greater amount of pension the longer they live</p>
<p>Real-time damage forecasting website/app cmap</p> <p>4.04 million accesses</p> <p><small>(Number of page views per year on a site that forecasts and publishes the number of buildings affected by typhoons, heavy rains, and earthquakes in real time)</small></p> <p>It is open to the public free of charge as a disaster prevention and reduction measure against natural disasters.</p>	<p>Telematics-based safety driving support services</p> <p>2.39 million cases</p> <p><small>(The number of contracts for insurance policies for Mimamoru Car Insurance and Tsunagaru Car Insurance)</small></p> <p>We offer automobile insurance that utilizes telematics-based safety driving support services.</p>	<p>Support for companies that address human rights issues</p> <p>1,047 cases</p> <p><small>(Number of human rights-related consultations, training, seminars, etc., conducted for companies, etc.)</small></p> <p>We support companies in their efforts to address human rights issues and develop insurance proposals related to corporate welfare and health management.</p>



P.80



Shinichiro Funabiki

Representative Director
President & Group CEO

We will achieve sustainable growth

by resolutely implementing major reforms of business style based on the premise of “fair competition”

On assuming the position of CEO

My name is Shinichiro Funabiki, and I was appointed Representative Director, President & CEO of MS&AD Holdings in June 2024.

The major role expected of me is to achieve sustainable growth and enhance corporate value by utilizing the Group’s financial, human, and intellectual capital to the maximum possible extent, on the basic precondition of fair competition, in response to various problems resulting from business practices in the non-life insurance industry, including premium adjustment and improper insurance claims that have occurred in Japan.

Our market capitalization was ¥5.7 trillion as of the end of July 2024. We aim to achieve a market capitalization of ¥10 trillion and return on equity (ROE) in the mid-10% range as soon as possible, as part of our endeavor to catch up with and surpass competitors in Europe and America.

The insurance industry is now at a major crossroads. In Japan, the traditional market is expected to shrink owing to factors such as a declining population, the falling birth rate, and an aging population, and a decrease in traffic accidents caused by the spread of advanced safety devices. Globally, we must also respond to unprecedented circumstances, including climate change, the increasing severity and frequency of natural disasters, the social impact of the rapid evolution of AI, and threats in cyberspace.

To this end, I will make full use of my own strength, the ability to overcome obstacles, to resolutely implement reforms without being constrained by the conventional framework of the insurance business.

Strengthening the holding company’s functions and improving the independence and objectivity of the Board of Directors

Our highest priority is the development of a system that supports our medium- to long-term growth strategy.

The Group includes five domestic insurance companies, which each have individual characteristics. Since the business integration in 2010, we have continued to grow by utilizing the strengths of each of these companies to the maximum possible extent as the pillar of our management strategy. As a result, in the domestic non-life insurance business,

Return on equity (ROE)

An indicator of how much profit a company makes in relation to the funds invested by shareholders.

we are the top company in Japan in terms of sales, and we have strong business foundations supported by one of the largest customer and agent networks in Japan.

In addition, to complement our domestic non-life insurance business and build a balanced business portfolio, we have expanded the scope of our business in five business domains, including the international business, domestic life insurance business, financial services business, and digital/risk-related services business.

To further pursue the Group's comprehensive strengths, we will strengthen functions related to the management strategy of the Group as a whole, centered on the holding company, and allocate the necessary capital to growth areas in a timely manner.

From the perspective of corporate governance, to strengthen the supervisory function of the holding company's Board of Directors in response to the demands of the times, we intend to improve its independence and objectivity, while also making prompt management decisions and engaging in bold risk-taking through in-depth discussions with Outside Directors.

Execute growth strategies that utilize proceeds from the sale of strategic equity holdings

Strategic equity holdings will serve as the source of funds for the implementation of medium- and long-term growth strategies. As of March 31, 2024, the Group's strategic equity holdings had a fair value of approximately ¥3.6 trillion, and we aim to reduce this amount to "zero" by the end of March 2030. We will allocate the funds obtained from the sale of strategic equity holdings to new business investments, next-generation system/DX-related investments, and asset management.

The main targets for business investment will be the United States, the largest market for non-life insurance, and Asia, where the Group has strengths.

In the Lloyd's and reinsurance businesses, which were the core businesses of Amlin (U.K.), which we acquired in 2016, we have faced various hardships, including an increase in large-scale natural disasters, the spread of COVID-19, and the war in Russia and Ukraine, but we have steadily increased profitability through disciplined underwriting and appropriate risk control, and as a result, this business has become a driver of growth in the international business. While building on these foundations, we aim to diversify sources of profit and distribute risks by expanding our business foundations in the United States and Asia.

In the digital/risk-related services business, we feel there is significant potential that goes beyond the concept of the insurance business, such as the creation of business opportunities through the development and sale of new solutions before and after compensation and protection, the provision of products and services that will help solve social issues, and the strengthening of our earnings foundations based on revisions to business processes.

In our Medium-Term Management Plan (2022–2025), we have positioned MS&AD InterRisk Research & Consulting as the core of the digital digital/risk-related services business, and we are promoting the development and sales of solutions that utilize digital data. In the past, we have introduced services that contribute to enhancing the value of our offerings, such as the "MS&AD Cyber Risk Finder," which diagnoses and assesses vulnerability risks across the entire supply chain, to counter the threat of cyberattacks.

Our "Business Innovation Challenge Program," in which all Group employees are invited to submit business ideas, has also led to a succession of new business initiatives. Our "Dashcam Road Manager"



service for local governments, in which a dashcam installed in the customer's vehicle automatically detects road damage, thus supporting road maintenance and management operations, is a typical example of this approach.

We will consider proactive capital allocation on the expectation that business development based on social issues, environmental changes, and customer needs will not only increase earnings but also contribute to improved profitability through the provision of accident prevention and recovery services, as well as synergies with existing businesses.

“Major reforms of business style”

To firmly establish business operations that are based on the major precondition of fair competition, we will promote major reforms of business style, particularly in the domestic non-life insurance business.

We will engage in a thorough review of excessive core business support and secondment to customers and agents, which have become competitive disincentives, and we will restructure our relationships with agents, which are our business partners.

In addition to the original function of insurance, we will strengthen our solutions for before and after compensation and protection, enabling us to provide the most valuable products and services to our customers and society, and demonstrate our competitiveness and growth in the changing business environment in Japan.

Data, digital technologies, and AI will support stronger solutions for both before and after compensation and protection. At the same time, by digitizing all insurance-related procedures, we will promote bold reforms that will enhance customer satisfaction and convenience, as well as the productivity of the Company and our agents. In addition, we will pursue ease of use for products and convenience for procedures from the customer's perspective and optimize the structure of our IT systems accordingly, thereby changing our earnings structure.

The reduction of our business expense ratio is also a pressing issue. Under our Medium-Term Management Plan, we will take steps to enhance operational efficiency and improve quality through our "One Platform Strategy," whereby we will promote standardization, collaboration, and integration centered on the middle- and back-office divisions of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance. To remain the company of choice for customers in the domestic market, we feel that we are at a point where we must evaluate our options, including a review of our structure of having two core insurance companies.

We believe that the utilization of AI is key to improving operational efficiency. We have already created an environment where approximately 30,000 employees can safely use generative AI, and many examples of improved operational efficiency have emerged. In the Group, we plan to increase our digital human resources to 7,000 by 2025, and we expect these human assets to lead our digitalization efforts, along with approximately 100 data scientists. We also intend to incorporate outside knowledge as necessary to improve the effectiveness of operations that utilize AI.

Price competition might occur in the right competitive environment. If price competition occurs, profitability will undoubtedly decline. To sustainably continue providing products and services under such circumstances, more ingenuity is required, for example, in setting the scope of coverage and calculating optimal premiums. How do we evaluate and select the risks in the world? We have deepened our underwriting knowledge and enhanced our risk management capabilities through our Lloyd's and reinsurance businesses. Now is the time for us to maximize the abundant underwriting expertise that we have accumulated.

Toward diverse human assets

It is “people” who will implement reforms. The Group has approximately 40,000 employees in Japan and overseas. An important role of management is to create an environment where employees are highly motivated and can work with trust in the Company.

Our business domains are increasingly expanding, both in Japan and overseas. Having each site share our Mission, Vision, and Values as shared values and executing growth strategies across the Group will contribute to our competitiveness in the global insurance market. 2024 marks the

100th anniversary of the establishment of our first overseas office in the United Kingdom. With sites in 48 countries and regions, the Group operates businesses with roots in local communities, and we thus believe this gives us a competitive advantage.

My motto has always been “Be sincere.” This is connected to “integrity,” which is one of the Group’s values, and it is the guiding principle that I consider most important. I think of “integrity” as a concept like the ethical principle of “what people are supposed to do.”

There are many athletes among the Group’s employees, and they actively participate in world-class competitions and have achieved results. Listening to them speak, I feel that top athletes always act with integrity and never forget to express gratitude to

those around them. That is why they are able to practice with all their heart and do their best in games and competitions. This is true in business as well. We are grateful to our stakeholders. We provide better products and services, and in the event of an emergency, we will support our customers through prompt insurance claim payments. I hope that employees will be able to act without being conscious of this and instead take it for granted.

We will also consider introducing a new personnel system, replacing the seniority-based system, to ensure that every employee can grow further. We will allow employees to choose their own posts and duties at their own will. All employees of the Group will thus fully exercise their individuality and abilities as they actively participate. I hope to create such a company in the near future.

Management that is conscious of the cost of capital and the stock price

In recent years, we have made progress in curbing profit and capital volatility through efforts to improve profitability in the domestic non-life insurance business, improvements in profit levels through disciplined underwriting in the Lloyd’s and reinsurance businesses, reductions in strategic equity holdings, and stronger controls on catastrophe risk. As a result, the Company’s stock price has risen, with the price-to-book ratio (PBR) finally exceeding 1x in the second half of FY2023, and remaining at the 1.2x level as of the end of July 2024. A P/B ratio of 1x is only a passing point, and we aim to further raise the level of our P/B ratio.

To achieve this, we must enhance both profitability and growth, and we will strongly promote improvements to capital efficiency, while also raising our underwriting capabilities and operational efficiency.

We have continued to face difficult conditions concerning insurance underwriting income in the domestic non-life insurance business over the past few years, owing to factors such as the deteriorating profitability of voluntary automobile insurance as a result of the recovery of traffic volume in the post-COVID-19 era and inflation, and the fact that it is taking time to improve the profitability of fire insurance, partly because of the increase in windstorms and hailstorms.

To achieve ROE in the mid-10% range in such an environment, we must, of



Celebrated the 100th anniversary of our expansion into the United Kingdom in the financial district known as the City

Price-to-book ratio (PBR)

An indicator that measures the level of a company’s stock price based on its assets and financial condition.

course, accelerate the reduction of our business expense ratio through such measures as operational efficiency improvements and reviews of the roles of the two core non-life insurance companies amid major reforms of business style, and at the same time, we must take urgent measures to improve profitability, including implementing premium rate increases after carefully explaining to customers that they are truly necessary.

When executing business investments, we will assess the investment from multiple perspectives, focusing on whether it will contribute to improving the return on risk (ROR) of the Group as a whole, as well as factors such as whether it will help diversify our portfolio and generate synergies with existing businesses, and whether it will provide capabilities that will help accelerate the Group’s growth.

We will also further strengthen profitability improvements in existing businesses. In the first stage of the current Medium-Term Management Plan, we have been reviewing and reconfiguring our portfolio after resolutely deciding to withdraw from the nursing care business in Japan, as well as retail insurance in Brazil, telematics insurance in the United Kingdom, insurtech in the United States, and other businesses overseas. In business management, we will use ROI, which measures return on investment, as a monitoring indicator as we take steps to shift capital from less profitable businesses to more profitable ones.

Furthermore, in terms of shareholder returns, we will realize returns commensurate with steady profit growth in line with our basic policy of stably returning 50% of Group adjusted profit, including gains from the sale of strategic equity holdings. In addition, we will emphasize predictable returns by limiting volatility in profits and capital.

To shareholders and investors

Since 2021, when I became president of Mitsui Sumitomo Insurance, I have devoted significant time to listening to the views of our stakeholders. We held so-called town hall meetings with employees in 68 departments and branches in Japan and overseas in FY2023 alone. We have promptly utilized the various opinions we have received in product and service development, system development, and human resource policies. For example, we achieved results such as jobs that contribute to society and facilitate reskilling thanks to learning things from employee input.

As CEO, I would like to have as many opportunities as possible to directly engage in dialogue with shareholders and investors. We will take your comments and suggestions seriously as we endeavor to increase shareholder value. We also hope to increase the number of investors who become new shareholders by carefully communicating the Group’s growth story to the stock market.

As the head of the Group, I will exercise leadership, so please look forward to the future growth of the Group.



Return on Risk (ROR)

An indicator that shows how much profit (return) is secured in relation to the amount of risk.

Renewing our aspirations

Even if we achieve the targets that we have set for major reforms of business style, it will not mean the end of our reforms. This is because insurance is a business that should change in line with people's mindset and the state of society.

The scroll in the photo was written by my calligraphy teacher. It says "nisshin-no-kokorozashi," which means "a positive attitude of trying to make progress with renewed aspirations day by day." I want to always look at things from new angles and create a world supported by a new sense of values.



Green resilience—the emergence of businesses that utilize nature's bounty

The Group has identified "Symbiosis with the global environment (Planetary Health)" as one of our key issues among the social issues of high importance to stakeholders, and we are focusing on the two aspects of "addressing climate change (carbon neutrality)" and "improving the sustainability of natural capital (nature positivity)."

Specifically, we actively develop and provide products and services that contribute to the decarbonization of society and the transition to a circular economy, including the "Flood Risk Finder," a SaaS-type platform that facilitates global flood risk assessments, and the provision of nature-related information disclosure services in line with the TNFD. We are also committed to management that considers our impact on the global environment. These efforts will not only mitigate risks related to climate change and natural capital and positively affect sustainable growth but also be viewed as a positive factor in the stock market. This is because natural capital is one of the components in the value creation mechanism of a company, alongside financial and human capital.

In recent years, global attention has been drawn to efforts related to "Nature-Based Solutions," where social issues are solved by utilizing the functions of nature, such as disaster prevention and mitigation utilizing nature, carbon capture and storage using forests and seaweed beds, and the promotion of primary industries that add value through consideration for nature, such as organic farming. We call such efforts "green resilience," and we have been among the first to incorporate this concept into our business activities.

A typical activity is our "Green Earth Project." At three locations in Japan, we are working with governments, research institutions, and NPOs on activities to preserve and restore wetlands, rural mountain villages, seaweed beds, and other landscapes, one of which is the Kuma River basin in Kumamoto Prefecture. Here, we aim to preserve biodiversity and restore disaster prevention and reduction functions through wetland restoration. I visited the site in June 2024 and experienced rice planting and bamboo cutting with the participants.

The progression of global warming and the erosion of natural capital are significantly impacting primary industries such as agriculture, fisheries, and forestry. When you visit regional areas, you can clearly see what is happening in Japan, what industries are undergoing change, and what the local people are

struggling with. As the number of workers decreases, forests and farmlands fall into ruin and biodiversity deteriorates. The more primary industry workers are in an area, the more damage is done.

To solve the critical issues facing regional areas, we must work with local people to understand their aspirations and draw a road map. When entering local communities, it is essential that there is a receiving local government or NPO and that we build a network of industry, government, and academia.

We feel that as the Group has become part of local communities, winds from the outside are blowing and collaboration among various local stakeholders is accelerating. There are issues that cannot be solved by our activities alone, but we intend to act as a catalyst in expanding the circle of cooperation between stakeholders in each region.



Taskforce on Nature-related Financial Disclosure (TNFD)

This entity provides a framework for companies to understand their relationship to nature and to appropriately disclose information.

Green Earth Project

A cross-group project focused on the themes of preservation and restoration of the natural environment, reduction of environmental impact, disaster prevention and reduction, and regional development.

[Response to administrative action and efforts to prevent recurrence]

Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance received business improvement orders from the Financial Services Agency of Japan under the Insurance Business Act for premium adjustment activities in the corporate insurance field, and in February 2024, they formulated improvement plans to prevent such a situation from occurring again.

Currently, the two operating companies and the holding company are taking the following actions to ensure that business operations are conducted in a customer-focused manner, through the steady implementation of measures to prevent recurrence.

We will regularly report the progress of measures to prevent recurrence and the status of improvements to the Financial Services Agency and appropriately disclose information.

The Group as a whole will continue working to ensure thorough compliance, including compliance with the Antimonopoly Act, and to further strengthen governance.

■ Key points of the business improvement plan

Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

We will return to our "Mission," "Vision," and "Values" ("MVV") and reform ourselves into a company that pursues the "best interests of customers"

Create an appropriate competitive environment

- **Correction of competitive factors**
 - Further reduction of strategic equity holdings
 - Review of the standards for core business support and secondment
- **Optimization of co-insurance operations**
 - Review of approach to co-insurance and corporate agents

Establish an appropriate sales promotion system

- **Review of evaluation criteria**
 - Review of evaluation criteria for sales departments
 - Ensure proper management of individual evaluations
- **Stronger framework for corporate sales departments**
 - Establish new support organizations

Establish an appropriate underwriting management framework

- **Dramatically strengthen profitability management**
 - Enhance underwriting operations
 - Premium rate management based on risk
 - Review of evaluation indicators for sales departments
 - Verify the appropriateness of insurance premiums, etc., offered to corporate customers

Establish an appropriate legal compliance system

- **Improve the effectiveness of three-line management**
- **Strengthen second-line legal and conduct risk detection capabilities**
- **Strengthen the third-line suggestion function**

Foster a healthy corporate culture

- **Share messages from top management and ensure the penetration of the MVV**
- **Review of the personnel system and personnel evaluation system**
- **Stimulate internal communication**

Fundamentally strengthen the governance framework

- **Further fulfillment of the functions of the Board of Directors**
- **Strengthening of audits by Audit & Supervisory Board Members**

Progress report on the business improvement plan

Report to the Financial Services Agency on the status of progress and improvements every three months until the implementation of the business improvement plan is completed

MS&AD Holdings

Establish a framework for appropriate management administration of all Group companies and strengthen governance

Strengthen the functions of management committees

- Establishment of the "Group Risk Response Conference"
- Strengthening the cooperation of Audit & Supervisory Board Members within the Group
- Strengthening our framework to ensure that important management matters of operating companies are reported to the holding company in a timely and appropriate manner
- Participation in management committees of operating companies by dedicated officers of the holding company

Strengthen second-line and third-line functions

- The second line (administrative departments) detects signs of risk, ascertains the actual status of first-line compliance, etc.
- The third line (internal audit departments) strengthens the monitoring of operating companies, establishes frameworks to make recommendations to management, etc.

Supervision and guidance on the steady implementation of business improvement plans by Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance



Tetsuji Higuchi
 Representative Director
 Executive Vice President, Group CFO

Seizing the opportunity of a major turning point, we are taking on the challenge of a capital management policy to achieve dramatic growth

Execute growth investments to increase earning power

I was appointed Group CFO in 2020. Since then, I have consistently considered and practiced ways of striking a balance among investment for growth, shareholder returns satisfactory to shareholders, and the maintenance of financial soundness to enhance corporate value and meet shareholders' expectations. Although the business environment surrounding the Company has undergone significant change during this period, I believe that the market has generally valued us positively, for example, our stock-related valuation indicators have remained well above the market average.

Currently, as a response to industry problems that occurred in 2023, including within the Group, we have decided to reduce our strategic equity holdings to zero, and over the next six years, we expect to generate funds (gains on sales) amounting to several trillion yen.

As CFO, I have faced capital policy challenges of a scale never before seen in the Company's history, focused on how to translate these funds into increased corporate and shareholder value.

We have already presented our major policies (see next page and beyond). We will allocate the funds generated from the sale of strategic equity holdings toward growth investments and other initiatives, aiming to enhance our earning power across each business domain. In particular, in our international business, we

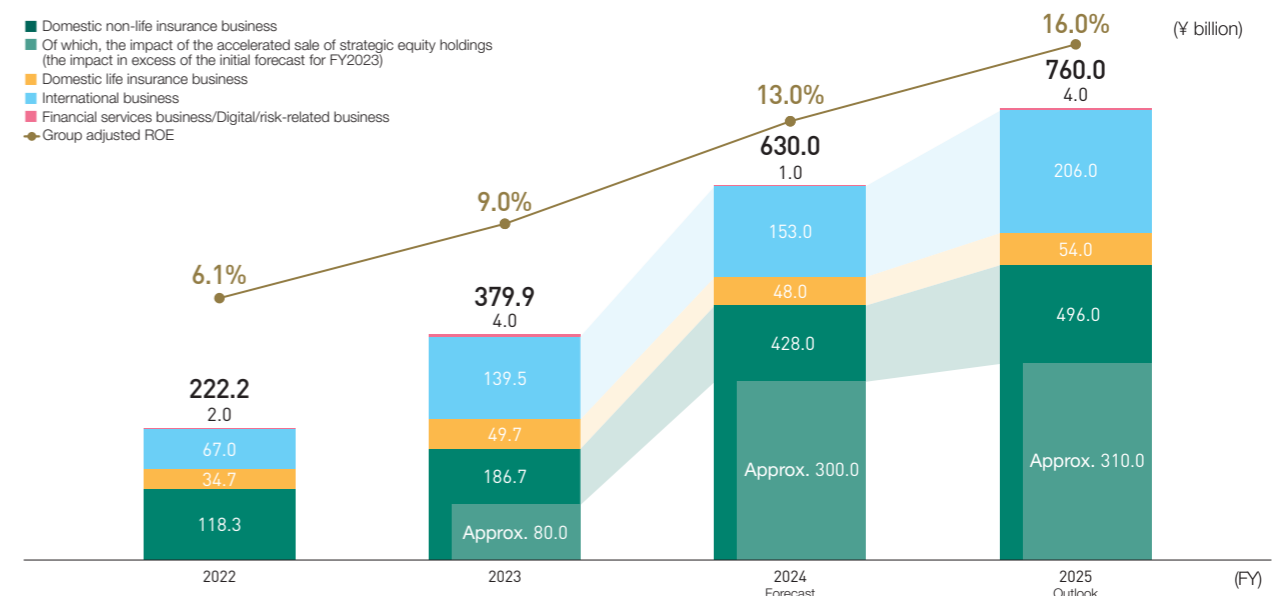
will embark on expanding our business in the United States, the world's largest insurance market. In high-growth-potential Asia, we will leverage our existing advantages with digital transformation (DX) to pursue further growth. We believe it is crucial to significantly enhance our profitability by making disciplined yet bold investments, including M&A, while carefully assessing appropriate valuation levels. Regarding shareholder returns, we will not only adhere to our previously promised return policies but also aim to maintain attractive return levels over the long term.

As CFO, I feel an immense amount of pressure. However, at the same time, I also believe this is an excellent opportunity to achieve discontinuous and exponential growth, not merely an extension of past growth. For instance, while our current market capitalization is approximately ¥6 trillion, I aim to elevate it to a level comparable with our global peers in the not-so-distant future. With this expectation and sense of mission, I will tackle these significant challenges.

Group adjusted profit, FY2023 results, and outlook

Consolidated net premiums written (non-life) for FY2023 increased 8.4% year on year to ¥4,261.7 billion, thanks to growth in revenues in both domestic non-life insurance and overseas subsidiaries. Group adjusted profit increased 71.0% year on year to ¥379.9 billion, the highest profit since the founding of the MS&AD Group, as a result of factors such as record-high profits from our international business.

We expect Group adjusted profit for the second stage of the Medium-Term Management Plan to be ¥630 billion in FY2024 and ¥760 billion in FY2025, thanks to the impact of accelerated sales of strategic equity holdings, as well as the recovery of profitability in the domestic non-life insurance business, and the further expansion of the international business.

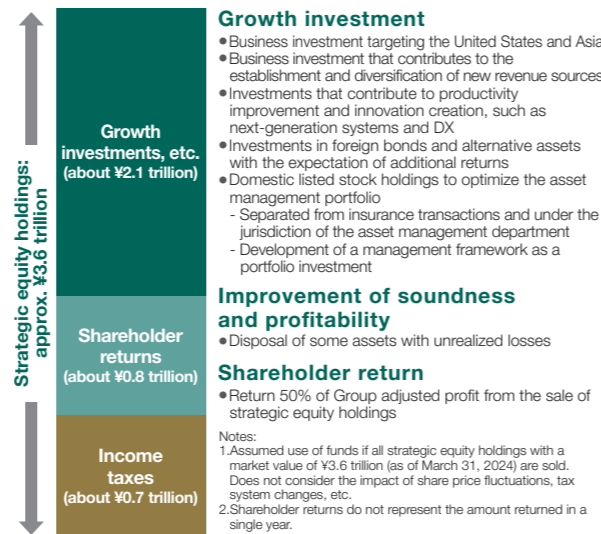
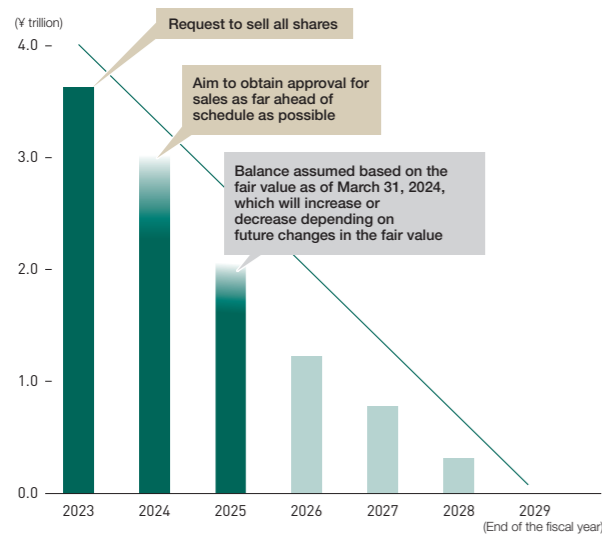


Reduction of strategic equity holdings and growth investment

We have committed to reduce the balance of strategic equity holdings to zero by the end of FY2029. We believe that the most important issue for our financial and capital strategy for the time being is how we can promote the sale of strategic equity holdings as far in advance of the schedule as possible, rather than evenly over a six-year period, and smoothly allocate the funds generated from these sales to

investments for growth.

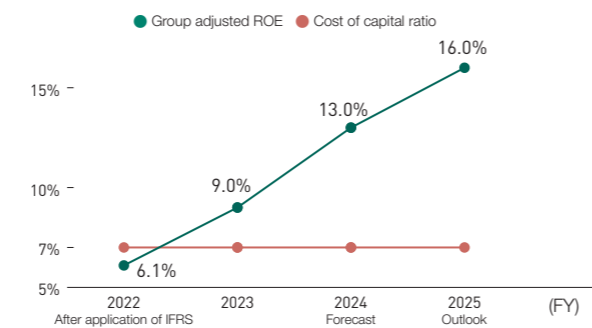
Our main targets for growth investments include business investments to accelerate the growth of the international business, DX investments to improve productivity and create innovation, and investments in domestic listed stocks and other high-return assets as pure investments under the jurisdiction of the asset management department.



Efforts to increase the equity spread

To sustainably increase corporate and shareholder value, we have maintained a target of achieving a stable Group adjusted ROE of 10% or more, and we have made progress to the point where we can achieve this goal from FY2024 onward.

At the same time, we believe that we will be able to control the volatility of profits and net assets, and reduce the cost of equity ratio, by accelerating the sale of strategic equity holdings, which has been the Group's biggest risk factor, by continuing to appropriately control catastrophe risk in Japan and overseas, and other measures.



ROE improvement

- Revision and reconfiguration of the business portfolio
- Profitability improvements in existing businesses
- Maintenance of appropriate capital levels

Reduction in the cost of capital

- Reduction in volatility of profits and net assets
- Proactive disclosure and dialogue with the markets

Natural catastrophe risk

[Domestic natural disasters]

- Continue the reinsurance policy that emphasizes the stability of periodic profit and loss
- Maintain resilience to large-scale domestic natural disasters by continuing aggregate annual coverage for the two companies
- Appropriately control the level of exposure to wind and flood risk
- Strengthen the response to secondary perils such as hailstorms

[Overseas natural disasters]

- Continue to control the amount of catastrophe risk
- Cautiously handle the catastrophe risk associated with the expansion of underwriting of high-quality general lines based on the risk/return outlook

(Reference) Reduction in U.S. wind and flood disaster risk over the past five years (10-year recurrence period)*

(US\$ million)

MS Amlin(AUL/MS Re combined) ADI Head Office reinsurance

*For MS Amlin, the net risk of North American wind and flood disaster (recurrence period: 10-year PML) after the renewal on July 1 of each fiscal year. For ADI Head Office reinsurance, the net risk of U.S. wind and flood disaster (recurrence period: 10 years) as of the end of March of each fiscal year.

Attractive shareholder returns

We conducted a stock split on April 1, 2024, but the Shareholder Return Policy in the Medium-Term Management Plan remains unchanged. Our basic policy is to return 50% of Group adjusted profit to shareholders, and we will conduct returns through dividends and share

buybacks. In addition, the Company will monitor ESR levels and flexibly implement additional returns as needed. We will return profits from the accelerated sale of strategic equity holdings through special dividends and share buybacks.

Shareholder return method

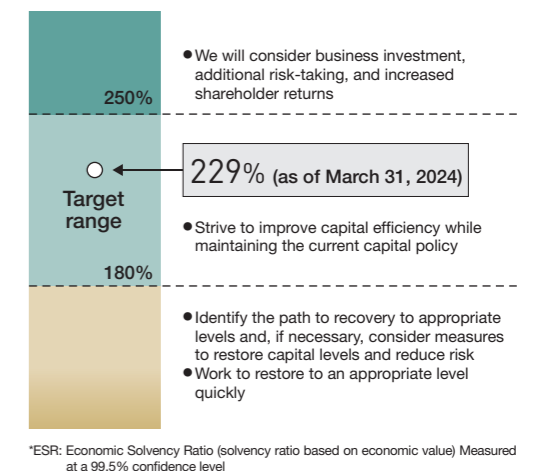
Basic returns	
Total amount of returns	50% of Group adjusted profit
Dividends	(Breakdown) Ordinary dividends: <ul style="list-style-type: none"> Conducted in relation to profit excluding the impact of the accelerated sale of strategic equity holdings The ordinary dividend will not be less than the actual amount paid in the previous year Special dividends: <ul style="list-style-type: none"> Conducted in relation to profit associated with the impact of the accelerated sale of strategic equity holdings, for the period when strategic equity holdings are sold (up to six years)
Share buybacks	Conducted for the total amount of returns minus dividends

Additional returns

Guidelines for consideration of additional returns

- When the ESR is consistently above the upper limit of the target range
- To maintain stable returns in the event of a decline in profits due to large-scale natural disasters, etc.
- When efficient growth investment is not foreseen
- When capital efficiency improvements, etc., are deemed necessary

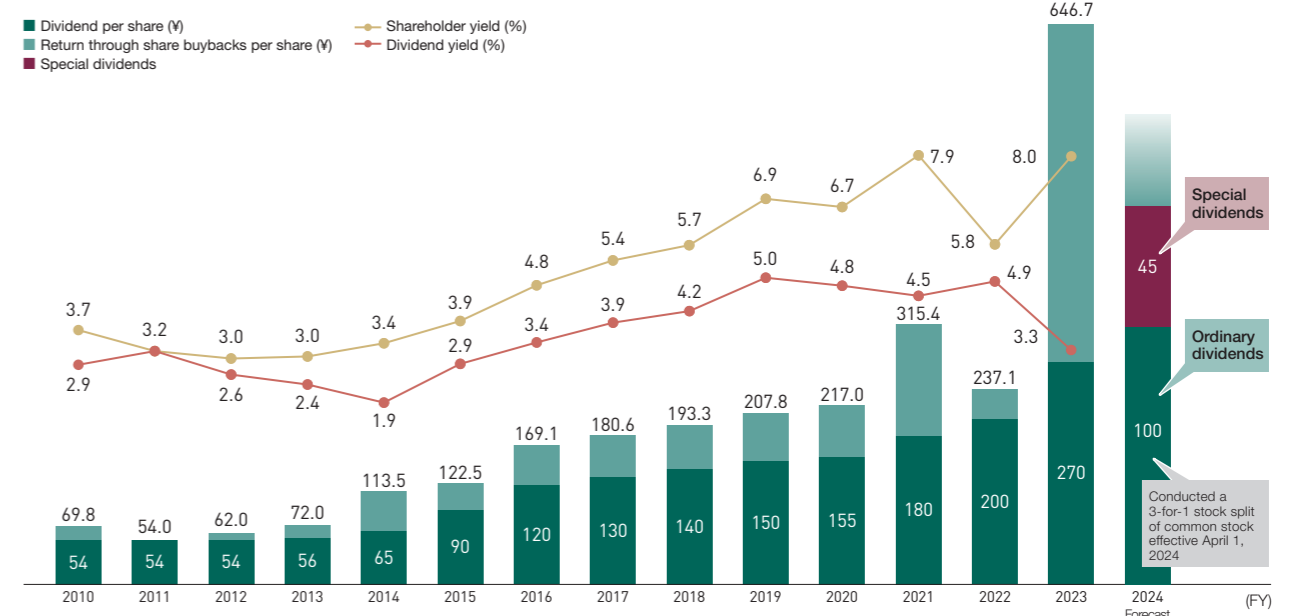
Status of ESR*



We have set the shareholder return for FY2023 at ¥270 (¥90 after the 3-for-1 stock split), an increase of ¥70 from the previous fiscal year. In addition, the Company decided to repurchase up to ¥200 billion of its own shares, including

¥150 billion as a capital level adjustment. After the 3-for-1 stock split, the Company expects to pay an annual dividend of ¥145 per share for FY2024 and will endeavor to continue to provide attractive shareholder returns.

Total return per share, total shareholder yield, and dividend yield



Enhancing Capital Efficiency and Achieving Sustainable Profit Growth

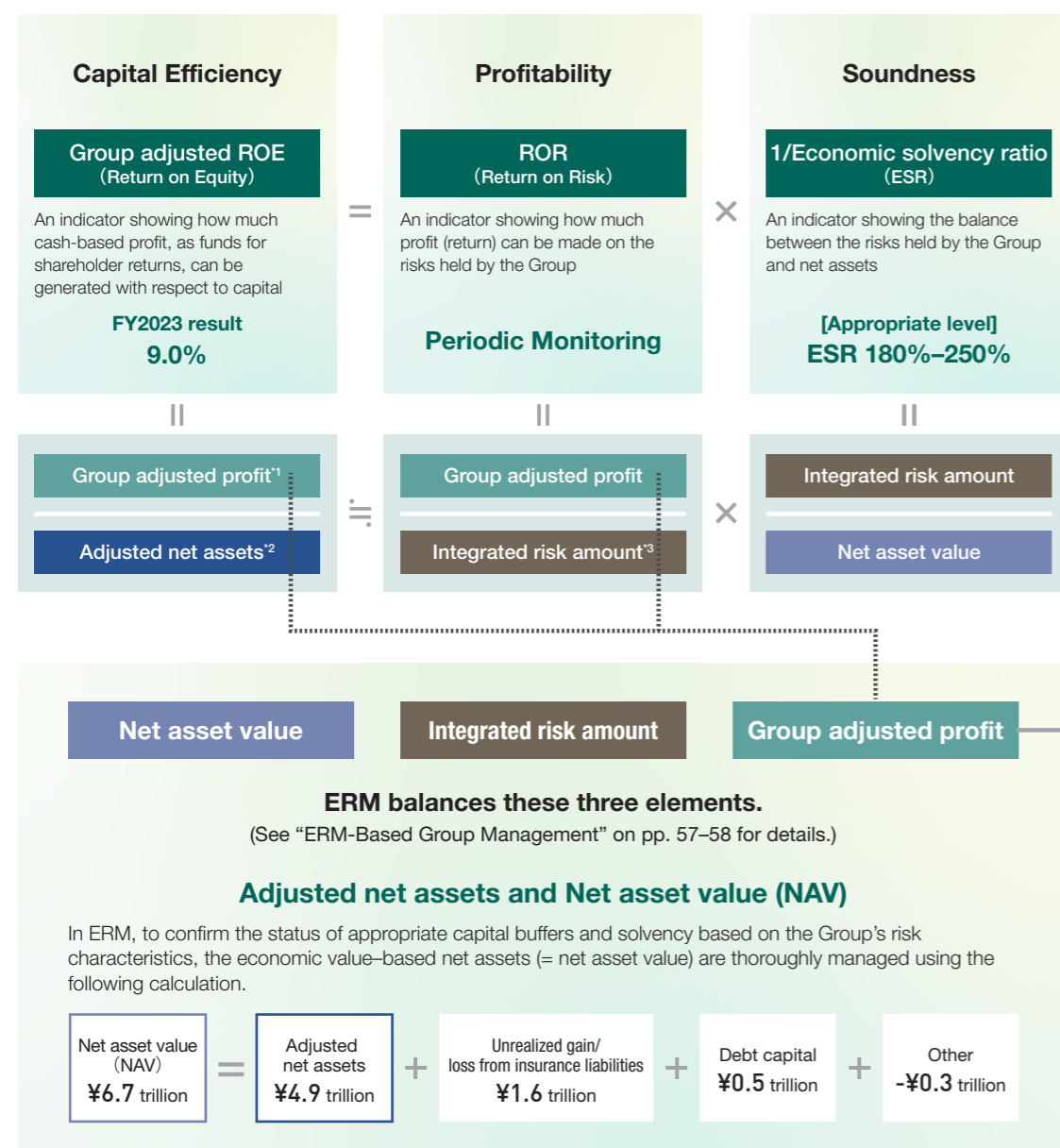
Group Adjusted ROE

The MS&AD Insurance Group regards Group Adjusted ROE as the most important indicator among the numerical management targets set out in the Medium-Term Management Plan (2022–2025). Group adjusted ROE can be broken down into return on risk (ROR), which shows the balance between the risk the Group faces and return (profit), and ESR, which shows the Group's financial soundness. These indicators can be further broken down into three

elements: Group adjusted Profit, integrated risk amount, and net asset value.

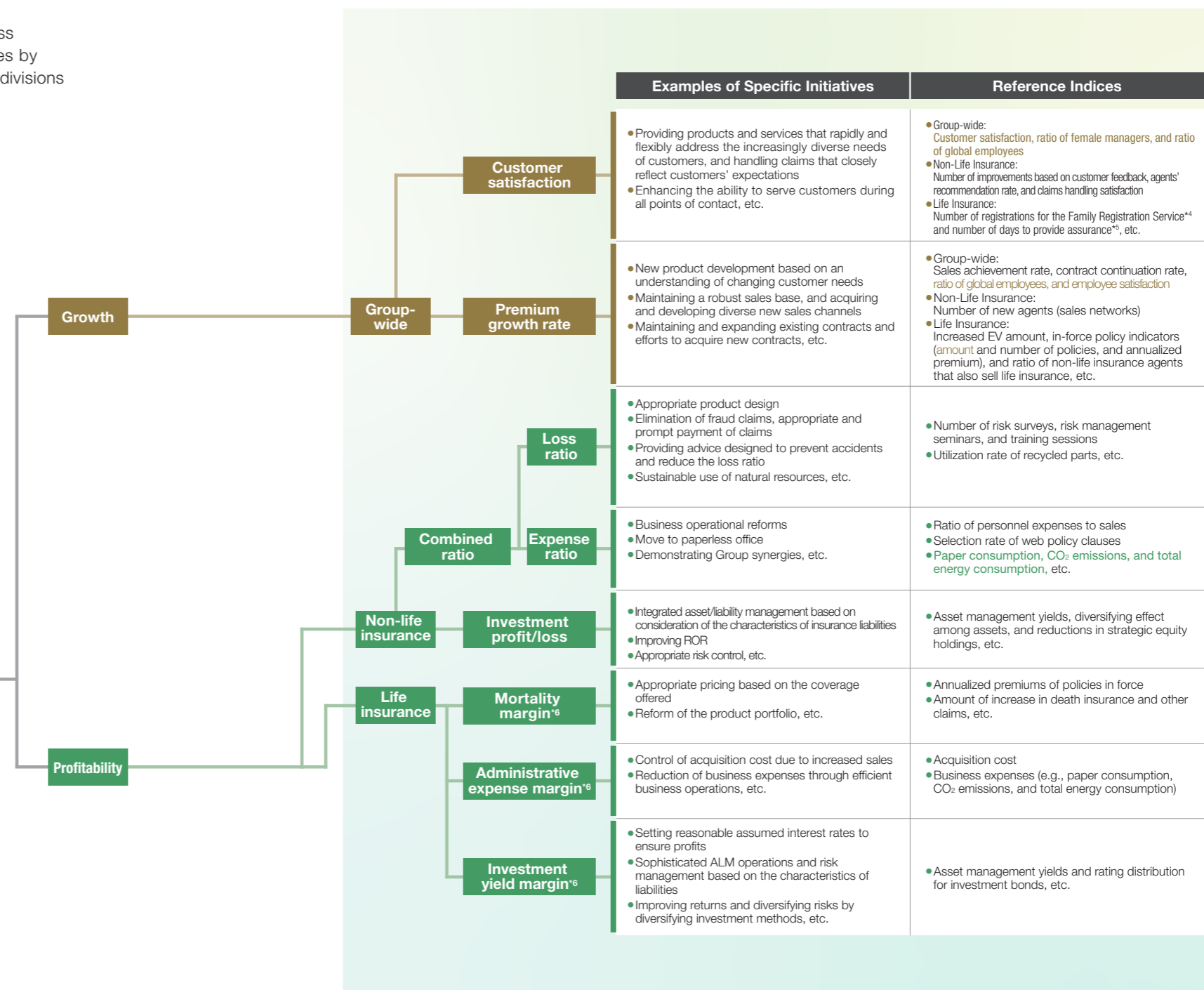
The Group manages to balance these three elements through its ERM. (See "ERM-Based Group Management" on pp. 57–58 for details.)

Furthermore, in activities in each business domain, we are promoting various initiatives by setting performance indicators for business divisions to expand Group adjusted Profit.



Initiatives to Achieve the Group Adjusted Profit Target in Each Business Domain

See pp. 81–82 for Financial and Nonfinancial Highlights



*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)
*2 Adjusted net assets = Consolidated net assets + Catastrophe loss reserves and others – Goodwill and other intangible fixed assets
*3 The integrated risk amount represents insurance underwriting risk, asset management risk, and operational risk, etc., quantified through stochastic methods.

*4 The Family Registration Service allows pre-registered family members, in addition to the policyholder, to receive information about the insurance policy.
*5 Number of days to provide assurance is an indicator of how long it takes for the company to complete administrative tasks for customers, such as applications for new insurance contracts, applications to cancel policies, claims for insurance payments, and claims for other benefits. It is broken down into 1) the average number of days to conclude a new policy, 2) the average number of days required to pay an insurance claim, and 3) the average number of days required to pay a cancellation refund.
*6 Mortality margin, administrative expense margin, and investment yield margin are indicators for core profit, which represents the fundamental profitability of life insurance companies. Together, these terms are referred to as the "three surplus factors." Mortality margin is the profit or loss on the difference between projected insurance benefits payments, based on assumed mortality rates, and actual insurance benefits payments. Administrative expense margin is the gain or loss on the difference between projected business expenditures, based on assumed expense ratios, and actual business expenditures. Investment yield margin is the gain or loss on the difference between projected investment income, based on assumed interest rates, and actual investment income.



Naomi Motojima
 Managing Executive Officer
 Group Chief Sustainability Officer (CSuO)

Using the challenge of solving social issues to provide insurance value

Insurance value and sustainability

The MS&AD Insurance Group believes that the role of insurance is “not only to compensate for economic losses but also to find and prevent risks and to reduce the impact of risks,” and we support the safe and secure lives and business activities of our customers accordingly. Accompanying customers in resolving the challenges they face today and in the future is the most important pillar of this effort.

In addition, the sustainability of the insurance business comes from the sustainability of society. This is because the need for insurance arises from the desire to “continue current lifestyles and businesses tomorrow and to make them better tomorrow.” Our key

sustainability issues of “Symbiosis with the global environment,” “Safe and secure society,” and “Happiness of diverse people” are social issues, and at the same time, they are the foundation on which our business depends.

Working together with customers to solve social issues they face, I am convinced that this is the proper role of insurance and the only solution that will enable the sustainable growth of the Group. I also believe that these efforts come from the heartfelt feeling of all officers and employees that their “day-to-day work is connected to solving social issues.”

Incorporating sustainability into our work and making it into “earning power”

Since FY2024, we have incorporated sustainability into organizational and individual plans and targets to ensure that we put into practice the sharing of

connections between the work of all officers and employees and sustainability. Then, in line with our plans and targets, we implement a cycle of working

together with customers to resolve issues such as climate change, natural capital, biodiversity, and respect for human rights, then reviewing such efforts.

We position the annual “MS&AD Sustainability Contest” as one opportunity to review our efforts. This

fiscal year, the purpose of the contest was to create “earning power” for the Group, and it was an opportunity to encourage employees to take on the challenge of solving our customers’ issues.

Working together for “Green Resilience”

In November 2023, we set and announced an interim target¹ for 2030 for the reduction of greenhouse gas (“GHG”) emissions by our major business partners in Japan. As part of efforts to address climate change, which is the most important issue, it should be a mission of insurance and financial service providers to reduce the GHG emissions of their business partners through insurance underwriting, investment, and loans, while also working to reduce their own GHG emissions, of course. By confronting this difficult issue head-on together with our many business partners, we hope to increase our contribution to solving the issue, while at the same time capturing business opportunities for the Group. With this in mind, we determined that our targets will apply to all business partners for which premiums income exceeds a certain size, regardless of industry.

We have also been engaged in activities to preserve and restore the natural environment, under our approach of creating a virtuous cycle that mitigates damage from natural disasters and revitalizes communities, while making the most of nature’s bounty and protecting biodiversity, which we call “Green Resilience.” We intend to use the slogan “Green Resilience” as a new value that we offer to customers through the development of our products and services, as it will make it easy for our employees to feel the close connection with our Mission.

Specifically, in collaboration with a start-up company capable of analyzing river and groundwater flows, we have begun providing services to help companies assess and disclose their water-related risks, and we are developing tools to assess how the environmental and biodiversity impacts of corporate activities such as urban and agricultural land development affect companies’

financial position.

We are also taking on the challenge of investing in and fostering start-ups with promising solutions through an alliance of four financial companies² formed in February 2023, as well as establishing a “water positive system”³ in areas where groundwater resources might be depleted owing to the presence of large industries.

Furthermore, we intend for our “environmental and social risk assessment,”⁴ which checks the risk of damage to biodiversity associated with large-scale development and the status of certification in the supply chain, to also cover some renewable energy power plants where there is large-scale development, from the perspective of preserving natural capital and disaster prevention and reduction. Addressing climate change requires a balance between both the preservation of natural capital and disaster prevention and reduction, and at the same time, the introduction of renewable energy has been expanding rapidly in recent years, and the increasing burden on the natural environment has become an issue.

We will use the “environmental and social risk assessment” more proactively in our dialogues with business partners, as an effective means of reducing our impact on the environment and local communities.

¹ We will reduce GHG emissions across approximately 3,300 major domestic business partners by 37% compared with FY2019 by FY2030.

² “Finance Alliance for Nature Positive Solutions (FANPS)” launched with Sumitomo Mitsui Financial Group, Inc., Development Bank of Japan Inc., and Norinchukin Bank

³ A system in which businesses that have reduced stormwater infiltration capacity through land use, alteration, etc., pay at least the equivalent amount for restoration to businesses that have increased groundwater recharge capacity through nature-based solutions.

⁴ This applies to new projects in agriculture, forestry, fisheries, and hydroelectric power generation that involve large-scale development in currently undeveloped areas.

Taking pride in changing society

We expect the Group to secure a strong reputation among customers when all officers and employees believe and act on the belief that our role is to work with customers to solve the social issues they face and that this is the value we should provide to them. Through our strong reputation among customers, we

will reaffirm the value of insurance and the pride we take in our work and again ensure that this is a core part of our approach. We intend to involve various stakeholders in this spiral and make it a significant movement that changes society.

That is the Group’s aspiration.



Jun Suzuki
Outside Director

Held prominent positions including as the Chief Representative in Europe of the TEIJIN Group and CEO of TEIJIN LIMITED, etc. He has extensive knowledge of international business and a perspective as a manager. While adapting to the changing business environment, he provides advice and leadership from a wide range of perspectives as an opinion leader, particularly in terms of management that is conscious of increasing corporate value and the stock price.

Akemi Ishiwata
Outside Director

Through her service as an Executive Officer of Kao Corporation, she has a wealth of knowledge on sustainability, public relations, and corporate branding, and has contributed to the promotion of ESG activities. Furthermore, through her experience in consumer counseling and interaction with consumers, she has a perspective from the consumers' standpoint, and has shown the way forward based on a broad perspective in sustainability management to achieve both MS&AD's growth and social development.

Junichi Tobimatsu
Outside Director

He has a wealth of knowledge and experience concerning overall corporate legal affairs including those of overseas companies as an attorney at law. In particular, he contributes to improving governance from a specialist perspective. Now in his seventh year as an Outside Director of MS&AD, he actively contributes at meetings of the Board of Directors, thereby playing an important role in the Company's decision-making process.

At the MS&AD Insurance Group ("MS&AD"), we aim to achieve sustainable growth by strengthening the governance of the Group as a whole, while also undertaking major reforms of business style. The three Outside Directors exchanged opinions on three themes of importance to the Group in charting a new growth story, focusing on issues and areas for improvement.

Theme 1 Evolution of Group governance and challenges

Efforts to strengthen relationships between the holding company and Group companies

Suzuki While the holding company is in a position for management administration over Group companies, there are also Outside Directors at two wholly owned subsidiaries, Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance, meaning that a dual monitoring mechanism is in place. Under such circumstances, it is regrettable that we received an administrative disposition concerning the price-fixing issues, etc.

Ishiwata I think our governance structure itself is solid, including a board composition focused on sustainable growth and proactive information disclosure, but we still failed to notice these events. We are reflecting on the fact that this situation occurred despite effective governance, and we are discussing measures to prevent recurrence.

Tobimatsu As a result of this problem, I have become aware of the approach to the division of roles between the

holding company and its subsidiaries. In the case of MS&AD, there are special circumstances in two regards. One, control over subsidiaries that are insurance companies must be limited. For example, when consolidating legal functions into a holding company, regulations under the Insurance Business Act must be considered. The other is the strength of the authority of operating companies. To begin with, the planning departments of operating companies are deeply involved in operating the holding company, and sometimes this also affects the holding company's personnel strategy and individual personnel changes. Nevertheless, the authority of the holding company must be strengthened to implement Group strategies, including the expansion of the international business. In the business improvement plan, Outside Directors and Outside Audit & Supervisory Board Members offered opinions from various

perspectives on proposals put forth by operating companies. We had a series of discussions on matters such as whether the formulated plan could be effectively and continuously operated, and if necessary, whether we should make course corrections in the process of operating the plan. That might act as a touchstone for strengthening the governance of the holding company. **Suzuki** Considering the increase in three-layered governance structures in which foreign operating companies are controlled by wholly owned subsidiaries, I think the time is ripe to discuss how much cost and effort should be spent to develop this system. In addition, as we develop strategies for growing our business overseas through M&A, I think we will face the issue of how to ensure communication between non-Japanese top management and the holding company regarding factors such as the penetration of our Mission, Vision, and Values (MVV) and the realization of Group

Evolution of Group governance and efforts to practice sustainability management

synergies. For example, perhaps we should consider a mechanism where non-Japanese managers of Group companies participate in the Management Committee of the holding company. Although there is a risk that sometimes discussions will not proceed well amid a clash of diverse values, and that progress will take time, we can expect to encounter radical opinions that we were previously unaware of, and that will give us a shot at new growth.

Ishiwata Communication is extremely important in a multi-layered Group management administration structure. Based on my experience to date, I value the consumers' perspective. In this sense, I think we should know more about what is happening at operating companies that have contact with our customers. To this end, I think

there should be more opportunities for the Outside Directors of the holding company and the two subsidiaries to exchange information. We have a joint meeting once a year, but that is not enough.

Tobimatsu I agree with you regarding the frequency of joint meetings. Although the Outside Directors of the holding company are not involved in execution at the operating companies, we must make progress on "a major business style transformation" as a Group while building appropriate communication and trust between the holding company, Mitsui Sumitomo Insurance, and Aioi Nissay Dowa Insurance, and from this perspective I feel we must increase dialogue between the Board of Directors of the holding company and the Boards of Directors of the operating companies.

Theme 2 Expectations and challenges for management that is conscious of the cost of capital and the stock price

Using the sale of strategic equity holdings as an opportunity to take on new challenges

Tobimatsu We will review discussions at previous meetings of the Board of Directors. Optimizing the allocation of management resources is a major theme from the perspective of capital cost management. Over the past few years, we have had active discussions about the reorganization of our business portfolio, particularly the treatment of the international business, on numerous occasions. The price-to-book ratio (PBR) has been below 1x for a long time, and the improvement of business performance has been viewed as an issue. I feel, however, that a positive trend is beginning to emerge as the share price rose significantly in FY2023 and our PBR exceeded 1x, partly thanks to profitability improvements in the Lloyd's and reinsurance businesses, as well as the domestic automobile and fire insurance businesses.

Ishiwata If we ask ourselves, is it enough if the PBR exceeds 1x? That is certainly not the case. At meetings of the Board of Directors, I stress that it is important that we aim to become a sustainable company by securing sustainable earnings while our raison d'être is recognized by society, and that we must not misunderstand our objectives. **Suzuki** Business performance was good in FY2023, and I understand the feeling of breathing a sigh of relief that the PBR has exceeded 1x, but 1x is merely a passing mark. Unless the Company can demonstrate to investors that it is a company that will grow over the medium to long term, it will be difficult to sustainably increase corporate value. The Tokyo Stock Exchange, which has requested that companies engage in "action to implement management that is



conscious of the cost of capital and the stock price,” expects multifaceted analysis and evaluation, not just concerning whether the current PBR is above 1x or whether the return on equity (ROE) is above 8%.

Tobimatsu Currently, the Company has established a policy of selling all strategic equity holdings over a six-year period. In the non-life insurance industry, the price-fixing issues in the corporate insurance operations have been viewed as a problem, and the Financial Services Agency has pointed out that factors other than the terms of insurance contracts, such as the percentage of strategic equity holdings, can affect the outcome of bidding processes. Given this indication, the Company is implementing a wholesale reduction of strategic equity holdings. This is one of the major themes being discussed at recent meetings of the Board of Directors.

Suzuki The planned sale of strategic equity holdings is equivalent to disclosing surplus profits in advance and can be understood as raising shareholders' expectations for higher dividends, which in turn contributes to a higher valuation in terms of stock price. Considering that the Company will continue to increase dividends even after completing the sale of strategic equity holdings, it will become increasingly necessary to further enhance profitability in the core insurance business.

Ishiwata In the domestic non-life insurance business, the market is expected to shrink owing to the falling birth rate, aging population, and shrinking population. Even if the Company sets appropriate premium rates, it will surely be difficult to make up for the shrinking of the market. For this reason, MS&AD is oriented toward the expansion of the international business. The Lloyd's and reinsurance businesses, which were the core businesses of Amlin in the United Kingdom, acquired by Mitsui Sumitomo Insurance in 2016, overcame a number of challenges, including withdrawal from unprofitable lines of business, and by 2023 its performance had improved significantly.

Suzuki In the international business, we will require time to change our portfolio. The Lloyd's and reinsurance businesses are finally starting to produce results. I believe that the role of an Outside Director is to encourage risk-taking by the company while also restraining the executive side in terms of risk management, that is, to contribute with a kind of accelerate and brake function. Personally, I tend to say that the market is marginal for domestic businesses, but I feel that we should discuss more about the significance of having two non-life insurance brands, Mitsui Sumitomo Insurance and Aioi

Nissay Dowa Insurance, including whether they should be maintained.

Tobimatsu I think discussion concerning the integration of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance was rather more active at meetings of the Board of Directors held before the COVID-19 pandemic. The option of a merger might have been mentioned more often, particularly by Outside Directors, when the Group had not made so much progress with the One Platform Strategy to promote standardization, collaboration, and integration, particularly for the middle- and back-office divisions of the two companies. With the progress of the One Platform Strategy, however, I have the impression that the members of the Board of Directors, including myself, have come to feel that we should wait to see the results of the strategy before considering it. The presence of two brands has advantages, such as expanding the potential trading area with different customer bases, but speed is required in the current market. Again, we must surely fully discuss all options, including mergers. It is also important to fully and objectively measure and evaluate the effectiveness of the One Platform Strategy. I think that if we cannot see the benefits of integration, it will be difficult to differentiate ourselves from our competitors when explaining our growth investments, including externally.

Ishiwata I have met people from the two companies many times and they are sincere, earnest, and positive. The things that they have accumulated differ, however, and some might therefore feel that coming together is difficult to accept as a reality. As we share and disseminate the MVV throughout the Group, we might need opportunities to further discuss what kind of business structure is optimal for sustainable growth. The Board of Directors frequently discusses the One Platform Strategy, but I think we need to make further progress.

Suzuki If it is recognized that having two brands offers a competitive advantage and cost benefit, it is important that we clearly explain those advantages to investors. For example, customers benefit from having more choices when selecting an insurance company. It could be said that for MS&AD to offer multiple options will also give it an advantage in competition.

Ishiwata For MS&AD to grow sustainably, it is important that the Company is highly evaluated by the capital markets, of course. On the other hand, to expand corporate value, value co-creation with diverse stakeholders will be required, including employees, business partners, society, and the environment, in addition to the absolute necessity of support from customers. I believe that a sense of management with a broad perspective will be required, especially as the business environment undergoes major changes.



Theme 3 Evaluation and issues in the Group's sustainability management

Contributing to the sustainability of society through our businesses

Tobimatsu Insurance companies are unique in that their core business itself has an affinity with sustainability. For example, for non-life insurance, if reductions in carbon dioxide emissions lead to a reduction in extreme weather events, then there will be fewer related insurance accidents, which will be positive for the business side for non-life insurance companies. In this sense, I believe that employees of insurance companies are likely to have an awareness of sustainability.

Ishiwata Since 2018, MS&AD has been holding the “MS&AD Sustainability Contest,” in which awards are given to initiatives that contribute to solving social issues. I think this is a wonderful initiative for sharing MS&AD's value creation story with the Group, thereby spreading MS&AD's Mission to approximately 40,000 Group employees and encouraging the expansion of the circle of empathy. On the other hand, if we look only at emissions of carbon dioxide and other greenhouse gases, they might be limited compared to the toiletries and manufacturing industries that I have been involved in. Still, if we look at Scope 3 emissions, there are a diverse range of non-life insurance policyholders, and our influence is not small. I believe that MS&AD can be a leader in Japan because it has set targets for reducing emissions ahead of its competitors and is actively working on them.

Suzuki Insurance companies hold the choke point for sustainability. If we decide not to underwrite insurance, financial institutions might stop providing financing. I feel that the range of industries that could be considered customers is broader than that of the manufacturing industry. In addition, the more we can envision the foreseeable future, the more stable our insurance business will be, of course. Accordingly, our activities aimed at achieving a sustainable society should also benefit our own company.

Tobimatsu In corporate finance, there is a tendency to focus more on transitions than divestments. In addition to not taking on specific new projects, such as coal-fired power generation, I think we can also choose, for example, to be involved in transitions in cooperation with financial institutions that are active in transition financing.

Ishiwata As human assets are the cornerstone of the insurance business, I believe that increasing employee engagement will be fundamental to sustainability management. MS&AD has identified “Symbiosis with the Global Environment (Planetary Health),” “Safe and secure society (Resilience),” and “Happiness of a diverse people (Well-being)” as three key issues. First, it is important to focus on “Well-being” and to work toward “Resilience” to control social risks and catastrophe risk, based on our unique perspective as an insurance company. As these are fields in which we have knowledge, it should be easy to obtain an

understanding of society in this regard.

Tobimatsu An increasing number of investors are focusing on KPIs related to human capital as evaluation criteria, and I feel it is important that we are aware of this. The disclosure of information such as the ratio of female managers and duration of male childcare leave are, so to speak, a kind of compulsory exercise, and investors might consider these disclosures alone as insufficient. When setting nonfinancial KPIs for voluntary disclosure based on independent action, it will also be necessary to endeavor to organize and externally communicate information concerning MS&AD's own efforts related to human assets. I think the time has come for us to show that we are willing to improve engagement and to use specific numbers to demonstrate this point.

Suzuki How well a company's brand is loved by people is a major factor in determining its corporate value. To achieve this, we must further strengthen employee engagement. The MS&AD brand has become very established in society as a whole. I intend to make every effort to promote our potential as a group with multiple growth drivers.



Ishiwata Yes, that's right. Recently, I feel that I see the “MS&AD” logo more often. We naturally associate this logo with safety and security, and I feel this is true for many people. We should take care of the corporate brand to ensure that more people will know and love MS&AD. This will contribute to the growth of our businesses and enrich society.